Mahindra FINANCE

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

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+91 22 24984171

27th June, 2019

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 Sirs,

Sub: Compliance under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Annual Report for the F.Y. 2018-19

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 of our Company along with the Notice of the Annual General Meeting for the Financial Year 2018-19.

Please take the same on record.

Thanking you,

Yours Faithfully,
For Mahindra & Mahindra Financial Services Limited

Arnavaz

Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

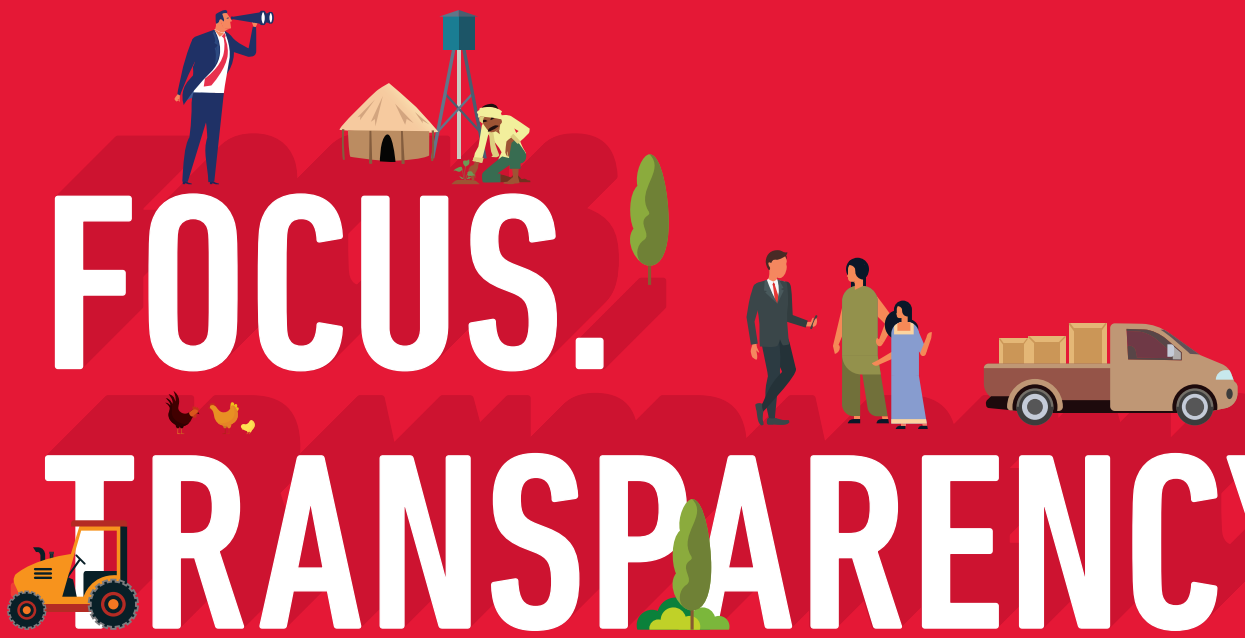
Mahindra & Mahindra Financial Services Limited ★ Mumbai

Encl: a/a

Annual Report 2018–19

25 YEARS AND GROWING

Mahindra FINANCE



FOCUS.
TRANSPARENCY.
EMPOWERMENT.
EXPERIENCE.
TRUST.



CORPORATE OVERVIEW

Overview

2 25 years of transforming lives
4 Introducing Mahindra Finance
6 Product portfolio
8 Presence
10 Financial highlights

Strategic Review

12 Business model
12 Strategic priorities

The Secret of Our Success

14 Focus
16 Transparency
18 Empowerment
20 Experience
22 Trust
24 **Corporate Social Responsibility**
26 **Board of Directors**
27 **Awards and Recognitions**
28 **Corporate Information**
29 **Summary of Results**

Statutory Reports

30 Board's Report
53 Annexures to Board's Report
99 Management Discussion and Analysis
112 Report on Corporate Governance

Financial Statements

147 Standalone Financial Statements
242 Consolidated Financial Statements
342 Form AOC-1

Explore online
www.mahindrafinance.com

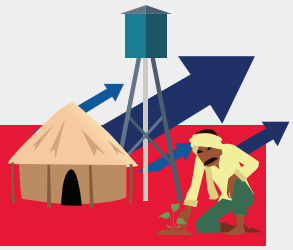
Follow us and join the conversation

For over two decades, we have partnered the empowerment drive of semi-urban and rural India on the strength of our diverse portfolio of financial solutions and services and our strong nationwide distribution model. The growth engine, however, that propels us forward is underpinned by the cherished business tenets that we abide by.

A broad overview of the driving values behind the organisation's functioning:

Focus

on rural India as the growth engine that will drive the country forward



For more information, refer to **page 14**

Transparency

in all dealings and communications



For more information, refer to **page 16**

Empowerment

enhancing competencies and building the capabilities of employees



For more information, refer to **page 18**

Experience

by catering to customers in a timely and effective manner and delivering industry-leading value



For more information, refer to **page 20**

Trust

an edifice for providing access to essential financial products and services



For more information, refer to **page 22**

Dedicated semi-urban and rural focus, transparency in all dealings, empowerment across the Board, differentiated customer experience and trusted partnerships with all stakeholders help us catalyse the ambitions of millions of people across the social spectrum.

These are the secrets to our success in all these years and yet they are no secrets at all, because our simplified, flexible and transparent business model has enabled us to survive and thrive in a challenging operating environment.

Across economic cycles, industry headwinds or geopolitical uncertainties, our customers and stakeholders have always reposed their precious faith in our values. This gives us the confidence to continue our journey for the next 25 years and beyond. Our values reflect our beliefs, guide our day-to-day behaviour and set the ground rules for the interactions and the decisions we make every day. Our values shape our culture and the language that we speak.

We will continue to perform as a trusted, value-centric, need-based provider of solutions that matter in everyday lives, bridging socio-economic divides, handholding aspirations, dreaming big with all our stakeholders and helping India achieve its enormous rural potential.

2018-19 highlights

Total Income (Rs. in crore)

8,810

32% ↑

(y-o-y growth)

Profit After Tax (Rs. in crore)

1,557

45% ↑

(y-o-y growth)

EPS (Rs.)

25.33

37% ↑

(y-o-y growth)

25 years of transforming lives

In all these years, we have continued to deliver on the aspirations of all our customers and stakeholders, while making them feel connected, recognised, respected and valued. This is our definition of transforming lives sustainably.



Customers

(Over 6 million customers and growing)
Helping customers accomplish their cherished aspirations through products and services we offer

Community

(Providing a holistic approach to better life)



Offering access to education, water, sanitation and health facilities to the rural community



Employees

(Promoting a performance-driven culture)
Growing in strength to make the aspirations of customers come true

From a single product to a multi-product company, from limited focus to a diversified exposure, from very few customers to a nation-wide and growing customer fraternity– this has been the natural progression of Mahindra Finance since inception.

Shareholders

(Value to investors by way of market capitalisation)



Creating significant value for shareholders through consistent growth and profitability



Dealers & Suppliers

(Earned the trust as the most preferred financier)
Cherishing business partner for a life-long partnership

Ambitious growth

Commenced journey with 1 office and reached 1,321 offices in 2018-19

Started by servicing around 200 customers and touching 6 million customers in 2018-19

Employee strength increased from five employees to 21,789 employees in 2018-19

Key milestones achieved in 25 years

2016-2019

Certificate of Registration received from SEBI for Mahindra Mutual Fund

AUM crosses Rs. 50,000 crore

Sale of 5% of MIBL at a valuation of Rs. 1,300 crore

Raised Rs. 2,147 crore from Tranche 1 of the third Public Issue of Non-convertible Debentures (NCDs)

Maiden issue of ECB undertaken; raised over USD 200 million

Crossed 6 million cumulative customer contracts

2011-2015

Maiden Qualified Institutional Placement (QIP) issue of Rs. 426 crore

Joint venture with Rabobank's subsidiary for tractor financing in the US

Stake sale in MIBL to Inclusion Resources Pvt. Ltd.

QIP issue of Rs. 867 crore

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

2006-2010

Completed IPO oversubscribed ~27 times

Commenced housing finance business through Mahindra Rural Housing Finance Limited (MRHFL)

Raised Rs. 414 crore through private equity

Equity participation of 12.5% by National Housing Bank (NHB) in MRHFL

Recommenced the Fixed Deposit Programme

Crossed 1 million cumulative customer contracts

2001-2005

Total assets crossed the 10 billion mark

Got into financing of non-M&M vehicles

Mahindra Insurance Brokers Limited (MIBL) becomes a wholly owned subsidiary

1996-2000

Started financing M&M dealers for purchase of tractors

Introduced tractor retail financing in rural and semi-urban areas

1991-1995

Incorporated as Maxi Motors Financial Services Limited

Received certificate of commencement of business

Name changed to Mahindra & Mahindra Financial Services Limited (MMFSL)

Commenced financing of Mahindra & Mahindra (M&M) utility vehicles

Introducing Mahindra Finance

Partnering rural resurgence

Mahindra and Mahindra Financial Services Limited (MMFSL) is one of the leading Non-banking Finance Companies (NBFCs), with customers primarily in the rural and semi-urban markets of India. It is part of the Mahindra Group, one of the largest business conglomerates in the country.



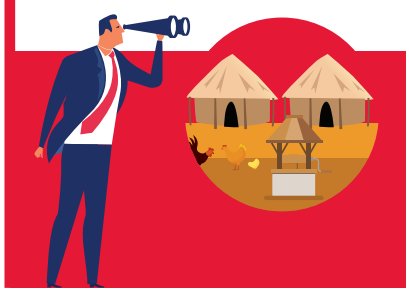
Key numbers

Assets Under Management (AUM) (Rs. in crore)
67,078

Capital adequacy ratio (%)
20.3

Vision

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



Mission

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



Core values

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



MMFSL is primarily engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles. It also provides housing finance, personal loans, financing to small and medium enterprises, insurance broking and mutual fund distribution services. In addition, among other services, MMFSL offers wholesale inventory financing to dealers and retail financing to customers in the US for the purchase of tractor products through Mahindra Finance USA LLC, its joint venture with a subsidiary of the Rabobank Group. MMFSL benefits from its close relationships with dealers and its long-standing relationships with Original Equipment Manufacturers (OEMs), which allow it to provide on-site financing at dealerships.

Total Value of Assets Financed (Rs. in crore)

46,210

Customer Base (million)

6+

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.

Brand Pillars

- Accepting No Limits
- Alternative Thinking
- Driving Positive Change



Closer look at Group architecture

MAHINDRA & MAHINDRA LIMITED

51.2%
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

80%
Mahindra Insurance Brokers Limited [1]

98.4%
Mahindra Rural Housing Finance Limited [2]

49%
Mahindra Finance USA LLC (Joint venture with Rabobank Group subsidiary)

100%
Mahindra Asset Management Company Private Limited

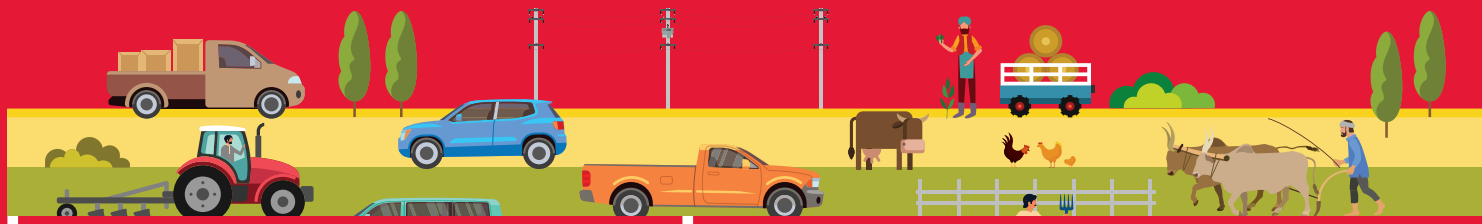
100%
Mahindra Trustee Company Private Limited

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

[2] Balance 1.57% with MRHFL Employee Welfare Trust

Product portfolio

Innovating relevant solutions in step with changing times



Vehicle Financing

MMFSL is primarily engaged in asset financing of vehicles, which are 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 customers include transport operators, farmers, small businesses, and self-employed and salaried individuals.

7,61,381
Vehicle contracts financed

27%
Increase in book size

Personal Loans

MMFSL provides personal loans primarily to its existing customers and Mahindra Group employees. Customers seek personal loans for weddings, children's education, medical treatment or working capital for a small or medium-sized enterprise. These loans are typically repayable in monthly or quarterly instalments.

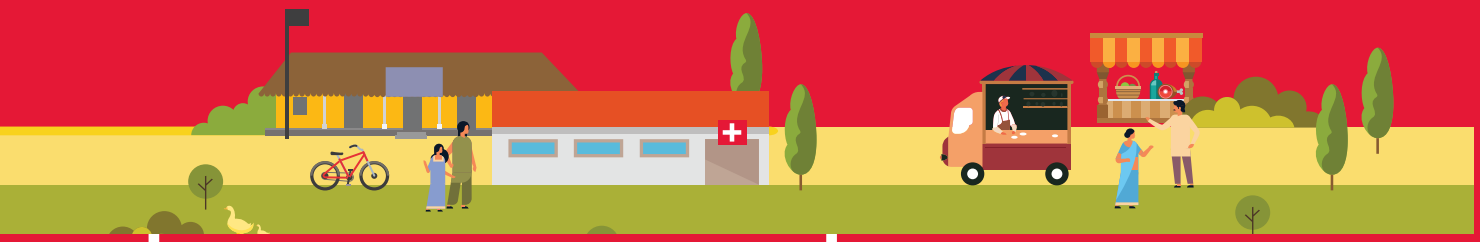


Housing Financing

MMFSL provides housing finance to individuals through its subsidiary, MRHFL, a registered housing finance company. The Company grants housing loans for purchase, construction, extension and renovation of property.

Rs. 2,581 crore
Loan disbursements during 2018-19

1,71,187
Customer contracts



SME Financing

MMFSL provides loans for varied purposes such as project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to Micro, Small & Medium Enterprises (MSMEs). 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 its MSME business.

Project Finance | Equipment Finance | Working Capital Finance | Institutional lending

Rs. 3,656 crore
AUM of MSME
as on March 31, 2019

Insurance Broking

MMFSL provides insurance broking solutions to individuals and corporates through its wholly-owned subsidiary, MIBL. MIBL has a 'composite broking license' from the Insurance Regulatory and Development Authority, which allows MIBL to undertake broking of life, non-life and reinsurance products.

22,65,146
Policies serviced

1,28,478
Flagship product – Mahindra Loan Suraksha (MLS) cases registered



Mutual Fund

Mahindra Mutual Fund offers the rural and semi-urban India a secured means to move from simple saving instruments to investing in mutual funds. The Company's distribution team provides end-to-end solutions for simple and safe ways to invest, including Equity Mutual Funds, Tax Saver Mutual Funds, Monthly Income Funds and other similar investment schemes.

Rs. 4,871 crore
AUM as on March 31, 2019

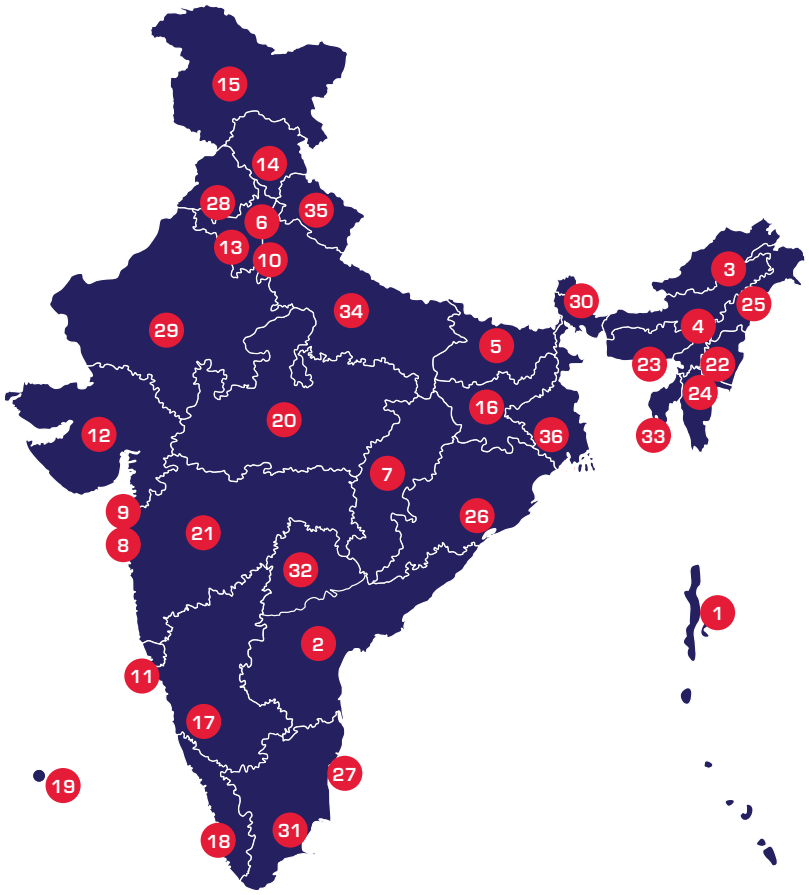
Investments

- Fixed Deposits
- Mutual Fund Distribution

Presence

Network that connects people and empowers aspirations

Presence across India



	States/Union Territories	Villages
1	Andaman & Nicobar Islands	326
2	Andhra Pradesh	14041
3	Arunachal Pradesh	333
4	Assam	6004
5	Bihar	30079
6	Chandigarh	22
7	Chhattisgarh	13425
8	Dadra & Nagar Haveli	69
9	Daman and Diu	26
10	Delhi	311
11	Goa	18
12	Gujarat	15604
13	Haryana	6188
14	Himachal Pradesh	10600
15	Jammu and Kashmir	2638
16	Jharkhand	12869
17	Karnataka	19203
18	Kerala	1645
19	Lakshadweep	2
20	Madhya Pradesh	35880
21	Maharashtra	27668
22	Manipur	11
23	Meghalaya	1624
24	Mizoram	252
25	Nagaland	4
26	Odisha	20556
27	Puducherry	90
28	Punjab	9072
29	Rajasthan	26712
30	Sikkim	325
31	Tamil Nadu	13189
32	Telangana	9269
33	Tripura	665
34	Uttar Pradesh	61553
35	Uttarakhand	4645
36	West Bengal	24005
	Grand Total	**3,68,923**

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

Operational highlights

Launched Manthan

The vertical will be responsible for deepening of existing relationships with customers through new products and simplified low-touch processes. It will be a completely data-driven and paperless project

Raised Rs. 2,147 crore

From Tranche 1 of Third Public issue of NCDs

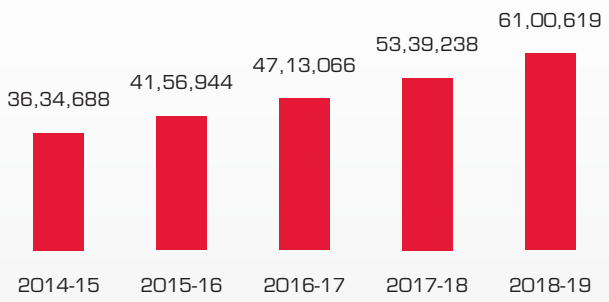
Maiden Issue

Of ECB undertaken – raised over USD 200 million

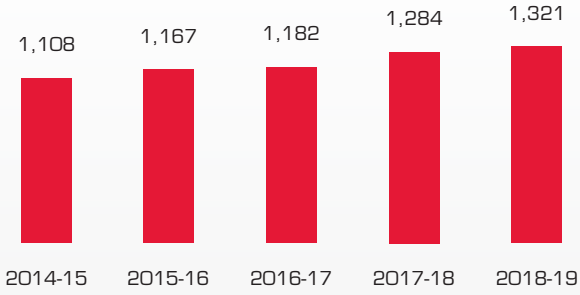
Crossed 6 million

Cumulative customer contracts

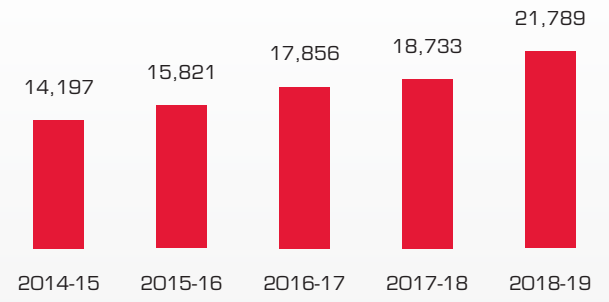
Number of Contracts



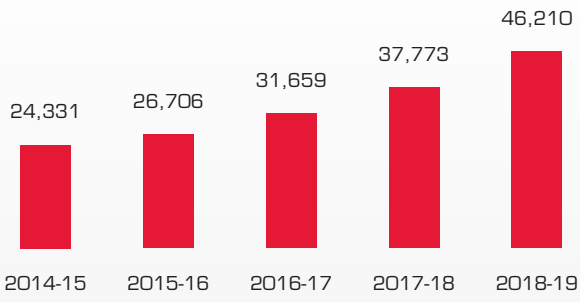
Number of Offices



Number of Employees Engaged



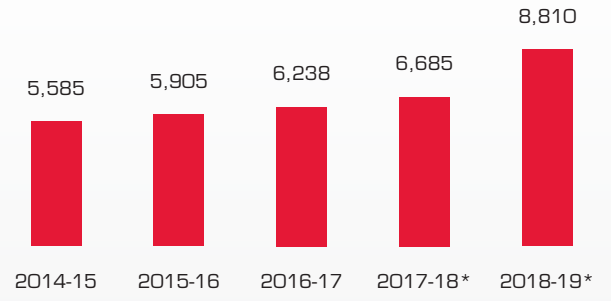
Estimated Value of Assets Financed (Rs. in crore)



Financial highlights

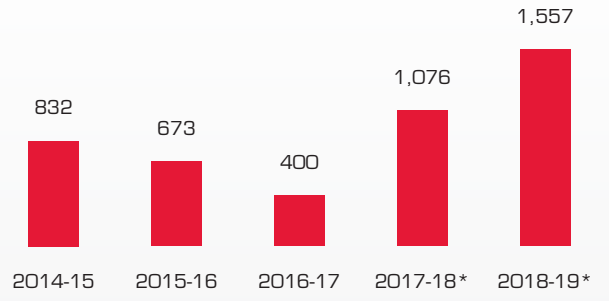
Delivering confidently amid headwinds

Total Income (Rs. in crore)



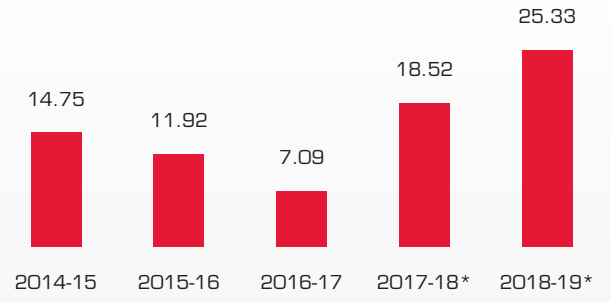
32% y-o-y growth

Profit After Tax (Rs. in crore)



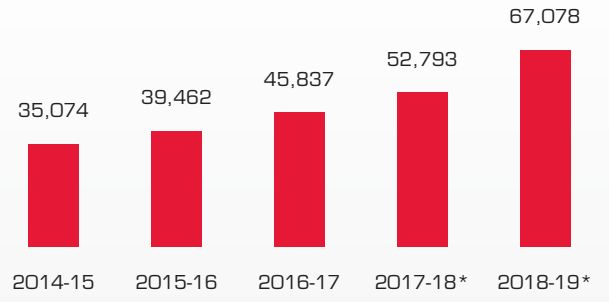
45% y-o-y growth

Earnings Per Share (Basic) (Rs.)



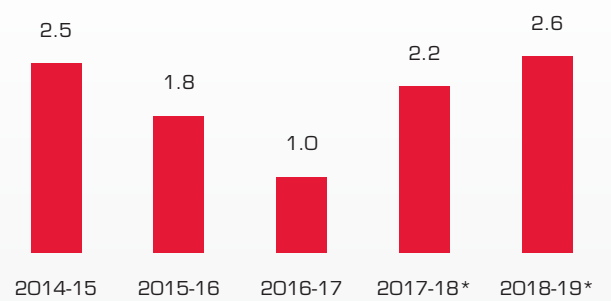
37% y-o-y growth

Total Assets (Rs. in crore)



27% y-o-y growth

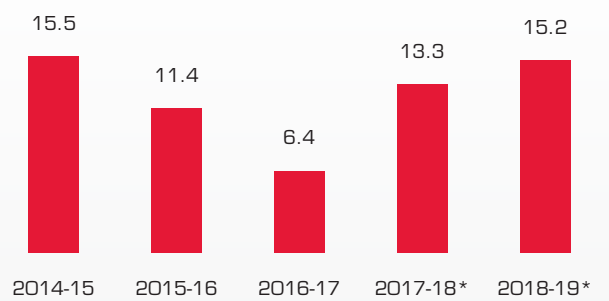
Return on Assets# (ROA) (%)



18% y-o-y growth

Average

Return on Net Worth# (RONW) (%)

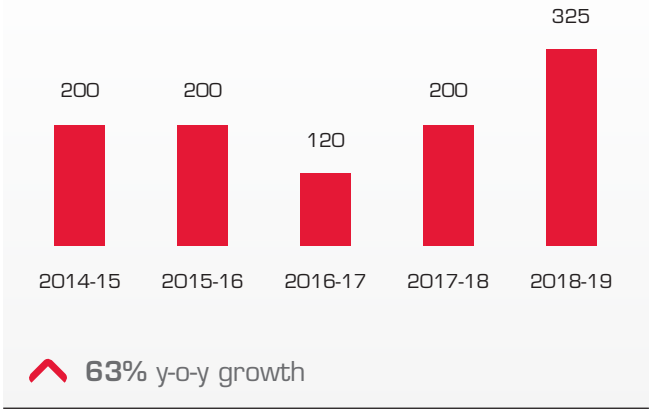


14% y-o-y growth

Average

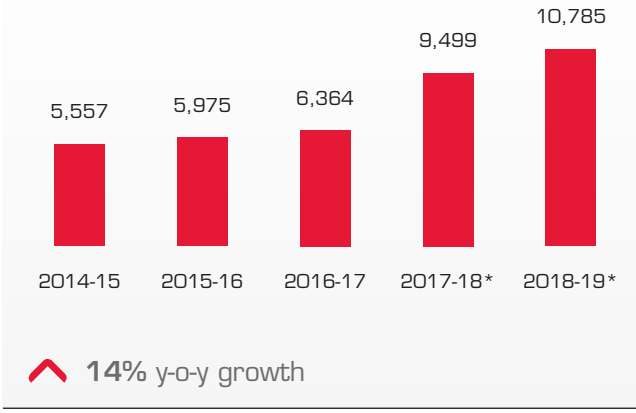
* Figures for 2018-19 and 2017-18 are as per Ind AS and for other financial years as per IGAAP.

Dividend (%)



63% y-o-y growth

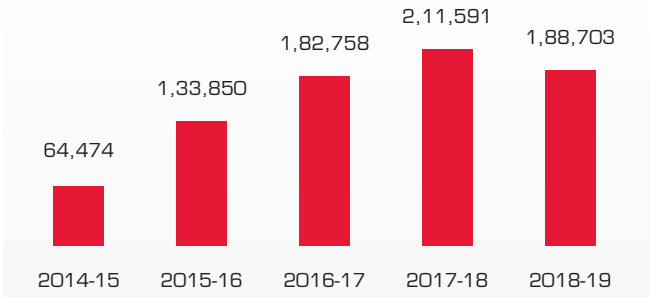
Other Equity (Rs. in crore)



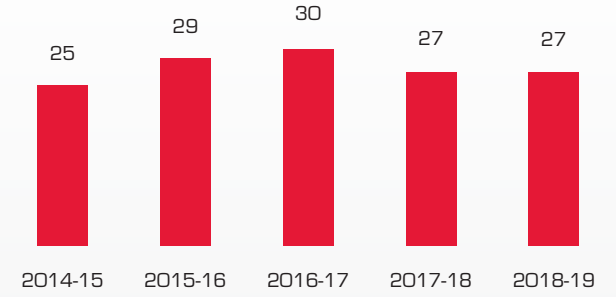
14% y-o-y growth

Social Metrics

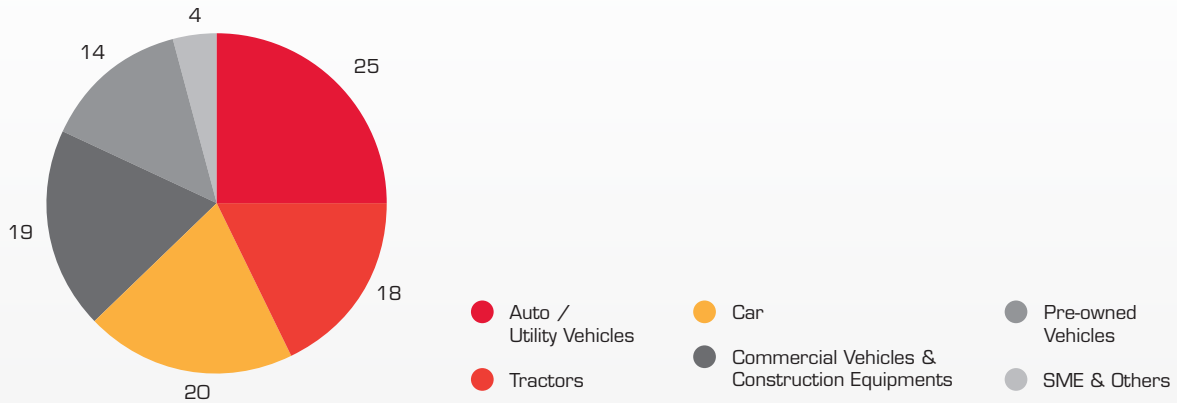
Number of lives impacted



CSR Spend (Rs. in crore)



Breakdown of Assets Financed (As on March 31, 2019) (%)



* Figures for 2018-19 and 2017-18 are as per Ind AS and for other financial years as per IGAAP.

Business model

Creating value that endures down the decades



Inputs

Financial capital

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

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 optimal level.

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.

Stakeholder relationships

We foster enduring relationships with our clients, capital providers, regulators 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

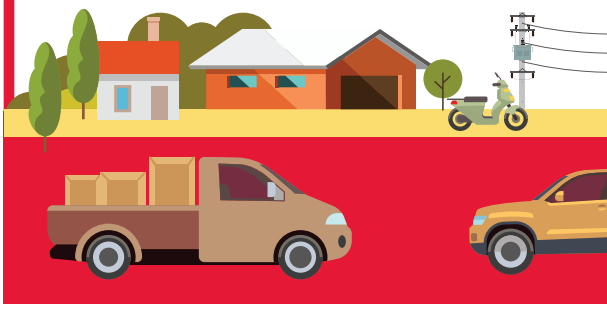
Vehicle Loans, Home Loans, SME Loans and Personal Loans

Investments

Fixed Deposits and Mutual Funds

Insurance Broking

Personal Insurance, Business Insurance and Reinsurance



Strategic priorities

Continue to invest in technology and digitalisation to empower people, and improve processes and products – As advances in technology continue to rationalise processes and the flow of information, we ensure that all our solutions are reinforced by effective digital capabilities and IT architecture. As the pace of change in digital communications continues to speed up, we are persistently evolving the technology that supports our services and enables the transformation of our clients' services. Our focus is to simplify products and processes and continue to drive constant improvement. We will also continue to deliver value to our customers through both physical and digital touch points.

Enhance brand visibility

Our customer centricity has enabled the Mahindra Finance brand to emerge as a symbol of continued trust. We have been able to deepen and widen our penetration across market segments of the social pyramid due to the wide appeal of

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 longer view of the business and evolve an appropriate roadmap to strengthen the core fundamentals of our business.

Returns

Revenue

Rs. 8,810 crore

Profit After Tax

Rs. 1,557 crore

Dividend

325%



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 fulfil 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

our promotions and the simplicity of our product portfolio.

Enrich customer experience
We strive to develop financial products and delivery channels by understanding the needs of our customers as the suitable use of financial products enables wealth creation and accelerates economic development. We are committed to continue pushing boundaries to harness the power of technology to reach more customers and provide greater ease of transacting with us.

Optimise cost of operations
The expect to reduce costs through effective implementation and deployment of technical resources and optimal utilisation of human resources and infrastructure. We will enable this by leveraging existing fixed costs, while concurrently expanding the business and enhancing productivity.

Focus

Accelerating access to financial solutions for semi-urban and rural India

We, at Mahindra Finance, have always put our faith in the immense potential of rural resurgence; and that is the reason why we continue to invest our energy and resources in expanding our footprint across thousands of small towns and villages in India, backed by robust relationships.

Semi-urban and rural India is gradually emerging as India's next consumption and economic powerhouse, as infrastructure creation and inclusive growth continue to bring millions of people to the economic mainstream.

Where is the optimism?

India still largely lives in its villages

With a large proportion of India's population (69%) residing in rural areas, rural development assumes strategic importance for nation-building (Source: KPMG – Rural Transformation in India). The good news is that over the preceding few years, the penetration of financial services in rural India





has increased significantly. There are a collective set of mandates, which have been initiated by the government to accelerate financial inclusion across India. These mandates are priority sector lending, credit expansion, small finance banks, payment banks and direct beneficiary transfer, among others. Financial inclusion continues to facilitate rural India's socio-economic development.

Digitalisation heralds a major leap forward

With the cost of data consumption declining significantly and the government's focus on creating more digital villages, digitalisation will see a major boost in the rural economy. Large parts of semi-urban and rural India are seeing the introduction of e-Governance, banking and financial services, educational and healthcare services, mobile/DTH recharge, e-Ticketing services and yes, even online shopping.

Rising government impetus

The Government of India raised the allocation for rural development schemes from Rs. 1,12,403.92 crore in 2018-19 to Rs. 1,17,647.19 crore in the interim Union Budget of 2019-20. It has set a target of building two crore houses for the rural poor over the next three years — 70 lakh by June 2020, another 70 lakh by June 2021 and 60 lakh by June 2022.

At Mahindra Finance, we can see a marked shift in the buying capacity of our semi-urban and rural customers. With the introduction of technology in rural areas, and the enhanced connectivity it brings, rural customers are seeking better options when it comes to the choices they are making. Now, customers in Tier 2 and Tier 3 cities can choose from multiple products, owing to various e-commerce platforms.

India is focusing on three major elements of financial inclusion, comprising broadening and deepening of financial services and creating greater financial literacy and consumer protection. This is supported by the private sector bringing in efficiency and quality of services, along with technological advancement.

Our response

We are committed to financial inclusion and empower our customers through a wide spectrum of financial solutions to pursue their aspirations. Our aim is to provide affordable financial products and services in a fair and transparent manner, with the support of advanced technology and our nationwide distribution network.

With better rural infrastructure and opportunity, we expect a surge in automotive and housing demand over the medium- and long-term. Our multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one. Our deep knowledge and reach enable us to leverage the rural opportunity and serve our stakeholders better.



Rs. 1,17,647 crore
Allocation for rural development schemes in 2019-20

Transparency

Transparency and simplicity define our DNA



Transparency and simplicity of our business model differentiates us in a hyper-competitive and challenging operating scenario.

We are committed to the adoption of and adherence to the best corporate governance practices in our industry. We also seek to promote and follow the highest level of ethical standards and have formulated various corporate governance policies duly approved by the Board. The result is that even during difficult times and business cycles, we have maintained steady margins, which have helped us expand our network, leverage advanced technology and achieve operational efficiencies to reduce costs.

Diversified product portfolio

Our well-balanced, high-quality product portfolio helped us achieve growth during the year under review. Our fund mix is also evenly distributed across the major financial instruments and institutions. Besides, we have also adhered to all the regulatory requirements of the industry. We have always welcomed the industry's stringent regulatory changes.

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 collaboration with customers is driven



by rich local insight and digitally enabled offerings. The result is not a one-off financial transaction, but a rich, rewarding and enduring association with our customers.

Robust processes

Our processes are streamlined and to a very large extent, technology driven. Such a strategy lowers operational cost, creates a highly scalable growth model and offers a safe, secured, fast-paced and enriching experience to our customers.

Strong governance

Our risk management framework ensures that operations are effective and well aligned to evolving market dynamics and with our strategic objectives. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information. The framework endorses ethical values, good corporate governance and risk management practices.

Transparency drives business

Over the last two decades, our AUM grew from Rs. 30 crore in 1993-94 to Rs. 67,078 crore in 2018-19, enhancing the trust of our customers.

AUM grew to
Rs. 67,078 crore
in 2018-19

Empowerment

Proactive talent and passionate teamwork drive us



We are committed to sustainable and profitable growth that benefits all stakeholders by diversifying into different asset classes. We provide specific training to our people in understanding the nuances of different asset classes and the know-how to structure the solutions to meet the varied requirements of our rural customers. Our business model continues to emphasise on empowerment from the grassroots and decentralisation.

Driven by our team of go-getters, our offerings include a host of secured lending and wealth management products, catering to both retail and enterprise customers. We have strategically entered and developed new businesses, spanning multiple locations, and have created functions that operate at various levels.

Our lending strategy ensures that the financial security of rural India is secured, while offering specialised credit solutions at the best possible rates. We have steadily grown our business verticals comprising auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, and SME financing. We offer a one-stop destination for varied financial requirements of retail and enterprise customers.

Inculcating a high-performance culture

Our focus is to remain operationally lean, effective and efficient, and stay ahead of the curve. The best way to achieve this is to build a work culture that celebrates



meritocracy and breaks down all silos. We conduct rigorous training programmes, educate our people and help instil a sense of belonging in line with the long-term organisational objectives. As an equal opportunity employer, we provide our workforce with all relevant opportunities to grow, mature and make a difference.

We encourage people to explore opportunities in harmony with their natural talent and support them to grow with no limit to their success. Our processes and systems ensure that people at all levels are acknowledged and given an opportunity to grow.

61,00,619
Total contracts funded as on March 31, 2019

21,789
Team members as on March 31, 2019

Experience

Our brand patrons stay deeply connected to us

At MMFSL, our entire business strategy revolves around flexibility to enrich customer experience at both the asset and liability sides of our business.

Be it the loan tenure or the repayment option, we ensure maximum flexibility and comfort to customers. Our first priority is building long-term sustainable relationships with our customers by providing highest quality customer service in a prompt and efficient manner.



Approach

The cornerstone of our continued growth, over the years, has been the ability to have a deep local connect with the market and customers, without losing sight of the national focus on inclusive growth. As part of our customer-centric approach, we recruit employees locally to increase our familiarity with local customers. We believe that this personal contact, which includes visits by our employees to a customer's home, or business increases the likelihood of repayment, encourages repeat business, fosters personal relationships and helps build our reputation for excellent customer service.

We are also a preferred partner of prominent OEMs and global equipment manufacturing giants in India as well as for those intending to enter India.We are a multiproduct company. Every OEM is looking at rural markets for their growth and we become their natural partner, strategising and synergising with these OEMs.

Extensive network

We operate an extensive network of 1,321 offices, spanning 26 states and 5 union territories, as on March 31, 2019. The reach of our offices allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees.

Reinforcing growth through technology

We have been continuously digitising our internal processes and service offerings. Our technology initiatives have not only helped us improve the

overall efficiency across our business functions and processes, but also helped us greatly enhance customer experience.

We, at Mahindra Finance, are financing the aspirations of more than six million customers over the last two decades, and have built a deep knowledge of customers with micro data points ranging from income, payment behaviour and socio-economic status. This data is being leveraged to build powerful machine learning models extended through digital platforms for offering value-added services, customer acquisitions, collections, Non-performing Asset (NPA) management, customer engagement, forecasting business trends and among others.

We have also successfully integrated all the systems to build fully digital mobile platforms for both customers and employees, resulting in industry-leading customer service and improved productivity.



Highlights

Name of the App	Description	Benefits
Paperless App	Launched pan-India for our car vertical, this mobile application has enabled field executives to process the application, approval and sanction of a loan completely online. This is the most comprehensive customer acquisition app for any NBFC in India.	Provides instant CIBIL score and addresses verification along with faster case approvals, thereby reducing disbursement Turnaround Time (TAT). The field executives can now operate directly from the vehicle dealership with reduced paperwork.
Customer App	The Customer App has been revamped to have more scalable, multilingual capabilities. Customer experience has been improved significantly with quick registration and login, and simplified navigation design. The app has shown an instant acceptance in the market with over 75,000 downloads in just a period of 2 months since launch.	Enables faster onboarding and easy login for the customer. Seamless integration with core systems and payment gateway allows for quick look up on pending EMIs and simplified repayments. The customer can also view his/her account details anytime, anywhere without much hassle.
Digital Payments	A quick pay feature that enables customers to pay their EMIs via UPI, debit cards, internet banking or wallets has also been enabled on our website and Customer App. There has been a 65% QoQ increase in collections since the launch of this feature.	Have reduced the cash-handling and travelling of executives on field. Executives can now follow up over phone and receive repayments from customers via the app or website. This channel has gained wider traction among customers.
Suvidha Loans	Suvidha loans are pre-approved loans created using the knowledge garnered from the customer data models. These top-up loans can be disbursed instantly to cater to any personal needs of our existing customers.	Intend to address many more existing customer requirements and reach beyond our customers going forward. As a result, it would help enhance MMFSL's customer retention, share of wallet and products per customer.

Trust

Trust is our cherished intangible that creates tangible outcomes

As a vital enabler to livelihoods, we fuel the transformation of rural India by helping people realise their aspirations. We have helped a large number of first-time borrowers, with no or limited credit history, but a strong commitment to realise their dreams.

Our endeavours have helped turn them into self-reliant participants in rural resurgence. For decades, Mahindra Finance has continued to enhance its trust quotient, understanding people's requirements and recalibrating its responses. Over six million customers have reposed their faith in the ability of Mahindra Finance to help elevate their quality of life.



Early-mover advantage

We were early entrants into the rural and semi-urban markets. In the early years of our journey, we had observed that a large section of the rural population languished outside the periphery of formal channels of finance, because they did not have credit access, largely due to their incapability to meet the requirements of banks or because they could not service the high rates of money lenders. We identified this opportunity and equipped our portfolio and delivery model to serve this population with speed and precision. We gave them the respect they deserved. Our technology deployment has resulted in higher sales productivity, better market coverage, and improved channel and customer experience.

Strong balance sheet

Our business has consistently maintained a very cautious approach in financing policies, which reduces the risks of default. We maintain our asset quality by adhering to credit evaluation standards, limiting customer and vehicle exposure and interacting with customers directly and regularly. We ensure that prudent Loan-to-Value (LTV) ratios are adhered to while lending. We enjoy a strong credit rating on our financial instruments, which enables us to raise funds at competitive rates.

Right collaboration

We have a diverse mix of product portfolio. We reach out to more customers with our offerings. Our realigned business strategy ensures equal focus on all products, greater efficiency and cross-selling. Our collaboration with customers is driven by trust and knowledge, complimented by digitally enabled products and solutions, which translates the financial transaction into a long-term and rewarding association for our customers.



Asset liability management (ALM)

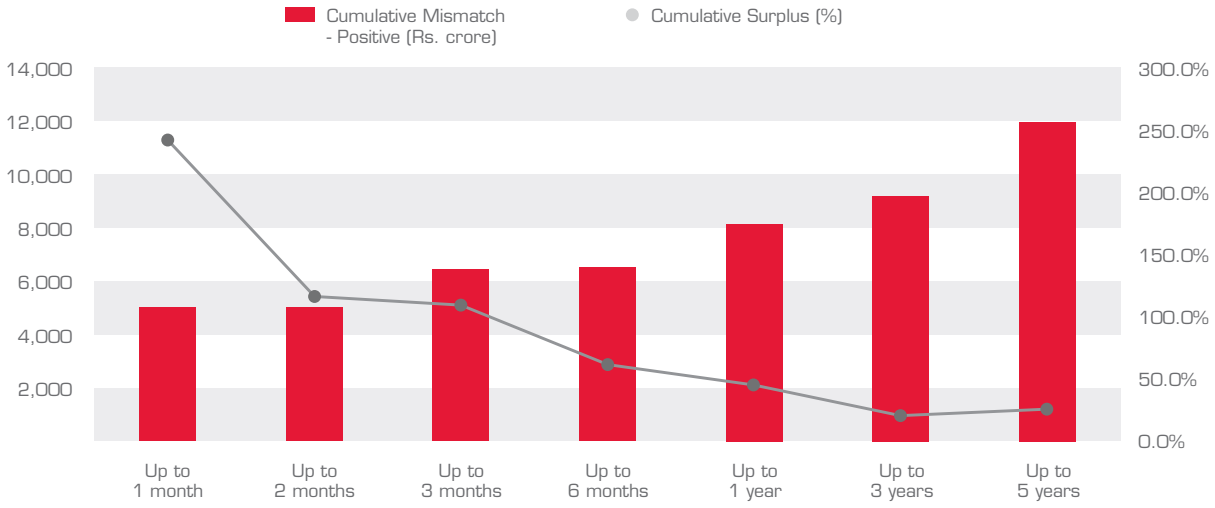
Our business model is stable and meticulously built over decades, with the rich insight that we have garnered for decades. We never had any stoppage of disbursements. Moreover, we have not had a situation where a lender has refused to provide money to us. Over the years, we have followed the discipline to stick to our core business. We have always chosen to be in the semi-urban and rural geography and have never shifted from this core strategy.

At Mahindra Finance, risks pertaining to liability and interest rates are efficiently managed by a competent and responsible team. Adequate credit is arranged from time to time to ensure that no constraints are faced by the Company.

Solid foundation

Mahindra Finance is built on a solid foundation of entrepreneurial energy, professional integrity and personal commitment. We operate our business with the highest ethical standards and remain committed to achieving sustainable and profitable growth. Our greatest strength and confidence emanate from the trust of the people we touch every day.

ALM position



As on March 31, 2019

Corporate Social Responsibility

Lending support to communities

Our citizenship initiatives are aligned to the mission of transforming rural lives and bringing lasting difference in the lives of communities around us. The overarching objective is to empower rural communities and help disadvantaged sections of the population 'rise' and realise their true potential. Our focus continues to be in the realms of health, education, employment and livelihood generation, rural development and community welfare. Mahindra Finance CSR Foundation was formed in April 2019 for undertaking all our CSR initiatives under one umbrella.

Shiksha–Mahindra Finance Scholarship

3,000

Meritorious graduate and post-graduate students from economically disadvantaged sections were provided scholarships



Nanhi Kali

10,450

Underprivileged girls from poor urban and remote rural areas across India were provided educational support

70,603 person-hours
Contribution of employees in various CSR programmes

14,842
Number of employees

Hunnar

(i) **Skill development training for People with Disabilities (PwD): Providing** multiple sector skills to **train 500 persons with disability** to employ them in sectors such as Retail, Hospitality and Information Technology Enable Services (ITES)

(ii) **Drivers training for women:** Imparting driving skills training for **365 resource-poor women** to employ them as professional and commercial drivers; this programme has transformed the lives of women and enabled them to earn a dignified life in their family and community

(iii) **Automotive (vehicle repairing) training for women:** Encouraging non-traditional livelihood training among **180 women** in vehicle repairing and other related skills to make them employable

(iv) **Mahindra Pride School:** Livelihood training in ITES, Retail and Hospitality, followed by placements to **3,453 young people** through the Mahindra Pride Schools; **39,783 students** were trained through the Mahindra Pride classroom model



Sehat-Healthcare Equipment Donation

55,000+

Urban and rural women are receiving free and affordable preventive care, gynecologic and diagnostic services

120

Thalassemic children have benefited through day care centres

3,000

Patients to benefit from liver transplants and diagnostic services for gastro-intestinal issues



Sehat

(i) **Ambulance donation:** Promoting access to healthcare for marginalised populations by providing **14 ambulances** to various organisations across India

(ii) **Mother and child healthcare:** Improving key mother and child healthcare through nutrition supplementation impacting over **4,085 pregnant women, 23,399 children and 7,919 adolescent girls** from 240 high-need villages







Jeevandan

Financial Services Sector **'CSR Day'** was celebrated on the occasion of **Founder's Day** by organising blood donation drives across India. This initiative was conducted on a single day at **1,086 locations** and **7,624 blood units** were collected

Swachh Bharat

Aligned with the g overnment's Clean India Campaign, the programme focuses on creating awareness about cleanliness and hygiene in rural and semi-urban communities



Financial Literacy

We empowered **4,000 youth, women and working population** with the knowledge of sound financial practices to enable them to manage their money better by conducting a Financial Literacy workshop

Mahindra Hariyali

It is an initiative to improve green cover and protect biodiversity in the country. We planted over **72,500 saplings** across India

Our efforts have been recognised with the following awards:

- **Golden Peacock Award:** Awarded 'Golden Peacock Award for Corporate Social Responsibility – 2018'
- **ET NOW:** Awarded "ET NOW CSR Leadership Award" for Best CSR Practices and Skill development
- **CSR Health Impact Awards:** Won Gold award at the 'CSR Health Impact Award 2018' in association with ET NOW, in the category of 'Women and Child Health Initiative'
- **IDF CSR Award** Won the IDFC CSR Award from the Indian Development Foundation for excellent participation in resource mobilisation for humanitarian projects

Board of Directors



Mr. Dhananjay Mungale
Chairman and Independent Director



Mr. C. B. Bhave
Independent Director



Mr. Milind Sarwate
Independent Director



Ms. Rama Bijapurkar
Independent Director



Dr. Anish Shah
Director



Mr. V. S. Parthasarathy
Director



Mr. Ramesh Iyer
Vice-Chairman & Managing Director



Mr. V. Ravi
Executive Director & Chief Financial Officer

Awards and Recognitions

Ranked **11th** amongst 25 **Best Large Workplaces** in the **Asia's Best Workplaces 2019** list by The Great Place to Work Institute®



Recognised among **15 Best Workplaces in BFSI – 2018 in India** by The Great Place to Work Institute®



Awarded **Golden Peacock Award for Corporate Social Responsibility – 2018** by the Institute of Directors



Awarded **ET NOW CSR Leadership Award 2018** for Best CSR Practices and Skill Development

MMFSL's Annual Family Fun Day - Vrindavan 2019 has attained Yale's **Gold Level Green Event** Certificate





Listed amongst Top 10 Companies of the 'S&P BSE 100 Companies' with a **'High Corporate Governance Score'** for the second time in a row, in a study jointly conducted by International Finance Corporation (IFC), BSE Limited and Institutional Investor Advisory Services (IiAS), based on G20/OECD Principles of Corporate Governance



Gold Award Winner as the **Retail NBFC** of the **Year 2018** by the Outlook Money Awards

Listed in **Top 100 Best Companies** for Women – 2018 by Working Mother and Avtar



Corporate Information

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

** Resigned w.e.f. close of business hours on March 31, 2019*
@ Appointed w.e.f. April 1, 2019

COMPANY SECRETARY
Arnavaz M. Pardiwalla

REGISTERED OFFICE
Gateway Building,
Apollo Bunder,
Mumbai - 400 001.
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CORPORATE OFFICE
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P. K. Kurne Chowk, Worli,
Mumbai - 400 018.
Tel.: +91 22 66526000
Fax: +91 22 24984170/71

COMMITTEES OF THE BOARD

Audit Committee
C. B. Bhave (Chairman)
Dhananjay Mungale
Rama Bijapurkar
Milind Sarwate
V. S. Parthasarathy
Dr. Anish Shah

Nomination and Remuneration Committee
C. B. Bhave (Chairman)
Dhananjay Mungale
V. S. Parthasarathy

Stakeholders Relationship Committee
Rama Bijapurkar (Chairperson)
C. B. Bhave
Ramesh Iyer
V. Ravi

Asset Liability Committee
Milind Sarwate (Chairman)
Dhananjay Mungale
V. S. Parthasarathy
Ramesh Iyer
V. Ravi

Risk Management Committee
C. B. Bhave (Chairman)
Dhananjay Mungale
Rama Bijapurkar
Milind Sarwate
V. S. Parthasarathy

Corporate Social Responsibility Committee
Dhananjay Mungale (Chairman)
Rama Bijapurkar
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
Dhananjay Mungale
Milind Sarwate
Ramesh Iyer
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
Khaitan & Co.
One Indiabulls Centre, 13th Floor,
841, Senapati Bapat Marg,
Elphinstone Road,
Mumbai - 400 013.

DEBENTURE TRUSTEE
Axis Trustee Services Limited
Corporate Office:
The Ruby, 2nd Floor, SW,
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Fax: +91 22 6230 0700
E-mail: debenturetrustee@axistrustee.com
complaints@axistrustee.com

REGISTRAR AND SHARE TRANSFER AGENTS
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Karvy Selenium, Tower B,
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Gachibowli, Financial District,
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Hyderabad - 500 032.
Tel.: + 91 40 67162222
Fax: + 91 40 23001153
Website: www.karvy.com
E-mail: einward.ris@karvy.com

BANKERS
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
Development Bank of Singapore Ltd.
Dena Bank *(merged with Bank of Baroda)*
Deutsche Bank AG
Federal Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Indian Bank
Industrial & Commercial Bank of China Ltd.
IndusInd Bank Ltd.
Karnataka Bank
Kotak Mahindra Bank Ltd.
Punjab National Bank
Shinhan Bank
Société Générale
Standard Chartered Bank
State Bank of India
South Indian Bank
The Bank of Novascotia
The Bank of Tokyo Mitsubishi UFJ Ltd.
The Catholic Syrian Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Union Bank of India
Vijaya Bank *(merged with Bank of Baroda)*
Yes Bank Ltd.

LIST OF INSTITUTIONS
National Bank for Agriculture and Rural Development (NABARD)
Micro Units Development and Refinance Agency Ltd. (MUDRA)

Summary of Results

(Rupees in lakhs unless indicated otherwise)

Sr. No.	Particulars	F- 2019	F- 2018	F- 2017	F- 2016	F- 2015	F- 2014	F- 2013	F- 2012	F- 2011	F- 2010
1	Estimated Value of Assets Financed	4621032	3777290	3165914	2670633	2433110	2540002	2383858	1950433	1441987	891536
2	No. of Contracts	6100619	5339238	4713066	4156944	3634688	3119034	2557172	2024038	1557622	1189848
3	Total Assets*	6707799	5279274	4583684	3946208	3507415	3166572	2549242	1856156	1368297	942578
4	Total Income*	880981	668520	623754	590510	558471	495300	389470	279459	197751	155026
5	Profit before depreciation & tax*	244267	171102	66609	107907	129516	137006	130144	94482	71824	53047
6	Depreciation*	6023	4419	4602	4089	4152	2430	2224	1956	1579	990
7	Profit before tax*	238244	166682	62007	103818	125364	134577	127920	92526	70245	52057
8	Profit after tax*	155706	107609	40023	67260	83178	88723	88269	62012	46311	34271
9	Dividend %	325	200	120	200	200	190	180	140	100	75
10	Equity Share Capital	12298	12290	11301	11292	11283	11271	11260	10269	10245	9598
11	Other Equity*	1078505	949902	636424	597519	555658	498151	434197	284832	238764	163258
12	Net Worth*	1090802	962191	647724	608811	566941	509422	445458	295101	249009	172856
13	No. of Employees Engaged	21789	18733	17856	15821	14197	12816	11270	9715	8723	6972
14	No. of Offices	1321	1284	1182	1167	1108	893	657	607	547	459
15	Earnings Per Share - Basic (Rupees)* (Face value - Rs.2/- per share)	25.33	18.52	7.09	11.92	14.75	15.75	16.59	12.09	9.57	7.16
16	Earnings Per Share - Diluted (Rupees)* (Face value - Rs.2/- per share)	25.28	18.49	7.04	11.83	14.62	15.60	16.40	11.93	8.91	7.07

* Figures for F-2019 and F-2018 are as per Ind AS and for other financial years as per IGAAP.

Board's Report

To,

The Members of
Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Twenty-Ninth Report together with the audited financial statements of your Company for the Financial Year ended 31st March, 2019.

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

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 32% to Rs. 10,430.9 Crores as compared to Rs. 7,912.2 Crores in 2017-18;
- Consolidated income from operations for the year was Rs. 10,371.7 Crores as compared to Rs. 7,883.9 Crores in 2017-18, a growth of 32%;
- Consolidated profit before tax for the year was Rs. 2,840.8 Crores as compared to Rs. 1,904.8 Crores in 2017-18;
- Consolidated profit after tax and non-controlling interest for the year was Rs. 1,827.3 Crores as compared to Rs.1,185.2 Crores in 2017-18.

FINANCIAL RESULTS

Rs. in Crores

	CONSOLIDATED		STANDALONE	
	March 2019	March 2018	March 2019	March 2018
Total Income	10,430.9	7,912.2	8,809.8	6,685.2
Less : Finance Costs	4,432.3	3,436.2	3,944.6	3,081.6
Expenditure	3,129.3	2,546.7	2,422.6	1,957.5
Depreciation, Amortization and Impairment	75.5	55.2	60.2	44.2
Total Expenses	7,637.1	6,038.1	6,427.4	5,083.3
Profit Before Exceptional Items and Taxes	2,793.8	1,874.1	2,382.4	1,601.9
Share of profit of associate	47.0	30.7	-	-
Exceptional items	-	-	-	64.9
Profit Before Tax	2,840.8	1,904.8	2,382.4	1,666.8
Less : Provision For Tax				
Current Tax	711.4	665.2	576.8	549.5
Deferred Tax	262.1	23.3	248.5	41.2
Profit After Tax for the Year	1,867.3	1,216.3	1,557.1	1,076.1
Less : Non-controlling interests	40.0	31.1	-	-
Profit for the Year attributable to Owners of the Company	1,827.3	1,185.2	1,557.1	1,076.1
Balance of profit for earlier years	3,282.5	2,909.0	3,193.2	2,608.4
Less : Transfer to Debenture Redemption Reserve	146.7	50.5	146.7	50.5
Profit available for Appropriation	4,963.1	4,043.7	4,603.6	3,634.0
Add : Other Comprehensive Income/(Loss)	(9.5)	(13.6)	(8.6)	(12.3)
Less : Dividend paid on Equity Shares	296.6	163.4	293.8	161.0
General Reserve	155.8	88.4	155.8	89.1
Statutory Reserve	385.2	224.3	311.4	178.4
Gross obligation at fair value to acquire non-controlling interest	158.6	316.8	-	-
Transaction with non-controlling interest	-	5.4	-	-
Securities Premium on fresh issue of equity share capital	0.1	-	-	-
Add : Profit on sale of Equity Shares of subsidiaries	-	50.7	-	-
Balance carried forward	3,957.3	3,282.5	3,834.0	3,193.2

IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS ("IND AS")

Your Company has prepared the Financial Statements in accordance with Indian Accounting Standards ("IND AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted IND AS from 1st April, 2018 with effective transition date of 1st April, 2017 and accordingly, these Financial Statements together with the Financial Statements for the comparative reporting period have been prepared with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant Rules issued thereunder and the other accounting principles generally accepted in India.

This transition to IND AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), guidelines issued by the Reserve Bank of India ("RBI") and other generally accepted accounting principles in India (collectively referred to as "the previous GAAP"). Accordingly, the impact of transition has been recorded in the opening reserve as at 1st April, 2017 and the corresponding adjustments pertaining to comparative previous year as presented in these Financial Statements have been restated/reclassified in order to conform to current year presentation.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 155.8 Crores to the General Reserve, Rs. 311.4 Crores to the Statutory Reserve and Rs. 146.7 Crores to the Debenture Redemption Reserve. An amount of Rs. 3,834.0 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4.0 per Equity Share and also a Special Dividend of Rs. 2.5 per Equity Share aggregating Rs.6.5 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 Special Dividend is being recommended in the light of the very successful completion of twenty-five years of the business operations of the Company.

The dividend including dividend tax for the Financial Year 2018-19 will absorb a sum of Rs. 477.9 Crores [as against Rs. 293.8 Crores on account of dividend of Rs. 4.0 per Equity Share and tax thereon, paid for the previous year].

The dividend pay-out is in accordance with the Dividend Distribution Policy of the Company which has been approved by the Board of Directors.

DIVIDEND DISTRIBUTION POLICY

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 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: **https://www.mahindrafinance.com/policies.aspx**.

During the year, an amount of Rs. 4,97,120 being the unclaimed/unpaid dividend of the Company for the Financial Year ended 31st March, 2011 was transferred in September, 2018 to the Investor Education and Protection Fund Authority.

OPERATIONS

During the year under review, your Company completed 25 glorious years of its business operations in rural and semi-urban markets. Rural sentiments continued to be positive for the Company from the start of the year till November 2018. During this period both farm and infra cash flows were good enabling higher collection efficiency on a consistent basis despite subdued automobile growth. Elections in few States in November 2018 and the impending Lok Sabha Elections slowed down growth in the last few months of the year. However, even during this slowdown, your Company could maintain the asset growth as well as collections, by continuously engaging with customers.

Your Company further strengthened its position as a significant financier in rural and semi-urban geographies by providing a wide range of products and services. Your Company has retained its leadership position in financing the Mahindra range of vehicles and tractors. Your Company not only retained the status of major financier for Maruti vehicles in semi-urban and rural India but also expanded its coverage to include several leading vehicle dealers. With the Company's vast semi-urban and rural distribution network, it could attract many OEMs like Hyundai, Renault, Nissan for a tie-up. Your Company consolidated its position as a leading financier in all Aggregator (like Ola and Uber) and Self-drive vehicles (like Zoom and Revv) segment. In this year, your Company also emerged as a significant player in financing of Heavy, Medium Commercial Vehicles

and Construction Equipment for major OEMs. Your Company has also launched pilot projects to understand the upcoming opportunities in Leasing. Your Company maintains a leading presence in the growing market of financing of pre-owned vehicles such as Cars, Utility Vehicles and Tractors.

Network Expansion

Your Company strengthened its pan-India presence with a network of 1,321 offices, which is one of the largest amongst Non-Banking Financial Companies. 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. 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 realize 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.

Enhanced Product Offerings

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 6 million customers since its inception, most of whom had no prior credit history. Your Company's philosophy of helping rural customers by providing tailor-made products and services at their doorstep has given a big boost in transforming rural lives. Your Company has also launched Suvidha Loans to meet specific needs of its existing customers through its numerous Branches.

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. 3,655.90 Crores during the period under review, covering 3,719 customers.

A reorganised collection structure has enabled your Company to take advantage of improved rural cash flows from better yields and Minimum Support Price which augmented its overall collections.

Digital

Your Company remains firmly focused on addressing the changing but unique needs of its rural and semi-urban customers. Your Company has successfully implemented low bandwidth end-to-end mobile sales application with real time integrations with government databases and credit bureaus to disburse loans to customers anytime, anywhere. Your Company has also launched multilingual mobile application for its customers to view their current loan details and make payments. It also helps in getting pre-approved Suvidha Loans. The digital strategy of your Company focuses on providing tailor-made solutions to meet its customers' needs. Your Company and its subsidiaries have embraced digital in performing different activities like customers' acquisition, selling of Fixed Deposits, Mutual Funds and Insurance products in partnership with Common Service Centers Scheme. Your Company will continue to further its digital presence by extending its coverage to more activities including improving employee efficiency.

Getting Future Ready

In order to provide superior experience to its customers, your Company has entered into a long term partnership with a leading technology service provider. With this state-of-the-art technology, your Company will be in a position to delight its customers.

Building Analytics Capability

Your Company has consistently serviced over 6 million semi-urban and rural customers across 3.6 lakh villages, for the past 25 years. In the process, the Company has acquired a very rich database of these millions of customers which could be productively mined for not only increasing repeat business but also to cross-sell many other financial and insurance products. Towards this purpose, the Company has set up a Data Analytics and Insight Department with experienced data science professionals.

The overall disbursement registered a growth of 22% at Rs. 46,210.3 Crores as compared to Rs. 37,772.9 Crores in the previous year. Total Income grew by 32% at Rs. 8,809.8 Crores for the year ended 31st March, 2019 as compared to Rs. 6,685.2 Crores for the previous year. Profit Before Tax (PBT) grew by 43% at Rs. 2,382.4 Crores as compared to Rs. 1,666.8 Crores for the previous year. Profit After Tax (PAT) increased by 45% at Rs. 1,557.10 Crores as compared to Rs. 1,076.10 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 67,078 Crores as at 31st March, 2019 as against Rs. 52,793 Crores as at 31st March, 2018, a growth of 27%.

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

DISTRIBUTION OF MUTUAL FUND PRODUCTS

During the year under review, the activity of distribution of Mutual Fund Products (MFP) was carried out across 160 branches covering 24 States.

As on 31st March, 2019, the amount of Assets Under Management outstanding through the Company's Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 1,373.48 Crores and the number of clients stood at 57,389.

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 Messrs. KSR & Co., Company Secretaries LLP 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

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2019 was Rs. 123.55 Crores, comprising of 61,77,64,960 Equity Shares of the face value of Rs. 2 each, fully paid-up.

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

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

As on 31st March, 2019, 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 21,94,249 Stock Options to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2010 ("2010 Scheme"). No new Options were granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2005 ("2005 Scheme"). 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.

During the year, the Nomination and Remuneration Committee has *inter alia*, approved the transfer of 7,85,275 Stock Options, being the balance number of Options available in the 2005 Scheme to the 2010 Scheme.

Pursuant to the aforesaid transfer of 7,85,275 Options to the 2010 Scheme on 14th March, 2019, the 2005 Scheme stands closed, effective from the date of the said transfer.

The 2010 Scheme of the Company is 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 Scheme. A Certificate from Messrs. B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, pursuant to Regulation 13 of the SBEB Regulations would be placed at the Annual General Meeting for inspection by Members.

Voting rights on the Shares issued to employees under the aforesaid Scheme 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: **https://www.mahindrafinance.com/annual-reports.aspx**.

ECONOMY

Global

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. From an accelerating economic activity almost across the world with projected growth in 2019 being at 3.9 percent, a lot have changed in the last year. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; investment dropped in Italy as sovereign spreads widened; and external demand, especially from emerging Asia, softened. Elsewhere, natural disasters hurt activity in Japan.

Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets and advanced economies, weighing on global demand. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US–China trade deal, but they remain slightly more restrictive than in the fall.

Outlook

As a result of these developments, global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020. The projected pickup in the second half of 2019 is predicated on an ongoing buildup of policy stimulus in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the euro area, and a gradual stabilization of conditions in stressed emerging market economies.

While global growth could surprise favorably if trade differences are resolved quickly so that business confidence rebounds and investor sentiment strengthens further, the balance of risks to the outlook remains on the downside. A further escalation of trade tensions and the associated increases in policy uncertainty could further weaken growth. Across all economies, the imperative is to take actions that boost potential output, improve inclusiveness, and strengthen resilience.

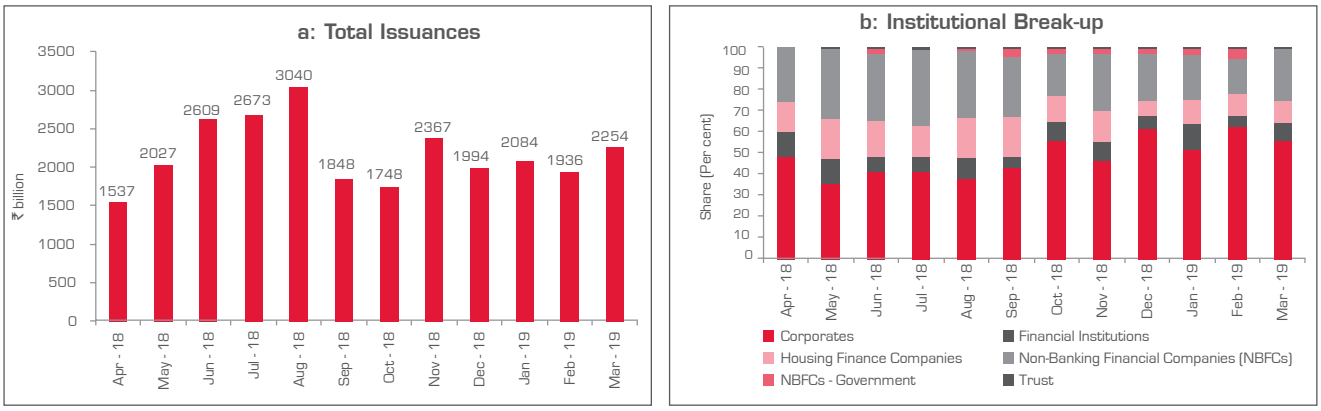
Domestic

After averaging close to 8 per cent through Q3:2017-18 to Q1:2018-19, domestic economic activity lost speed. Domestic economic activity lost pace in Q2 and Q3:FY2019, with coincident indicators suggesting a sharper deceleration in Q4. Aggregate demand weakened in Q2 by a large drag from net exports, which became entrenched in Q3 due to deceleration in public spending and private consumption.

Headline CPI inflation has declined sharply since mid-2018, driven by the sustained fall in food inflation (even turning into deflation during October 2018-February 2019), the waning away of the direct impact of house rent allowances for central government employees, and more recently, by a sharp fall in fuel inflation.

During the end of second quarter, amid certain defaults in the NBFC sector, a credit freeze was witnessed in the bond market especially for NBFCs. The spread of 5-year AAA corporate bond yield over 5-year G-sec yield went up, further the spread for NBFCs/HFCs were even higher with availability of liquidity being limited. For NBFCs and HFCs combined, the share of participation in the issuance of Commercial Paper reduced from upwards of one-half to closer to one-third of the total issuances reflecting increased credit risk premia in the aftermath of the defaults.

Chart : Commercial Paper Issuances



Source: Clearcorp F-TRAC, CCIL.

Outlook

Looking ahead, favorable factors such as an increase in financial flows to the commercial sector, stabilisation of crude oil and other commodity prices, consumption and investment enhancing proposals in the Union Budget 2019-20, and, the expectation of a normal monsoon are expected to boost economic activity. However, there could be headwinds from greater than expected moderation in global growth and global trade as well as unanticipated volatility in global financial markets.

GDP growth is projected to improve from 7.0 per cent in 2018-19 to 7.2 per cent in 2019-20. There are upside as well as downside risks to the baseline growth scenario. The boost to private investment activity from faster resolution of stressed assets and increased as well as more broad-based credit offtake amidst rising capacity utilisation can raise the baseline growth projection. Conversely, further escalation of trade tensions and protectionist trends, increased volatility in global financial conditions over the uncertainty of the stance of monetary policy in the US and other advanced economies, uncertainty surrounding Brexit, a sharper slowdown in the Chinese economy and deviations of the south-west monsoon from the baseline assumption of a normal monsoon may pose downside risks to the baseline growth path.

Source: International Monetary Fund (IMF), RBI

Finance

The NBFC sector experienced liquidity problems in the second half of the financial year 2018-19. The funding squeeze has contributed to higher funding costs and a slowdown in loan growth for non-banking financial companies. Your Company continued to focus on managing cash efficiently and ensured that it had adequate liquidity and back-up lines of credit.

During the year under review, the Reserve Bank of India ("RBI") held six Bi-monthly Monetary Policy Committee ("MPC") meetings. The Policy Repo rates under the Liquidity Adjustment Facility ("LAF") was at 6.00% at the beginning of the year. The MPC took the decision to increase the Policy Repo Rate under the LAF by 25 basis points each in the second and third meetings to 6.50% and maintained it at that level till the fifth meeting. Finally, in the sixth meeting, MPC took the decision to reduce the Policy Repo Rate under the LAF by 25 basis points from 6.50% to 6.25%. The MPC changed its stance from "neutral" to "calibrated tightening" in the fourth policy review and reverted back to "neutral" in the sixth policy review. The market continued to expect further reduction in the policy rate.

At the start of the fiscal year (April 2018), 10-year G-Sec benchmark yields (7.17% Gov Stock 2028), were trading at 7.40% levels which was at similar level by end of March 2019. However, in the wake of rising trade tensions, concerns about a "no deal" Brexit and signs of slowing down of the global economy, financial markets sentiments turned cautious and 10-year G-Sec yield touched a peak of 8.18% (around September 2018). The spread of 5-year AAA corporate bond yield over 5-year G-Sec yield moved up, reflecting increased credit risk premia in the aftermath of certain defaults in the NBFC sector. The defaults also led to a liquidity crisis for several non-banking financial companies. The spread declined consequent to the Reserve Bank's announcement to inject rupee liquidity through long-term foreign exchange buy/sell swap auction. Divergent movements were observed in various segments of the domestic financial market as they reacted differently to the evolving global and local developments during second half of the Financial Year 2018-19. Lower inflation prints, continuing fall in crude oil prices and buoyed sentiments after the announcement of multiple open market purchases by the RBI, resulted in a decline in yields.

During the last quarter of the year under review, a new 10-year benchmark (7.26% GS 2029 - issued in January 2019) which closed the year at 7.35% was issued. During the year, the INR depreciated by 6.7% from INR 65 to INR 69 per USD with intermittent levels being at INR 74/USD around mid-October. The sudden sharp increase and heightened volatility in the currency resulted in inflows from international market being tightened, resulting in further pressure on the currency, which subsided with the global crude prices subsiding.

With a view to promoting and developing a liquid and dynamic corporate bond market, the Securities and Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November, 2018 has provided a framework comprising detailed guidelines for raising of funds by issuance of debt securities and mandated all "large corporates" to raise at least 25 per cent of their incremental borrowings during a financial year by issuing debt securities from the financial year 2019-20 onwards.

Your Company has been identified as a "Large Corporate" as per the applicability criteria stipulated in the aforesaid SEBI Circular.

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Fixed Deposits, Commercial Papers, etc., and maintained prudential Asset/ Liability match throughout the year. Your Company sourced long-term debentures and loans from banks and other institutions at attractive rates. Your Company, for the first time has raised funds through issuance of Market Linked Debentures, External Commercial Borrowings ("ECB") and internationally rated securitisation transactions.

During the year, your Company has successfully completed 7 (seven) securitisation transactions aggregating to Rs. 4,389.20 crores and raised around US$ 200 million through ECB.

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

  During the year under review, your Company issued Secured/Unsecured Redeemable Non-Convertible Debentures including Secured Redeemable Principal Protected Non-Convertible Market Linked Debentures ("NCDs") aggregating to Rs. 6,800.90 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. 2,146.99 Crores through its third public issue of 2,14,69,947 Secured Redeemable Non-Convertible Debentures and Unsecured Subordinated Redeemable Non-Convertible Debentures of face value of Rs. 1,000 each, consisting of 1,81,01,224 Secured Redeemable Non-Convertible Debentures and 33,68,723 Unsecured Subordinated Redeemable Non-Convertible Debentures ("NCDs"). With this issuance, approximately 8% of your Company's borrowing is funded through this instrument. The NCDs were allotted on 18th January, 2019 and listed on BSE Limited on 21st January, 2019.

  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)**

  The Rupee Denominated Medium Term Note (MTN) programme of your Company, is listed on the Singapore Exchange Securities Trading Limited. During the year under review, no securities have been issued by your Company under the programme.

INVESTOR RELATIONS

Your Company has been continuously interacting and endeavours to further improve its engagement with Domestic and International investors/analysts by participating either in-person meetings or through use of technology i.e. conference calls, video-conferencing, Tele-presence meetings. 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. Quarterly and annual earnings calls are scheduled through structured conference calls to keep various stakeholders informed about the past performance and future outlook of the industry, especially those having a bearing on the Company. 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 calls 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 such information on the Company's website.

CAPITAL ADEQUACY

As on 31st March, 2019, the Capital to Risk Assets Ratio (CRAR) of your Company was 20.3% which is 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 15.5% and Tier II capital adequacy ratio stood at 4.8%, respectively.

RBI GUIDELINES

The Company continues to comply with all the applicable regulations prescribed by the Reserve Bank of India ("RBI"), from time to time.

CREDIT RATING

The credit rating details of the Company as on 31st March, 2019 were as follows:

Rating Agency	Type of Instrument	Rating*	Remarks
India Ratings & Research Private Limited	Commercial Paper Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	'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, Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	'IND AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
		'IND PP-MLD AAA emr/Stable'	'PP-MLD' indicates the full principal protection in the equity-linked notes wherein the issuer is obligated to pay the full principal upon maturity. Suffix "emr" denotes the exclusion of the embedded market risk from the rating.
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)	Long-term Debt instruments and Subordinated Debt Programme	'CARE AAA/Stable'	
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 Loan 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.
	Commercial Paper Programme and Bank Loan Facilities	'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 2018-19. 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

- Listed amongst the Top 10 Companies of the 'S&P BSE 100 Companies' with a 'High Corporate Governance Score' for the second time in a row, in a study jointly conducted by International Finance Corporation (IFC), a member of the World Bank Group, BSE Limited (BSE) and Institutional Investor Advisory Services (IiAS), based on G20/OECD Principles of Corporate Governance.

Business & Marketing:

- Adjudged the Gold Award Winner as the "Retail NBFC of the Year 2018" by Outlook Money Awards 2018.
- Won two prestigious Awards at the "Rural Marketing Forum and Awards 2019" in the following categories:
  a. Most Effective use of Direct Marketing to Rural Consumers for "2 Wheeler to 20 Wheeler Maha Loan Mela".
  b. Best Integrated Rural Marketing Campaign for "Vehicle Loan Festival".
- Won the Silver Award for MF SUTRADHAAR program and Bronze Award for Suvidha Loans at Flame Awards Asia 2018.
- Won the PRCI (Public Relations Council of India) Collateral Awards 2019 in the following categories:
  i) Crystal Award for Table Calendar-2019
  ii) Gold Award for Annual Report design
  iii) Advertisement Campaign on Vehicle Loan Festival

CSR & Sustainability

- Conferred with the coveted Golden Peacock Award for Corporate Social Responsibility-2018 by the Institute of Directors.
- Listed in Dow Jones Sustainability Index (DJSI) Emerging Markets category for the 6th consecutive year.
- Honoured with ET NOW CSR Leadership Award 2018 for Best CSR Practices and Skill development.
- Included in the "Sustainability Yearbook 2019" released by RobecoSAM.
- Won the Gold Award for Women and Child Health initiative at the CSR Health Impact Awards 2018.

Human Resources

- Listed by Great Place to Work® Institute India in the Top 100 list of Great Places to work in India for 3 years in a row.
- Ranked 11th amongst "25 Best Large Workplaces in Asia 2019", by Great Place to Work® Institute.
- Won three awards from Great Place to Work® Institute India:
  a. Ranked 14th in India's Best Companies to Work for 2018.
  b. Special Category Award in Career Management.
  c. Ranked among India's 15 Best Workplaces in BFSI-2018.
- Listed in Top 100 Best Companies for Women – 2018 by Working Mother and Avtar.
- Won two awards at the TISS Leapvault CLO Summit 2018 in the following categories:
  a. Gold Award for the Best Coaching/ Mentoring intervention for "GURU-Mentoring Program".
  b. Silver Award for Best Mobile Learning Intervention for "Manthan – Training Module".
- Bagged four awards at the Mega Corporate Film Festival Seminar & Awards 2018 in the following categories:
  a. First Prize in the Best Corporate Film - "Communicating Employee Engagement–2018".
  b. Second Runners-up in the Best Corporate Film "Communicating Vision, Values, Mission, Purpose – 2018".
  c. Second Runners-up in the Best Corporate Film for "Communicating Organizational Culture – 2018".
  d. Third Runners-up in "Communicating Commitment to Woman Empowerment – 2018".

Information & Technology

- The Project, Voice Induced Business Enablement has won the "Flame Awards – Asia" (Gold category) for the Best Small Budget Campaign of the Year.

FIXED DEPOSITS AND LOANS/ADVANCES

Your Company provides a wide range of Fixed Deposit schemes that cater to 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 regions 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, 2019, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 5,698.88 Crores, with an investor base of over 1,86,359 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:

- Initiation of online acceptance of Deposits through the Company's website;
- Introduction of Dhan Samruddhi Deposits which are available through Digital Channel Partners;
- Introduction of Bulk Deposits above Rs. 5 Crores.

As at 31st March, 2019, 6,152 Deposits amounting to Rs.7.22 Crores had matured for payment and remained unclaimed. The unclaimed Deposits have since reduced to 5,421 Deposits amounting to Rs. 6.02 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 the 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, 2019, 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: 6,152.

ii. the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 7,22,20,437.

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. Further, interest accrued on the matured deposits which remain unclaimed for a period of seven years from the date of payment will also be transferred to the IEPF under Section 125(2) (k). The concerned depositor can claim the Deposit and/or interest from the IEPF Authority by following the procedure laid down in the IEPF Rules.

During the year under review, an amount of Rs. 0.09 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 Regulations 34(3) and 53(f) 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 invariably been a core to the purpose of Mahindra Finance. At the heart of our organizational strategy is an inclusive business model that enables the residents of semi-urban and rural India to access formal channels of credit/finance which helps them in creating long-term value. In our journey spanning more than two decades, we have empowered the lives of millions of Indians by providing access to myriad financial services and products, which have helped them to "Rise for Good". Your Company has been enabling them to meet their aspirations through financial product offerings. Your Company helps the people build their homes through affordable home loan services provided by Mahindra Rural Housing Finance Limited, secure their life and assets by insurance solutions of Mahindra Insurance Brokers Limited and offers investment options by Mahindra Asset Management Company Private Limited. By providing the right set of opportunities in the remote areas and enabling our customers to advance in their lives, we are making 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 in 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 Sixth Sustainability Report for the Financial Year 2017-18 with the theme "I Am Responsible" based on Integrated Reporting framework and adhering to the Global Reporting Initiative's (GRI Standards). The Report embodies a motto that each individual of the organisation firmly believes in 'Making Sustainability Personal' under the theme "I Am Responsible". It also showcases how your Company responsibly creates value for all its stakeholders.

This Report is hosted on your Company's website at the web-link: **https://www.mahindrafinance.com/sustainability.aspx**.

Your Company continued to focus on sustainability awareness for different stakeholders and took various initiatives to engage them on these fronts. In 2018, your Company became the 1st Financial Company in India to be committed towards call to action for Science Based Targets. The Science Based Targets initiative (SBTi) requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the sixth 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 included in the DJSI, companies are assessed and selected based on their long term Environmental, Social and Governance (ESG) management plans and actions. Your Company got selected in "The Sustainability Yearbook 2019" being the only Financial Services Sector Company to qualify amongst 9 companies from India. This signifies your Company being amongst top Sustainability performers in Diversified Financial Services Sector across the World based on Corporate Sustainability Assessment done by RobecoSAM.

Your Company's approach has been to make its environmental disclosure transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India since Financial Year 2011-12. During the reporting year, your Company attained CDP Performance Band – C meaning that your Company is at "Awareness" band.

During the year, your Company made proactive efforts to reduce CO2 emissions (carbon footprint) through Project "Mahindra Hariyali", by planting more than 71,000 saplings throughout the country. The Company's Annual Family Fun Day "Vrindavan" attained Yale's Gold Level Green Event Certification as 87% waste generated at Vrindavan was recycled, composted and sent to biogas plants.

Your Company is gearing up to be future ready by making sustainability and climate change an integral part of its 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 minimize the risk impact. The outlook for the future has been positive and your Company is well equipped to enable its customers and communities to progress through its inclusive and sustainable business model.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report ("BRR") of your Company for the year 2018-19 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 organisation by empowering all the stakeholders and facilitating their contribution towards growth that is both holistic and long term. Through the inclusive business model, your Company is endeavoring to cater to the bottom of the pyramid in the rural and semi-urban areas, enabling them to earn their livelihood through varied financial products and services. Your Company has always been conscious of its role as a responsible corporate citizen. 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.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Transforming lives of the rural population has been the primary focus of all CSR initiatives undertaken by your Company. The endeavour is to empower the rural communities and help them unleash their potential. Your Company has identified Healthcare, Education (including Livelihood) and Environment as key CSR thrust areas for the welfare of one of the major stakeholders - rural communities in India.

Building on the momentum created last year through several education and livelihood projects, your Company continued to provide scholarships to 2,500 undergraduate and 500 graduate students, organised visits to municipal schools and financial support to run a vocational skill building center catering to 500 People with Disability. In an effort to encourage more women to take up livelihood opportunities, your Company also implemented Drivers Training Program for 375 women and an Auto-mechanic Training Program for 180 women. Further, your Company is empowering youth, women and working population with the knowledge of sound financial practices to enable them in managing their money better by conducting a Financial Literacy workshop. Reaffirming its commitment to the cause of education, your Company continued its support to over 10,450 underprivileged girl children from socially and economically marginalised families living in urban, rural and tribal areas of India. To promote inclusive growth of socially and economically disadvantaged youth, your Company continued its support to Mahindra Pride School which skilled 3,453 youth and all of them have been absorbed in various organisations. Further, an additional 39,783 students were trained through 866 batches of Mahindra Pride Classrooms conducted through Polytechnics and Arts & Science Colleges in 14 States.

In the area of healthcare, your Company organized nationwide blood donation drives, health check-up camps, Swachh Bharat activities, donated 14 ambulances that have made access to primary healthcare centers easy, for several tribal and rural patients across the nation. Your Company has revamped the Medical Equipment Donation project to provide financial support for procuring crucial equipment used in liver transplants and dialysis for kidney patients. Additionally, your Company continued its support for Maternal & Child Health Care project which provides nutritional supplementation to anemic pregnant and lactating women, adolescents and malnourished children in rural areas.

For increasing focus on better environment, your Company helped build a greener tomorrow by planting over 72,500 trees with a higher survival rate.

Apart from the key thrust areas, your Company contributed funds for other causes such as preservation and promotion of the fine arts & culture and conducted visits to orphanage homes, differently abled homes, homes for the elderly, etc., to re-affirm its pledge to the society.

During the year under review, your Company has spent Rs. 26.87 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. 26.81 Crores. Your Company is in compliance with the statutory requirements in this regard.

CSR COMMITTEE

During the year under review, the CSR Committee comprised of Mr. Piyush Mankad (Chairman), Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah. The Committee, *inter alia*, reviews and monitors the CSR activities.

Consequent upon the resignation of Mr. Piyush Mankad, as an Independent Director with effect from the close of business hours on 31st March, 2019, the Committee was reconstituted effective from 9th April, 2019 as follows:

Name		Category
Mr. Dhananjay Mungale	-	Chairman of the Committee (Independent Director)
Ms. Rama Bijapurkar	-	Independent Director
Mr. Ramesh Iyer	-	Vice-Chairman & Managing Director
Mr. V. Ravi	-	Executive Director & Chief Financial Officer
Dr. Anish Shah	-	Non-Executive Non-Independent Director

CSR POLICY

The CSR Policy of the Company duly amended, is hosted on the Company's website at the web-link: **https://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(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st March, 2019 in Form No. MGT-9, is appended as **"Annexure IV"** and forms part of this Report.

The Annual Return of the Company as at 31st March, 2019 has been placed on the website of the Company and can be accessed at **https://www.mahindrafinance.com/annual-reports.aspx**.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

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

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

The Board of Directors met six times during the year under review, on 25th April, 2018, 27th July, 2018, 24th October, 2018, 25th January, 2019, 7th March, 2019 and 27th March, 2019. 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 28th Annual General Meeting (AGM) of the Company was held on 27th July, 2018.

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

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors met twice during the year under review, on 24th October, 2018 and 6th March, 2019. 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.

During the year under review, the Audit Committee comprised of 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.

Consequent upon the resignation of Mr. M. G. Bhide and Mr. Piyush Mankad, Independent Directors from the Board of Directors with effect from the close of business hours on 31st March, 2019, and the appointment of Mr. Milind Sarwate as an Independent Director of the Company with effect from 1st April, 2019, the Committee stands reconstituted effective from 9th April, 2019 as follows:

Name		Category
Mr. C. B. Bhave	-	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	-	Independent Director
Ms. Rama Bijapurkar	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director
Dr. Anish Shah	-	Non-Executive Non-Independent Director
Mr. Milind Sarwate	-	Independent Director

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

Mr. M. G. Bhide and Mr. Piyush Mankad were appointed as Independent Directors by the Members at the 24th Annual General Meeting held on 24th July, 2014 for a term of 5 (five) consecutive years commencing from 24th July, 2014 to 23rd July, 2019, not liable to retire by rotation.

Pursuant to the applicability of Regulation 17(1A) of the Listing Regulations, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, mandating approval of Members by a special resolution for the appointment/continuance of Non-Executive Director(s) above the age of 75 years, effective from 1st April, 2019, Mr. M. G. Bhide and Mr. Piyush Mankad, who have attained the age of 75 years, tendered their resignation as Independent Directors from the Board of Directors of the Company with effect from the close of business hours on 31st March, 2019.

The Board places on record its sincere appreciation for the invaluable contribution and guidance provided by Mr. M. G. Bhide and Mr. Piyush Mankad during their tenure as Independent Directors of the Company.

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee, vide its Circular Resolution dated 25th February, 2019 proposed the appointment of Mr. Milind Sarwate as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 1st April, 2019 to 31st March, 2024, not liable to retire by rotation, subject to the approval of the Shareholders.

Subsequent to the above, the Shareholders of the Company have pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, approved the appointment of Mr. Milind Sarwate as an Independent Director of the Company with effect from 1st April, 2019 for a term of 5 (five) consecutive years, vide an Ordinary Resolution passed by means of a Postal Ballot on 31st March, 2019.

Mr. V. Ravi, Executive Director & Chief Financial Officer, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for reappointment.

The Nomination and Remuneration Committee, on the basis of performance evaluation of Independent Directors and taking into account the business knowledge, experience and the substantial contribution made by Mr. Dhananjay Mungale and Ms. Rama Bijapurkar during their tenure, has recommended to the Board that the continued association of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommends the re-appointment of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar, as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company, commencing from 24th July, 2019 to 23rd July, 2024 The Company has received the requisite Notices from Members in writing proposing their appointment as Independent Directors.

Mr. Dhananjay Mungale and Ms. Rama Bijapurkar have given their consent for re-appointment and have confirmed that they continue to retain their status as Independent Directors and that they do not suffer from any disqualifications for appointment.

Mr. Dhananjay Mungale, Ms. Rama Bijapurkar and Mr. V. Ravi are not debarred or disqualified from holding the office of Director by virtue of any SEBI Order or any other such authority, pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed in 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/continuing as Directors in terms of Section 164(2) of the Companies Act, 2013.

The details of the Directors being re-appointed are set out in the Notice convening the ensuing AGM.

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 Regulation 16(1)(b) of 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, 2019, 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, 2019 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, 2019 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, 2019.

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, 2019.

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., and the evaluation was carried out based on responses received from the Directors.

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 2018-19, 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: **https://www.mahindrafinance.com/pdf/Familiarisation_Programme_for_the_FY_2018_19.pdf**.

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

i) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management

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, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management team, succession planning for Directors and Senior Management, and the Talent Management framework of the Company.

During the year under review, the Board based on the recommendations of the Nomination and Remuneration Committee amended the aforesaid Policy to align it in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

ii) Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company

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 of the Act.

During the year under review, your Company made changes in these Policies to align them with the amendments made pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, respectively.

The Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company, as amended, 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 Statutory Auditors of the Company at the Twenty-seventh Annual General Meeting ("AGM") to hold office for a period of five years, commencing from the conclusion of the 27th 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 the AGM, as may be applicable.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the Companies Act, 2013 and the applicable Rules, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence the Company has not proposed ratification of appointment of Messrs. B S R & Co. LLP, Chartered Accountants, at the ensuing AGM.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

The Report given by the Auditors on the Financial Statements of the Company for the Financial Year 2018-19 is a part of the Annual Report. The Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

The Statutory Auditors were present at the last AGM.

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 2018-19 is appended to this Report as **"Annexure VI".**

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

Cost Records and Cost Audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable in respect of the business activities carried out by the Company.

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 not entered into any contract/ arrangement/transaction with Related Parties which could be considered material in accordance with the Policy on Related Party Transactions. Pursuant to Section 134 (3) (h) read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188 (1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions, as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company.

During the year under review, the Board of Directors based on the recommendations of the Audit Committee amended the Policy on Related Party Transactions in line with the revised Listing Regulations and the same is uploaded on the Company's website at the web-link: **https://www.mahindrafinance.com/policies.aspx.**

Further details on the transactions with related parties are provided in the accompanying financial statements.

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 2018-19 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.

During the year under review, the Board based on the recommendations of the Risk Management Committee amended the Risk Management Policy which now specifically covers Cyber Security and related risks, in accordance with the amendments under the Listing Regulations.

The Risk Management Policy, *inter alia*, includes identification therein of elements of risk, including Cyber Security and related risks as well as those risks 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.

During the year under review, the Board of Directors based on the recommendation of the Audit Committee has amended the Whistle Blower Policy to *inter alia*, enable employees to report incidents of leak or suspected leak of unpublished price sensitive information in line with the changes made in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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: **https://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf.**

No personnel have been denied access to the Audit Committee.

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

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 associate 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.

Your Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. During the year under review, the Policy was amended in line with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. This Policy has been hosted on the website of the Company and can be accessed through the web-link: **https://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 2.27 million insurance cases, with a total of 22,65,146 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) increased from 6,85,264 lives covered with a Sum Assured of Rs. 21,579.3 Crores in the Financial Year 2017-18 to 8,13,742 lives covered with a Sum Assured of Rs. 27,765.0 Crores in the Financial Year 2018-19. A substantial portion of MLS continues to be covered in the rural markets.

MIBL achieved a growth of 11% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 2,049.1 Crores in the Financial Year 2017-18 to Rs. 2,267.8 Crores in the Financial Year 2018-19. The Total Income increased by 32% from Rs. 245.1 Crores in the Financial Year 2017-18 to Rs. 323.4 Crores in the Financial Year 2018-19. The Profit before Tax increased by 24% from Rs. 83.2 Crores to Rs. 102.9 Crores crossing a milestone of Rs. 100 Crores, and the Profit after Tax increased by 33% from Rs. 53.6 Crores to Rs. 71.5 Crores during the same period.

MIBL has been able to reach the benefit of insurance to over 3,00,000 villages across India.

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. 1,383.9 Crores as compared to Rs. 1,034.8 Crores for the previous year, registering a growth of 34%. Profit before tax was 52% higher at Rs. 366.2 Crores as compared to Rs. 241.2 Crores for the previous year. Profit after tax was 44% higher at Rs. 250.5 Crores as compared to Rs. 173.9 Crores for the previous year.

During the year under review, MRHFL disbursed loans aggregating to Rs. 2,581.1 Crores as against Rs. 2,789.2 Crores in 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. 2 lakhs. During the year under consideration, MRHFL disbursed home loans to around 1,71,000 households (in addition to around 7,79,000 existing households as on 31st March, 2018). 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.

Acquisition of Shareholding of National Housing Bank in MRHFL

In March 2019, your Company approved the acquisition of 1,18,91,511 Equity Shares of Rs. 10 each held by National Housing Bank representing 9.68% of the share capital in MRHFL, at a premium of Rs. 231.16 per share, aggregating to Rs. 286.78 Crores.

Post the acquisition subsequent to the year end, the shareholding of your Company in MRHFL stands increased from 88.75% to 98.43% of MRHFL's share capital.

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, 2019, MAMCPL was acting as the Investment Manager for nine schemes.

The Assets under Management in these nine schemes were Rs. 4,871 Crores in March 2019 as compared to Rs. 3,352 Crores in March 2018. Of these assets, Rs. 1,449 Crores were in equity schemes in March 2019 as compared to Rs. 1,173 Crores in March 2018. MAMCPL has empanelled more than 11,500 distributors and opened 1,59,399 investor accounts in these schemes recording a rise of more than 25%.

During the year under review, the total income of MAMCPL was Rs.28.1 Crores as compared to Rs. 23.5 Crores for the previous year, registering a growth of 19%. The operations for the year have resulted in a loss of Rs.39.5 Crores as against a loss of Rs.37.5 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. 23.50 lakhs and other income of Rs. 1.10 lakhs as compared to Rs.23.87 lakhs and Rs. 0.83 lakhs respectively, for the previous year. The total expenses for the year were Rs. 25.34 lakhs as against Rs. 24.25 lakhs in the previous year. MTCPL recorded a loss of Rs. 0.83 lakhs for the year under review as against a profit of Rs. 0.44 lakhs in the previous year.

JOINT VENTURE

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a decline of 8.8% to USD 755.11 Million for the year ended 31st March, 2019 as compared to USD 828.38 Million for the previous year.

Total Income grew by 20.58% to USD 67.68 Million for the year ended 31st March, 2019 as compared to USD 56.13 Million for the previous year. Profit before tax was 9.98% higher at USD 18.08 Million as compared to USD 16.44 Million for the previous year. Profit after tax grew at a healthy rate of 41.86% to USD 13.76 Million as compared to USD 9.70 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.

Subsequent to the year end, Mahindra Finance CSR Foundation, has been incorporated on 2nd April, 2019 as a wholly-owned subsidiary of the Company registered under Section 8 of the Companies Act, 2013, to promote and support CSR projects and activities.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company, its subsidiaries and its associate(s) for the Financial Year 2018-19, prepared in accordance with the relevant provisions of the Companies Act, 2013 and applicable Indian Accounting Standards 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 associate(s).

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements of the Company, Consolidated Financial Statements along with relevant documents and separate annual accounts in respect of the subsidiaries are available on the website of the Company and can be accessed at the web-link: **https://www.mahindrafinance.com/annual-reports.aspx**.

The annual accounts of the subsidiaries and related detailed information will also be available for inspection at the Registered Office of the Company during working hours upto the date of the Annual General Meeting.

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 various industry-standard systems to enable, empower and engender businesses and also to maintain its Books of Account. The transactional controls built into these systems ensure appropriate segregation of duties, the 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 and the IT Strategy 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 control matrices are reviewed on a yearly basis and control measures are tested and documented on a quarterly basis.

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.

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by your Company.

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:

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/ KMP	Designation	Ratio of the remuneration of each Director to median remuneration of employees
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19.	Mr. Dhananjay Mungale	Chairman (Independent Director)	11.23X
		Mr. M. G. Bhide**	Independent Director	9.42X
		Mr. Piyush Mankad **	Independent Director	9.05X
		Mr. C. B. Bhave	Independent Director	8.89X
		Ms. Rama Bijapurkar	Independent Director	8.06X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	220.22X
		Mr. V. Ravi	Executive Director & Chief Financial Officer	86.70X
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	24.53X

*Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.
** resigned as Independent Directors of the Company w.e.f. the close of business hours on 31st March, 2019.

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name of Director/KMP	Designation	% increase in Remuneration
2.	Percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2018 -19.	Mr. Dhananjay Mungale	Chairman (Independent Director)	8.96
		Mr. M. G. Bhide**	Independent Director	10.47
		Mr. Piyush Mankad**	Independent Director	10.53
		Mr. C. B. Bhave	Independent Director	12.89
		Ms. Rama Bijapurkar	Independent Director	10.08
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	19.93
		Mr. V. Ravi	Executive Director & Chief Financial Officer	9.42
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	33.15

* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.
** resigned as Independent Directors of the Company w.e.f. the close of business hours on 31st March, 2019.

3.	Percentage increase in the median Remuneration of employees in the Financial Year 2018-19	50.70% considering employees who were in employment for the whole of the Financial Year 2017-18 and Financial Year 2018-19.
4.	Number of Permanent employees on the rolls of the Company as on 31st March, 2019	21,789

5.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2018-19 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 2017-18 and Financial Year 2018-19, the average increase is 51.75%. **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 2017-18 and Financial Year 2018-19.

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 not received any remuneration or commission from any of the subsidiaries of the Company.

During the year, 28,568 Stock Options have been exercised by Mr. Ramesh Iyer and 7,142 Stock Options have been exercised by Mr. V. Ravi, under the Employees' Stock Option Scheme of Mahindra Rural Housing Finance Limited, the Company's subsidiary company.

The Company had 16 employees who were in receipt of remuneration of not less than Rs.1,02,00,000 during the year ended 31st March, 2019 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: **https://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.

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 Company has complied with the provisions relating to the constitution of Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2018-19, 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 – Nil

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

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

d) Number of workshops/awareness programmes against sexual harassment carried out – 3 workshops were 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 – Not Applicable.

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 : 24th April, 2019

ANNEXURE I TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

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: **https://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, 2019

Business Responsibility Report for the year 2018-19

(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**	:	https://www.mahindrafinance.com
5.	**E-mail**	:	investorhelpline_mmfsl@mahindra.com
6.	**Financial Year reported**	:	1st April, 2018 to 31st March, 2019
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)**: The Company has presence in India and also operates through its Joint Venture (JV) company Mahindra Finance USA LLC, in United States. **ii. Number of National Locations**: 1,321 offices as on 31st March, 2019.
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)**	:	12,297.54 Lakhs
2.	**Total Turnover (INR)**	:	8,80,981.17 Lakhs
3.	**Total profit after taxes (INR)**	:	1,55,706.35 Lakhs
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	:	INR 2,687.30 Lakhs 2.00% of average Net Profits of the preceding three Financial Years.
5.	**List of activities in which expenditure in 4 above has been incurred**	:	◊ **Jeevandan:** Organizing Blood Donation Camps with the help of employees across India. ◊ **Sehat:** 1. Promoting access to healthcare for marginalised population by providing ambulances. 2. Supporting maintenance of Day Care Centers for Thalassemia. 3. Conducting various medical camps for general health and providing medical aid. 4. Promoting awareness about hygiene and sanitation in semi-urban and rural regions.

	5. Disaster relief work by distributing relief material kits to families.
	◊ **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. Multiple sector skills to Persons With Disability to employ them in sectors such as Retail, Hospitality and ITES.
	3. Automotive (vehicle repairing) Training Program for Women.
	4. A livelihood training school providing 3 months intensive training in ITES, Retail and Hospitality to youth from socially & economically disadvantaged backgrounds.
	◊ **Mahindra Finance Scholarship:** Scholarship for Graduate & Undergraduate needy students from rural areas.
	◊ **Nanhi Kali:** Supporting education of marginalised girls.
	◊ **Financial Literacy:** Sensitizing community to inculcate good financial practices for better money management.
	◊ **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.
	◊ Relief & Rehabilitation Project.
	◊ Welfare of the armed forces.
	◊ **Sports:** Promoting Taekwondo amongst school students.

SECTION C: OTHER DETAILS

1.	**Does the Company have any Subsidiary Company/ Companies?**	Yes, the Company has four Subsidiary Companies as on 31st March, 2019.
		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(ies)**	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 also have been included in the scope of Mahindra Financial Services Sector's (FSS) next Sustainability Report. The FSS Sustainability Reports of last 6 years are available on the Company's website at the web-link: https://www.mahindrafinance.com/sustainability.aspx. Also the different sustainability related policies and interventions were deployed and driven across the Financial Services Sector covering all the subsidiary companies during the F.Y. 2018-19.
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 processes 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 Suppliers' 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 who adopt sustainability focused practices and promote 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 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 Extn. 6123
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)

		Ethics, Transparency and Accountability	Product Life Cycle*	Employee Wellbeing	Stakeholder Engagement	Human Rights	Environment*	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for…	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy 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

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
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 Practice Code, Internal Guidelines on Corporate Governance, Corporate Social Responsibility Policy, Sustainability Policy and Whistle Blower Policy are available on the Company's website at the following links:

- https://www.mahindrafinance.com/pdf/MMFSL_BusinessResponsibilityPolicy_Signed.pdf
- https://www.mahindrafinance.com/pdf/COC_Directors.pdf
- https://www.mahindrafinance.com/pdf/Code_for_Independent_Directors.pdf
- https://www.mahindrafinance.com/pdf/CorpGov_Mgmt_Emp.pdf
- https://www.mahindrafinance.com/fair-practice-code.aspx
- https://www.mahindrafinance.com/pdf/Internal_Guidelines_on_Corporate_Governance_15_03_2019.PDF
- https://www.mahindrafinance.com/pdf/CSR-Policy.pdf
- https://www.mahindrafinance.com/pdf/sustainability_policy_financial_service_sector.pdf
- https://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, Insider Trading Code, 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 (GRI Standards). In the reporting year, the Company released its 6th Sustainability Report for F.Y. 2017-18 with the theme 'I am Responsible' based on the Global Reporting Initiative's (GRI Standards) using the Integrated Reporting Framework, which highlights its endeavours towards creating a better future by 'Making Sustainability Personal'. The Sustainability Report for the F.Y. 2017-18 can be accessed at the web-link: **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf**. The report has been externally assured by DNV-GL (third party assurance providers).

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 a Code of Conduct to deter wrongdoings and to promote ethical practices. The Code extends to all dealings with dealers, customers and other business partners. The Board has adopted 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, 4 complaints were received from the Shareholders, all of which were attended to/resolved till date.

The Company also received 7 complaints from its Debenture holders and 14 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.

Mahindra & Mahindra Financial Services Sector is working on building an inclusive organization by engaging with stakeholders and creating value in the eco-system it operates in. The Company's strategy is guided by an inclusive business model that relies on serving the grassroots rural & semi-urban India. The Company's businesses focus on the key necessities of people and enables them to earn their livelihood through financial products offered by it. The Company also helps people build their homes through MRHFL's affordable home loan services, secure their life and assets by insurance solutions of MIBL and provide investment options by MAMCPL. Sustainability is core to the purpose of Mahindra & Mahindra Financial Services Sector; it 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 through the Company's unique 'Earn & Pay' business model.

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.

Company has presence in over 3.5 lakhs villages and undertakes periodic surveys to understand its customers better. These customers are largely not covered 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 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 the 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. In addition, installation of Solar energy based UPS systems has also contributed on this front. Also, the Company has taken initiative on use of environment friendly gas in Air Conditioners during the year.

The Company also introduced the use of certified 100% compostable bags for waste disposal at Corporate Office in F.Y. 2018-19, following Maharashtra Government's ban on plastic.

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 doesn't present opportunities for sustainable sourcing aspect in a holistic way. However, the Company focuses on engaging with local suppliers and giving them preference which helps them in generating and sustaining their business. Also, 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? If yes, what steps have been taken to improve capacity and capability of local and small vendors?

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 Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators at Page No. 35 in Company's previous Sustainability Report available at the web-link - **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf**

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 authorized 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 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 29.7 Tons of these materials have been responsibly managed at Company's Corporate Office in Mumbai.

The Company is collaborating with Record Management Agencies to take up initiatives on waste reduction and approximately 30.032 Tons of paper was saved in 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. The Company's annual Family Fun Day 'Vrindavan' held in February 2019 attained Yale's Gold Level Green Event Certification as 87% waste generated at Vrindavan was recycled, composted and sent to biogas plants.

Principle 3

1. Please indicate the Total number of employees

	No. of employees
Permanent employees	21,789

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

	No. of employees
Temporary/Contractual/ Casual employees	4,781

3. Please indicate the number of permanent women employees

806

4. Please indicate the number of permanent employees with disabilities

75

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 are 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 at 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	NIL	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 Learning and Development team conducts programmes each year to nurture talent amongst the employees. The average training hours accounted to 2.24 man-days per person in F.Y. 2018-19.

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

◊ Permanent Employees	81.12%
◊ Permanent Women Employees	61.85%
◊ 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 Page Nos. 12-13 of its previous Sustainability Report available at the web-link-**https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.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 taking into consideration the expectations 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**.

   Mahindra & Mahindra Financial Services Sector is consistently working to create shared economic and social value for its stakeholders. The Company is providing financial resources to customers at the bottom of the pyramid 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 businesses focus on the key necessities of people and enable them to realise their aspirations through financial products offered by it.

   CSR initiatives undertaken by the Company are an extension of its socially inclusive business model. These are taken up pan-India for meeting the expectations of different stakeholders through need based assessments. 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 Company's Sustainability Report and Annual Report.

   Annual Report of Company can be accessed at the web-link: **https://www.mahindrafinance.com/annual-reports.aspx**

   Kindly refer the Social Performance Section in the Company's previous Sustainability Report on Page Nos. 53-60 available at the web-link: **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.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, Company has also devised a Sustainability Policy and Guidelines in F.Y. 2017-18 which also cover the Company's 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**.

   Climate Change patterns are imperative to the Company's business, as our loan recovery

schemes are structured around crop harvest pattern. Hence Climate change is a major factor for our customer profile consisting mainly of Farmers, Traders, Local Transport operators, Small Business Owners and Daily Earners. In order to manage its environmental footprint and reduce it, the Company is tracking data on parameters like electricity, paper, fuel and water consumption across 32 major locations. Performance in terms of absolute and specific GHG emissions is also calculated. In 2018, your Company became the 1st and only Financial Company in India to be committed towards call to action for Science Based Targets. The Science Based Targets initiative (SBTi) requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science.

Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 6th 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 and actions. Also, the Company was included in "The Sustainability Yearbook 2019" 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 disclosure 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 attained CDP Performance Band – C meaning that the Company is at 'Awareness' band this year.

The Company, under the Mahindra Hariyali project, planted over 71,000 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 atmosphere that contribute to the phenomena of global warming and climate change. Details of all the initiatives are available in the 'Natural Capital' section of the Company's sustainability report and also shared below, kindly refer the Page Nos. 65-67 of Company's previous Sustainability Report available at the web-link: **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.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) Aerators in taps of offices.

On Waste Reduction:

1) Use of technology and digitisation of processes to make them paperless.
2) Reusing and recycling of wastes.
3) Usage of compostable bags for garbage disposal.

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 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, Company has undertaken initiatives on energy efficiency and renewable energy. Please refer point 2 above.

The Company has installed solar powered UPS in various branches, which experience power shortages. At present, the Company has installed 161 KVA of solar capacity across 62 different locations. Also, Company has taken initiative on use of environment friendly gas in Air Conditioners during the year. Details about the project are available in the environment performance section of the Company's last Sustainability Report on Page Nos. 65-67 at - **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf**

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 non-banking financial company doesn't 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 the Sustainability Report at - **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf**).

Your Company under its 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 at the 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), Finance Industry Development Council (FIDC) and Bombay Chamber of Commerce and Industry (BCCI).

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

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

Further details regarding the same can be referred to in section 'Policy Advocacy' on Page No. 11 of Company's last Sustainability Report available at the web-link - **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.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 improvement in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry association 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.

Further the unique Employee Social Options Platform (ESOP) provides employees a menu

of volunteering opportunities enabling them to participate actively in the Company's CSR initiatives. Kindly refer the Annual Report on CSR activities in the Company's Annual Report available at the web-link: **https://www.mahindrafinance.com/annual-reports.aspx**.

Kindly refer to the Social Capital Section in the Company's last Sustainability Report on Page No. 53 available at web-link - **https://www.mahindrafinance.com/pdf/mahindra_finance_sustainability_report_2017_18_18_01_2019.pdf**

These details are also available on the Company's website:

- CSR Section:

  https://www.mahindrafinance.com/csr.aspx

- Sustainability Section:

  https://www.mahindrafinance.com/sustainability.aspx

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

Since most of the projects implemented by the Company are through NGOs, proper care is taken to ensure that the NGOs selected are able to execute the programs efficiently. The Company has a due diligence process for some of the major projects undertaken and one of the key parameters of evaluation of the NGOs is the number of partnerships the NGO has and the nature of the partnerships it has with the government, other corporates and local communities.

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: **https://www.mahindrafinance.com/annual-reports.aspx**

These details can also be accessed on your Company's website at :

- CSR Section:

  https://www.mahindrafinance.com/csr.aspx

- Sustainability Section:

  https://www.mahindrafinance.com/sustainability.aspx

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

The parameters of measurement of CSR performance of the Company are aligned with those of the Mahindra Group. At a sector level, the Company's CSR performance is measured against the objectives set out in "The Mahindra Way" (TMW) assessment. TMW Assessment is a group wide benchmarking tool for CSR activities to assess their processes and results. TMW Assessment happens once in a year. In TMW Cycle 10 Assessment, your Company achieved Level 5 (highest level) for Processes and Level 5 (highest level) for Results. For certain high budget CSR projects, the performance is measured using a technology platform called p3 which captures real-time data about the progress of the project and assists in taking decisions on project continuation, modification or discontinuation.

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

Education (including livelihood), healthcare and environment are the CSR key thrust areas of the Company. Through the projects in education and livelihood, Mahindra Finance has supported education of youth, developed skills of women, youth and people with disability in driving, loan sales, loan recovery, IT skills, Retail Management, etc. Through the projects in healthcare, your Company strengthened rural infrastructure by providing capital intensive long lasting medical equipment and promoted access to services by donating ambulances, screening women, children and adolescents for malnutrition and anaemia, conducting health check-up camps and donating blood. In the area of environment, the Company planted over 71,000 saplings in a move to prevent the ill-effects of deforestation.

The Company contributed Rs. 2,687.30 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.

The aspect of sustainability is one of the crucial factors in choosing implementing partners for our CSR projects. We ensure that the progress of the projects is monitored consistently. Regular follow-up and interaction with the implementing agencies, site visits to monitor the projects and preparation of a progress report ensure speedy and smooth completion of the project.

Principle 9

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

   Customer complaints are treated very seriously in the organisation. Out of the total complaints 20.29% are pending for the resolution as at the end of the year. There were 1,702 consumer cases pending as on 31st March, 2019. Your Company has appointed 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 employees 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 focuses 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.

ANNEXURE III TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

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 our 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. The objective of this Policy is to continuously and consistently: (i) Generate goodwill in communities where MMFSL operates or is likely to operate; (ii) Initiate projects that benefit communities; (iii) Encourage an increased commitment from employees towards CSR activities and volunteering.

In order to achieve the above objectives, 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.

Apart from the key thrust areas, MMFSL contributes funds for other causes such as preservation and promotion of the fine arts & culture and conducts visits to orphanage homes, differently-abled homes, homes for the elderly, etc.

The CSR Policy and details of the projects undertaken by the Company are available at the web-link: **https://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.

   Mr. Piyush Mankad resigned as an Independent Director of the Company with effect from the close of business hours on 31st March, 2019. The re-constituted CSR Committee currently comprises of Mr. Dhananjay Mungale (Chairman), Ms. Rama Bijapurkar, Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

3. Average net profit of the Company for last three Financial Years: Rs. 1,34,066.79 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs.2,681.34 Lakhs

5. **Details of CSR spent during the Financial Year:**

   (a) Total amount spent for the Financial Year: Rs. 2,687.30 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 2018-19:

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)	Borsad (Gujarat), Miraj (Maharashtra), Jabalpur (Madhya Pradesh), Digambarpur (West Bengal), Kalahandi (Odisha), Shimla (Himachal Pradesh), Muzaffarpur (Bihar) Gorakhpur, Kasganj (Uttar Pradesh), Trichy (Tamil Nadu), Hyderabad (Telangana), Hubli (Karnataka), Kannur (Kerala)	97.82	97.82	0.00	97.82	Rugna Seva Prakalp, Chovisgam Sacchidanand Medical & Research Centre, Dada Virendrapuriji Charitable Trust, Jai Narayan Charitable Trust, Digambarpur Angikar, Development Agency For Poor & Tribal Awakening [DAPTA], Lok Kalyan Samiti, The Leprosy Mission Trust India, Purvanchal Gramin Seva Samiti, Christian Hospital Kasganj, Seva Bharathi, Holy Family Hansenorium, Lions District Service Trust, Dharmabharathi Charitable Trust
2	Jeevandan: Organizing Blood Donation Camps with the help of employees across India	(i)	Kurnool, Tirupati, Vijayawada, Visakhapatnam (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, Burdwan (Odisha), Bardhaman, Kharagpur, Kolkata (West Bengal), Delhi	3.91	3.91	0.00	3.91	NGOs, 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 Direct expenditure on programs or projects	Overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
3	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 patients 3) Providing nutritional supplementation to anemic women, adolescents and malnourished children 4) Conducting various medical camps for general health and providing medical aid 5) Promoting awareness about hygiene and sanitation in the communities	(i)	New Delhi & NCR (Delhi), Baroda (Gujarat), Gurugram (Haryana), Kodagu, Mangalore (Karnataka), Jawhar, Bhiwandi, Mumbai, Thane, Aurangabad, Akola, Chandrapur (Maharashtra), Bhubaneswar, Khurda (Odisha), Nagaur, Jhunjhunu (Rajasthan), Lucknow (Uttar Pradesh), Coimbatore (Tamil Nadu), Kolkata (West Bengal), Guwahati (Assam), Vijayawada (Andhra Pradesh), Hajipur (Bihar), Ranchi, Singhbhum (Jharkhand), Satna (Madhya Pradesh)	284.90	284.90	0.00	284.90	Shree Hariharaputra Bhajan Samaj, Genesis Foundation, Brindaban Seva Sangham, Think Foundation, Indian Development Foundation, Anupama Foundation, Native Medicare Charitable Trust, Vision Foundation of India, Family Planning Association of India, Indian Cancer Society, Liver Foundation-West Bengal, Vivo Kidney Care Foundation, Self-Implemented
4	Swachh Bharat: Supporting PM's clean India campaign by Spreading awareness about Swachh Bharat Abhiyan	(i)	Kurnool, Hyderabad, Vijayawada (Andhra Pradesh), Muzaffarpur, Patna, Purnea (Bihar), Ranchi, Dhanbad (Jharkhand), Delhi & NCR (Delhi), Rajkot (Gujarat), Kurukshetra (Haryana), Shimla (Himachal Pradesh), Bengaluru, Bijapur, Mangalore, Mysore (Karnataka), Ernakulam, Trivandrum, Calicut, Kottayam, Thrissur, Palakkad (Kerala), Thane, Mumbai (Maharashtra), Bhubaneswar (Odisha), Jaipur, Alwar, Banswara, Jhalwar, Kota (Rajasthan), Madurai, Trichy, Chennai, Vellore, Coimbatore, Salem (Tamil Nadu), Meerut, Lucknow (Uttar Pradesh), Kolkata (West Bengal)	3.42	3.42	0.00	3.42	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 Direct expenditure on programs or projects	Overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
5	**Gyandeep:** Assisting education of underprivileged community by providing quality education, uniforms, notebooks, textbooks, laptops, benches and necessary infrastructure & facilities to educational and other institutions, etc.	(ii)	Patna (Bihar), Ahmedabad, Gandhinagar, Himmatnagar, Modasa, Kalol, Kutch (Gujarat), Ranchi (Jharkhand), Mangalore, Davangere (Karnataka), Cochin, Trivandrum, Kasaragod (Kerala), Mumbai, Dahanu, Palghar, Panvel, Nasik, Dhule (Maharashtra), Chandigarh, Hoshiarpur (Punjab), Udaipur (Rajasthan), Kolar, Burdwan, Asansol, Kharagpur (West Bengal), Tehri, Chamba (Uttarakhand)	92.69	92.69	0.00	92.69	Sree Narayana Mandira Samiti, Think Foundation, Namasankeerthana, Turning Opportunities for Upliftment & Child Help, Bombay Round Table No. 2 Charitable Trust, Bhajan Samaj Ghatkopar East, Vision In Social Arena, Gowd Saraswat Brahman Seva Mandal, Higher Education Forum, Annamrita Foundation, Sadguru Sudhindra Educational Charitable Trust, Warrier Foundation, Sri Kanchi Mahaswami Trust, Fourth Wave Foundation, Saraswatam, Dr. Babasaheb Ambedkar Aadarsha Vidhyarathi Vastigruh, Sri Sathya Sai Books & Publications Trust, Gowd Saraswat Brahman Sabha, Dahisar, Borivali Charitable Trust, 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) Multiple sector skills to Persons with Disability to employ them in sectors such as Retail, Hospitality and ITES 3) Automotive (vehicle repairing) Training Program for Women	(ii)	Visakhapatnam (Andhra Pradesh), Purnea, Madhubani, Sitamarhi (Bihar), Ahmedabad (Gujarat), Bhopal, Indore (Madhya Pradesh), Kolhapur (Maharashtra), Bhubaneswar (Odisha), Trichy, Madurai, Erode, Dindigul, Nagapattinam (Tamil Nadu), Lucknow (Uttar Pradesh), Kolkata (West Bengal), Delhi	335.14	335.14	0.00	335.14	Sarthak Educational Trust, Azad Foundation, National Association for The Blind Employment and Training, Manesar, Pratham Education Foundation, Skills For Progress

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
7	Shiksha: Mahindra Finance Scholarship to children and youth from rural areas	(ii)	Vijayawada, Kurnool (Andhra Pradesh), Purnea, Muzaffarpur (Bihar), Raipur, Bilaspur (Chhattisgarh), Palanpur (Gujarat), Shimla, Solan (Himachal Pradesh), Karnal, (Haryana), Jammu (Jammu & Kashmir), Ranchi (Jharkhand), Bengaluru, Mangalore (Karnataka), Kochi (Kerala), Jabalpur, Bareli, Betul, Vidisha, Hoshangabad, Gwalior, Indore, Bhopal (Madhya Pradesh), Nasik, Aurangabad, Thane (Maharashtra), Bhubaneswar, Nimapada (Odisha), Hoshiarpur, Fazilka, Jalandhar (Punjab), Barmer, Jodhpur, Pali, Nagaur, Udaipur, Kota (Rajasthan), Pondicherry, Chennai, Coimbatore, Salem, Trichy (Tamil Nadu), Hyderabad, Warangal (Telangana), Allahabad, Ballia, Raebareli, Lucknow, Meerut (Uttar Pradesh), Dehradun (Uttarakhand), Kolkata, Asansol (West Bengal), Delhi.	385.00	385.00	0.00	385.00	K.C. Mahindra Education Trust and Mahindra Foundation
8	Mahindra Pride School: 1) A livelihood training school providing 3 months intensive training in ITES, Retail and Hospitality to youth from socially & economically disadvantaged backgrounds and provide 100 % placement	(ii)	Ananthapuram, Chittoor, East Godavari, Guntur, Kadapa, Krishna, Kurnool, Nellore, Prakasam, Srikakulam, Visakapatnam, Vizianagaram, West Godavari (Andhra Pradesh), Banka, Bhagalpur, Gaya, Munger, Muzaffarpur, Nalanda, Patna, Rohtas, Vaishali (Bihar), Rajkot (Gujarat), Ambala, Bhiwani, Faridabad, Gurugram, Hisar, Jhajjar, Jind, Karnal, Mohendergarh, Palwal, Panchkula, Rewari, Rohtak, Sirsa, Sonepat, Yamuna Nagar (Haryana), Alappuzha, Ernakulam, Idukki, Kannur, Kasargod, Kollam, Kottayam, Kozhikode, Malappuram, Palakkad, Pathanamthitta, Thrissur, Trivandrum, Wayanad (Kerala), Aurangabad, Kolhapur, Nashik, Pune, Raigad, Sangli, Satara, Sindhudurg, Solapur (Maharashtra), Jaipur (Rajasthan), Chennai, Coimbatore, Cuddalore, Dindigul,	825.00	825.00	0.00	825.00	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 Direct expenditure on programs or projects	Overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
	2) Mahindra Pride Classrooms provide 40–120 hours of training to final year students covering English Speaking, Life Skills, Aptitude, Interview, Group Discussion and Digital Literacy to make them employable		Erode, Kancheepuram, Krishnagiri, Madurai, Namakkal, Nilgiris, Pudukottai, Ramanathapuram, Salem, Sivagangai, Thanjavur, Theni, Thiruvallur, Thoothukudi, Tiruchirappalli, Tiruvannamalai, Vellore, Villupuram, Virudhunagar (Tamil Nadu), Adilabad, Bhadradri Kothagudem, Hyderabad, Jagtial, Jangaon, Jayashankar Bhupalpally, Kamareddy, Karimnagar, Khammam, Mahabubabad, Mancherial, Medak, Medchal, Nalgonda, Nizamabad, Peddapalli, Ranga Reddy, Rajanna Sircilla, Sangareddy, Siddipet, Suryapet, Warangal, Yadadri Bhuvanagiri (Telangana), Agra, Amethi, Baghpat, Ballia, Bijnor, Bulandsahar, Chandauli, Chitrakoot, Deoria, Etawah, Fatehpur, Firozabad, Gautam Buddha Nagar, Ghaziabad, Ghazipur, Gorakhpur, Jaunpur, Kanpur, Kaushambi, Lucknow, Mau, Meerut, Mirzapur, Moradabad, Pratapgarh, Prayagraj, Rampur, Shamli, Sonebhadra, Unnao, Varanasi (Uttar Pradesh), Bankura, Bardhaman, Darjeeling, Birbhum, East Medinapur, Hooghly, Howrah, Jalpaiguri, Jhargram, Malda, Kolkata, Murshidabad, North 24 Pargana, Purulia, South 24 Pargana, West Midnapur (West Bengal), Delhi					
9	Nanhi Kali: Supporting education of marginalised girls	(ii)	Nashik, Mumbai (Maharashtra), Moga (Punjab), Kolkata (West Bengal), Ratlam (Madhya Pradesh), Varanasi, Shravasti, Barabanki (Uttar Pradesh)	422.89	422.89	0.00	422.89	K. C. Mahindra Education Trust, United Way of Mumbai
10	Financial Literacy: Sensitizing community to inculcate good financial practices for better money management	(ii)	Pune, Nagpur, Aurangabad (Maharashtra)	8.81	8.81	0.00	8.81	NIIT Foundation

Rs. in lakhs

1	2	3	4	5	6		7	8
Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	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
11	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)	Patna (Bihar), Raipur (Chhattisgarh) Delhi & NCR (Delhi), Surat (Gujarat), Karnal (Haryana), Ranchi (Jharkhand), Davangere (Karnataka), Kochi (Kerala), Gwalior (Madhya Pradesh), Nasik, Aurangabad, Mumbai, Navi Mumbai (Maharashtra), Bhubaneswar (Odisha), Chandigarh (Punjab), Jaipur (Rajasthan), Pondicherry (Tamil Nadu), Warangal (Telangana), Lucknow (Uttar Pradesh), Kurseong (West Bengal)	19.48	19.48	0.00	19.48	DESIRE Society, Garodianagar Bhaktha Sangh, Vidyadhiraj Charitable Trust, MBA Foundation, V-Excel Educational Trust, Self-Implemented
12	Environmental Protection projects: 1) Hariyali: Increasing green cover in the country by planting saplings in multiple locations across India 2) Distributed Solar Lanterns for environment conservation	(iv)	Trivandrum, Aleppey, Kottayam, Ernakulam (Kerala), Jaipur, Nagaur, Bhilwara, Tonk (Rajasthan), Shimla (Himachal Pradesh), Jammu (Jammu & Kashmir), Chandigarh, Patiala, Amritsar, Bhatinda, Ludhiana (Punjab), Dhanbad, Ranchi (Jharkhand), Bareilly, Agra, Meerut, Allahabad, Varanasi (Uttar Pradesh), Balasore, Bhadrak, Baripada, Jajpur, Keonjhar, Bhubaneswar, Cuttack, Puri, Nayagarh, Berhampur, Kendrapara, Sambalpur, Rourkela, Balangir, Angul, Jeypore, Raygada, Umerkote (Odisha), Trichy, Chennai (Tamil Nadu), Purulia, Bishnupur, Bankura, Kharagpur, Kalyani, Barasat, Howrah, Nandakumar, Chandrakona Road, Asansol, Burdwan, Chinsurah, Bolpur, Durgapur (West Bengal), Ghaziabad (Delhi & NCR), Pune, Nashik, Aurangabad, Mumbai, Nagpur, Gondia (Maharashtra), Muzaffarpur, Purnea, Patna (Bihar), Bhopal, Indore, Ratlam, Gwalior (Madhya Pradesh), Hyderabad (Telangana), Saharanpur, Rudrapur, Roorkee, Rishikesh, Karnprayag, Haridwar, Haldwani, Dehradun, Chamba, Almora (Uttarakhand), Bilaspur, Raipur (Chhattisgarh), Kolar, Mulbagal, Hubli (Karnataka)	67.15	67.15	0	67.15	Self-Implemented, Manju Memorial Charitable Trust and NGOs
13	Culture: Preservation and promotion of the fine arts and culture	(v)	Chennai (Tamil Nadu), Mumbai (Maharashtra)	5.75	5.75	0.00	5.75	Charsur Arts Foundation, Rasika Ranjani Sabha, Shanmukhapriya Charity Trust, Satsang Pariwar

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
14	Relief & Rehabilitation Project	(i), (ii), (viii)	Thiruvananthapuram (Kerala), Thanjavur, Pudukkottai, Pattukkottai, Thiruvarur (Tamil Nadu)	54.63	54.63	0.00	54.63	Chief Minister's Distress Relief Fund, Bhumi, Self-Implemented
15	Welfare of the armed forces	(vi)	Mumbai (Maharashtra), Delhi	7.50	7.50	0.00	7.50	Sri Shanmukhananda Fine Arts & Sangeetha Sabha, Gowd Saraswath Samaj
16	Sports: Promoting Taekwondo amongst school students	(vii)	Ratnagiri (Maharashtra)	7.50	7.50	0.00	7.50	Think Foundation
17	CSR Administrative Expenses	-	Mumbai (Maharashtra), Bengaluru (Karnataka), New Delhi (Delhi)	65.71	0.00	65.71	65.71	-
	Total			2,687.30	2,621.59	65.71	2,687.30	

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

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

(ii) Promoting education, including special education and employment enhancing 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.

(vi) Measures for the benefit of armed forces veterans, war widows and their dependants.

(vii) Training to promote rural sports, nationally recognized sports, paralympic sports and olympic sports.

(viii) Contribution to Prime Minister's National Relief Fund, Central Government Fund for socio economic development and relief and welfare of the SC/ST/OBC/minorities and women.

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

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company:

The implementation and monitoring of the 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

Dhananjay Mungale
Chairman
Corporate Social Responsibility Committee

Place : Mumbai
Date : 24th April, 2019

ANNEXURE IV TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS

CIN	L65921MH1991PLC059642
Registration Date	01/01/1991
Name of the Company	Mahindra & Mahindra Financial Services Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and contact details	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India. Tel. : +91 22 2289 5500; Fax : +91 22 2287 5485 Email: investorhelpline_mmfsl@mahindra.com Website: www.mahindrafinance.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	**Karvy Fintech Private Limited** (Formerly known as 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	92.87%

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	88.75%*	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.	Foreign Company	Associate	49.00%	Section 2(6)

Notes :

1. * In March 2019, the Company approved the acquisition of 1,18,91,511 Equity Shares of Rs. 10 each held by National Housing Bank representing 9.68% of the share capital in Mahindra Rural Housing Finance Limited (MRHFL), at a premium of Rs. 231.16 per share, aggregating to Rs. 286.78 Crores. Post the acquisition subsequent to the year end, the shareholding of the Company in MRHFL stands increased from 88.75% to 98.43% of MRHFL's share capital.
2. Mahindra Finance CSR Foundation has been incorporated as a wholly-owned subsidiary of the Company under Section 8 of the Companies Act, 2013 on 2nd April, 2019.

IV. SHAREHOLDING 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, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% 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	31,62,07,660	0	31,62,07,660	51.19	31,62,07,660	0	31,62,07,660	51.19	0.00
e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1)	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**0.00**
(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)	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**31,62,07,660**	**0**	**31,62,07,660**	**51.19**	**0.00**

Category of shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2018)				No. of Shares held at the end of the year (As on 31st March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds / UTI	6,93,44,164	0	6,93,44,164	11.23	7,95,14,569	0	7,95,14,569	12.87	1.65
b) Banks / FI	14,48,368	0	14,48,368	0.23	40,90,130	0	40,90,130	0.66	0.43
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	6,82,743	0	6,82,743	0.11	6,82,743	0	6,82,743	0.11	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	18,17,15,440	0	18,17,15,440	29.41	16,53,49,917	0	16,53,49,917	26.77	-2.65
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)	**25,31,90,715**	**0**	**25,31,90,715**	**40.98**	**24,96,37,359**	**0**	**24,96,37,359**	**40.41**	**-0.58**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	2,15,93,088	1,72,490	2,17,65,578	3.52	2,49,96,469	1,41,240	2,51,37,709	4.07	0.55
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	1,28,70,478	3,13,180	1,31,83,658	2.13	1,46,72,216	1,92,295	1,48,64,511	2.41	0.27
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	65,18,454	2,85,710	68,04,164	1.10	53,33,158	0	53,33,158	0.86	-0.24
c) Others (specify)									
Clearing Members	10,79,121	0	10,79,121	0.17	10,55,019	0	10,55,019	0.17	0.00
MMFSL ESOP Trust	32,87,993	0	32,87,993	0.53	28,88,245	0	28,88,245	0.47	-0.06
Non Resident Indians	6,36,857	0	6,36,857	0.10	9,59,210	0	9,59,210	0.15	0.05
Trusts	15,43,772	0	15,43,772	0.25	16,13,512	0	16,13,512	0.26	0.01
IEPF	65,442	0	65,442	0.01	68,577	0	68,577	0.01	0.00
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	**4,75,95,205**	**7,71,380**	**4,83,66,585**	**7.83**	**5,15,86,406**	**3,33,535**	**5,19,19,941**	**8.40**	**0.58**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**30,07,85,920**	**7,71,380**	**30,15,57,300**	**48.81**	**30,12,23,765**	**3,33,535**	**30,15,57,300**	**48.81**	**0.00**
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)	**61,69,93,580**	**7,71,380**	**61,77,64,960**	**100.00**	**61,74,31,425**	**3,33,535**	**61,77,64,960**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year (As on 1st April, 2018)			No. of Shares held at the end of the year (As on 31st March, 2019)			% change in shareholding during the year
	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
Mahindra & Mahindra Limited	31,62,07,660	51.19	0	31,62,07,660	51.19	0	0
Total	**31,62,07,660**	**51.19**	**0**	**31,62,07,660**	**51.19**	**0**	**0**

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

Shareholder's Name	Shareholding at the beginning of the year (As on 1st April, 2018)		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
Mahindra & Mahindra Limited					
At the beginning of the year	31,62,07,660	51.19	0	31,62,07,660	51.19
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.)	-	-	-	-	-
At the end of the year (As on 31st March, 2019)	31,62,07,660	51.19	0	31,62,07,660	51.19

(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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1.	SBI Banking & Financial Services Fund	1,76,74,552	2.86	01-04-2018		Market Sale & Purchase	1,76,74,552	2.86
				06-04-2018	18,386		1,76,92,938	2.86
				13-04-2018	7,50,000		1,84,42,938	2.99
				20-04-2018	2,42,740		1,86,85,678	3.02
				27-04-2018	8,02,260		1,94,87,938	3.15
				27-04-2018	-6,14,100		1,88,73,838	3.06
				04-05-2018	2,500		1,88,76,338	3.06
				04-05-2018	-46,900		1,88,29,438	3.05
				11-05-2018	-3,78,081		1,84,51,357	2.99
				18-05-2018	269		1,84,51,626	2.99
				18-05-2018	-1,80,550		1,82,71,076	2.96
				25-05-2018	-96,500		1,81,74,576	2.94
				01-06-2018	-2,25,500		1,79,49,076	2.91
				08-06-2018	70,000		1,80,19,076	2.92
				15-06-2018	83,000		1,81,02,076	2.93
				22-06-2018	27,000		1,81,29,076	2.93
				22-06-2018	-2,00,000		1,79,29,076	2.90
				29-06-2018	1		1,79,29,077	2.90
				27-07-2018	2,50,000		1,81,79,077	2.94
				10-08-2018	75,000		1,82,54,077	2.95
				10-08-2018	-23,000		1,82,31,077	2.95
				31-08-2018	-4,08,547		1,78,22,530	2.89
				07-09-2018	31,250		1,78,53,780	2.89
				07-09-2018	-1,60,000		1,76,93,780	2.86
				28-09-2018	1,04,295		1,77,98,075	2.88
				28-09-2018	-1		1,77,98,074	2.88
				05-10-2018	6		1,77,98,080	2.88
				12-10-2018	1,416		1,77,99,496	2.88

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				12-10-2018	-1,00,000		1,76,99,496	2.87
				19-10-2018	-1,00,000		1,75,99,496	2.85
				26-10-2018	5,04,798		1,81,04,294	2.93
				02-11-2018	-2,66,340		1,78,37,954	2.89
				09-11-2018	-90,370		1,77,47,584	2.87
				16-11-2018	-166		1,77,47,418	2.87
				30-11-2018	11,250		1,77,58,668	2.87
				30-11-2018	-1,01,825		1,76,56,843	2.86
				14-12-2018	2,05,000		1,78,61,843	2.89
				28-12-2018	150		1,78,61,993	2.89
				11-01-2019	-1,30,000		1,77,31,993	2.87
				25-01-2019	50,000		1,77,81,993	2.88
				25-01-2019	-1,90,445		1,75,91,548	2.85
				01-02-2019	-53,254		1,75,38,294	2.84
				08-02-2019	-40,615		1,74,97,679	2.83
				15-02-2019	2		1,74,97,681	2.83
				22-02-2019	3		1,74,97,684	2.83
				01-03-2019	1		1,74,97,685	2.83
				01-03-2019	-2,00,000		1,72,97,685	2.80
				08-03-2019	1		1,72,97,686	2.80
				08-03-2019	-3,02,339		1,69,95,347	2.75
				15-03-2019	-5,55,919		1,64,39,428	2.66
				22-03-2019	-5,36,455		1,59,02,973	2.57
				29-03-2019	-4,62,808		1,54,40,165	2.50
		1,54,40,165	2.50	31-03-2019			1,54,40,165	2.50
2.	UTI Top 100 Fund	1,73,88,095	2.81	01-04-2018		Market Sale	1,73,88,095	2.81
				06-04-2018	50,223	& Purchase	1,74,38,318	2.82
				13-04-2018	62,591		1,75,00,909	2.83
				13-04-2018	-18,750		1,74,82,159	2.83
				20-04-2018	1,12,049		1,75,94,208	2.85
				20-04-2018	-1,14,214		1,74,79,994	2.83
				27-04-2018	1,16,159		1,75,96,153	2.85
				04-05-2018	1,73,743		1,77,69,896	2.88
				04-05-2018	-1,62,885		1,76,07,011	2.85
				11-05-2018	2,60,590		1,78,67,601	2.89
				11-05-2018	-3,17,480		1,75,50,121	2.84
				18-05-2018	92,903		1,76,43,024	2.86
				22-06-2018	-10,000		1,76,33,024	2.85
				29-06-2018	2,500		1,76,35,524	2.85
				06-07-2018	48,750		1,76,84,274	2.86
				20-07-2018	-20,000		1,76,64,274	2.86
				03-08-2018	1,04,400		1,77,68,674	2.88
				10-08-2018	-1,00,000		1,76,68,674	2.86
				17-08-2018	12,265		1,76,80,939	2.86
				24-08-2018	34,623		1,77,15,562	2.87
				31-08-2018	-2,80,000		1,74,35,562	2.82
				07-09-2018	-31,250		1,74,04,312	2.82
				14-09-2018	3,750		1,74,08,062	2.82
				14-09-2018	-2,26,503		1,71,81,559	2.78

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				21-09-2018	46,188		1,72,27,747	2.79
				28-09-2018	1,40,103		1,73,67,850	2.81
				28-09-2018	-10,000		1,73,57,850	2.81
				05-10-2018	13,201		1,73,71,051	2.81
				12-10-2018	1,97,000		1,75,68,051	2.84
				12-10-2018	-15,000		1,75,53,051	2.84
				19-10-2018	2,20,737		1,77,73,788	2.88
				19-10-2018	-5,000		1,77,68,788	2.88
				26-10-2018	45,000		1,78,13,788	2.88
				26-10-2018	-1,15,000		1,76,98,788	2.86
				02-11-2018	-1,10,000		1,75,88,788	2.85
				16-11-2018	-54,000		1,75,34,788	2.84
				30-11-2018	30,000		1,75,64,788	2.84
				30-11-2018	-92,500		1,74,72,288	2.83
				07-12-2018	-1,91,250		1,72,81,038	2.80
				14-12-2018	10,000		1,72,91,038	2.80
				14-12-2018	-2,30,000		1,70,61,038	2.76
				21-12-2018	-4,00,296		1,66,60,742	2.70
				28-12-2018	-15,45,000		1,51,15,742	2.45
				31-12-2018	5,000		1,51,20,742	2.45
				31-12-2018	-1,05,000		1,50,15,742	2.43
				04-01-2019	-5,000		1,50,10,742	2.43
				01-02-2019	70,000		1,50,80,742	2.44
				08-02-2019	92,500		1,51,73,242	2.46
				15-02-2019	15,000		1,51,88,242	2.46
				22-02-2019	6,250		1,51,94,492	2.46
				22-02-2019	-2,09,684		1,49,84,808	2.43
				01-03-2019	-1,00,000		1,48,84,808	2.41
				15-03-2019	4,431		1,48,89,239	2.41
				15-03-2019	-40,000		1,48,49,239	2.40
				22-03-2019	7		1,48,49,246	2.40
				29-03-2019	26,250		1,48,75,496	2.41
				29-03-2019	-1,50,000		1,47,25,496	2.38
		1,47,25,496	2.38	31-03-2019			1,47,25,496	2.38
3.	BlackRock Global Funds Asian Dragon Fund	1,23,74,712	2.00	01-04-2018		Market Sale & Purchase	1,23,74,712	2.00
				06-04-2018	-1,46,109		1,22,28,603	1.98
				25-05-2018	-3,73,871		1,18,54,732	1.92
				15-06-2018	-1,73,914		1,16,80,818	1.89
				22-06-2018	-3,35,628		1,13,45,190	1.84
				27-07-2018	-3,27,347		1,10,17,843	1.78
				03-08-2018	-54,658		1,09,63,185	1.77
				10-08-2018	-2,82,884		1,06,80,301	1.73
				24-08-2018	-2,39,925		1,04,40,376	1.69
				31-08-2018	-2,09,810		1,02,30,566	1.66
				21-09-2018	-2,34,525		99,96,041	1.62
				05-10-2018	-1,02,868		98,93,173	1.60

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				12-10-2018	-1,31,801		97,61,372	1.58
				19-10-2018	-1,75,042		95,86,330	1.55
				26-10-2018	-88,441		94,97,889	1.54
				18-01-2019	-6,84,220		88,13,669	1.43
				25-01-2019	-72,372		87,41,297	1.41
				01-02-2019	2,31,226		89,72,523	1.45
				29-03-2019	-1,22,930		88,49,593	1.43
		88,49,593	1.43	31-03-2019			88,49,593	1.43
4.	HDFC Standard Life Insurance Company Limited	91,14,342	1.48	01-04-2018		Market Sale & Purchase	91,14,342	1.48
				06-04-2018	7,48,750		98,63,092	1.60
				13-04-2018	-10,288		98,52,804	1.59
				20-04-2018	-47,500		98,05,304	1.59
				27-04-2018	27,553		98,32,857	1.59
				11-05-2018	-40,589		97,92,268	1.59
				18-05-2018	1,85,461		99,77,729	1.62
				25-05-2018	1,54,029		1,01,31,758	1.64
				01-06-2018	-6,088		1,01,25,670	1.64
				08-06-2018	1,95,971		1,03,21,641	1.67
				22-06-2018	2,579		1,03,24,220	1.67
				29-06-2018	24,337		1,03,48,557	1.68
				06-07-2018	99,107		1,04,47,664	1.69
				13-07-2018	25,893		1,04,73,557	1.70
				20-07-2018	3,233		1,04,76,790	1.70
				03-08-2018	7,46,673		1,12,23,463	1.82
				10-08-2018	2,50,000		1,14,73,463	1.86
				24-08-2018	1,50,000		1,16,23,463	1.88
				31-08-2018	52,439		1,16,75,902	1.89
				07-09-2018	2,83,516		1,19,59,418	1.94
				14-09-2018	1,77,701		1,21,37,119	1.96
				21-09-2018	2,28,783		1,23,65,902	2.00
				28-09-2018	6,78,189		1,30,44,091	2.11
				05-10-2018	1,55,749		1,31,99,840	2.14
				12-10-2018	2,48,313		1,34,48,153	2.18
				19-10-2018	1,00,202		1,35,48,355	2.19
				26-10-2018	2,50,640		1,37,98,995	2.23
				02-11-2018	1,89,545		1,39,88,540	2.26
				09-11-2018	5,658		1,39,94,198	2.27
				16-11-2018	-15,979		1,39,78,219	2.26
				23-11-2018	3,621		1,39,81,840	2.26
				30-11-2018	-20,283		1,39,61,557	2.26
				07-12-2018	1,14,339		1,40,75,896	2.28
				14-12-2018	3,25,354		1,44,01,250	2.33
				21-12-2018	-1,06,824		1,42,94,426	2.31
				28-12-2018	-1,11,752		1,41,82,674	2.30
				31-12-2018	-28,000		1,41,54,674	2.29
				04-01-2019	10,706		1,41,65,380	2.29

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				11-01-2019	-1,74,024		1,39,91,356	2.26
				18-01-2019	264		1,39,91,620	2.26
				25-01-2019	19,543		1,40,11,163	2.27
				01-02-2019	3,04,425		1,43,15,588	2.32
				08-02-2019	3,21,777		1,46,37,365	2.37
				15-02-2019	84,012		1,47,21,377	2.38
				22-02-2019	50,000		1,47,71,377	2.39
				01-03-2019	1,00,874		1,48,72,251	2.41
				08-03-2019	-3,19,333		1,45,52,918	2.36
				15-03-2019	38,996		1,45,91,914	2.36
				22-03-2019	20,572		1,46,12,486	2.37
				29-03-2019	3,42,207		1,49,54,693	2.42
		1,49,54,693	2.42	31-03-2019			1,49,54,693	2.42
5.	BlackRock Global Funds – Asian Growth Leaders Fund	90,80,522	1.47	01-04-2018		Market Sale & Purchase	90,80,522	1.47
				25-05-2018	4,48,643		95,29,165	1.54
				21-09-2018	1,13,723		96,42,888	1.56
				05-10-2018	-5,55,062		90,87,826	1.47
				12-10-2018	-4,18,199		86,69,627	1.40
				21-12-2018	2,74,683		89,44,310	1.45
				28-12-2018	1,52,419		90,96,729	1.47
				01-03-2019	2,08,941		93,05,670	1.51
		93,05,670	1.51	31-03-2019			93,05,670	1.51
6.	Aditya Birla Sun Life Trustee Private Limited A/C#	26,72,000	0.43	01-04-2018		Market Sale & Purchase	26,72,000	0.43
				06-04-2018	1,00,000		27,72,000	0.45
				06-04-2018	-2,50,000		25,22,000	0.41
				13-04-2018	53,000		25,75,000	0.42
				20-04-2018	1,20,000		26,95,000	0.44
				27-04-2018	1,00,000		27,95,000	0.45
				27-04-2018	-75,000		27,20,000	0.44
				04-05-2018	2,00,000		29,20,000	0.47
				11-05-2018	1,51,000		30,71,000	0.50
				11-05-2018	-46,000		30,25,000	0.49
				18-05-2018	55,000		30,80,000	0.50
				25-05-2018	11,20,000		42,00,000	0.68
				25-05-2018	-70,000		41,30,000	0.67
				01-06-2018	41,700		41,71,700	0.68
				15-06-2018	1,26,000		42,97,700	0.70
				13-07-2018	4,99,800		47,97,500	0.78
				20-07-2018	2,07,500		50,05,000	0.81
				27-07-2018	4,80,000		54,85,000	0.89
				03-08-2018	1,00,000		55,85,000	0.90
				24-08-2018	3,400		55,88,400	0.90
				31-08-2018	65,200		56,53,600	0.92
				14-09-2018	-53,900		55,99,700	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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				21-09-2018	2,55,500		58,55,200	0.95
				21-09-2018	-1,75,000		56,80,200	0.92
				28-09-2018	-1,96,000		54,84,200	0.89
				05-10-2018	-1,35,000		53,49,200	0.87
				12-10-2018	52,500		54,01,700	0.87
				12-10-2018	-2,38,000		51,63,700	0.84
				26-10-2018	8,00,000		59,63,700	0.97
				02-11-2018	1,00,000		60,63,700	0.98
				07-12-2018	-11,250		60,52,450	0.98
				28-12-2018	-1,00,000		59,52,450	0.96
				04-01-2019	-93,000		58,59,450	0.95
				18-01-2019	-40,000		58,19,450	0.94
				01-02-2019	1,67,700		59,87,150	0.97
				08-02-2019	2,00,000		61,87,150	1.00
				15-02-2019	-1,18,000		60,69,150	0.98
				08-03-2019	6,83,000		67,52,150	1.09
				22-03-2019	40,000		67,92,150	1.10
				22-03-2019	-97,000		66,95,150	1.08
		66,95,150	1.08	31-03-2019			66,95,150	1.08
7.	ICICI Prudential Equity Arbitrage Fund#	19,92,496	0.32	01-04-2018		Market Sale & Purchase	19,92,496	0.32
				06-04-2018	262		19,92,758	0.32
				06-04-2018	-61,250		19,31,508	0.31
				13-04-2018	-82,500		18,49,008	0.30
				27-04-2018	524		18,49,532	0.30
				11-05-2018	764		18,50,296	0.30
				25-05-2018	262		18,50,558	0.30
				25-05-2018	-155		18,50,403	0.30
				01-06-2018	43,750		18,94,153	0.31
				22-06-2018	8,66,717		27,60,870	0.45
				22-06-2018	-4		27,60,866	0.45
				29-06-2018	262		27,61,128	0.45
				13-07-2018	-3,750		27,57,378	0.45
				20-07-2018	74,013		28,31,391	0.46
				27-07-2018	-79,473		27,51,918	0.45
				03-08-2018	526		27,52,444	0.45
				03-08-2018	-3,750		27,48,694	0.44
				10-08-2018	-1,985		27,46,709	0.44
				17-08-2018	-3,204		27,43,505	0.44
				31-08-2018	3,00,000		30,43,505	0.49
				07-09-2018	38,750		30,82,255	0.50
				14-09-2018	28,035		31,10,290	0.50
				14-09-2018	-267		31,10,023	0.50
				21-09-2018	2,82,500		33,92,523	0.55
				28-09-2018	2,71,630		36,64,153	0.59
				28-09-2018	-4		36,64,149	0.59
				12-10-2018	3,94,462		40,58,611	0.66
				12-10-2018	-43,750		40,14,861	0.65

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				19-10-2018	1,69,985		41,84,846	0.68
				19-10-2018	-3,03,750		38,81,096	0.63
				26-10-2018	2,13,652		40,94,748	0.66
				02-11-2018	1,55,800		42,50,548	0.69
				09-11-2018	77,895		43,28,443	0.70
				16-11-2018	199		43,28,642	0.70
				23-11-2018	-813		43,27,829	0.70
				30-11-2018	43,750		43,71,579	0.71
				07-12-2018	271		43,71,850	0.71
				14-12-2018	2,176		43,74,026	0.71
				21-12-2018	542		43,74,568	0.71
				28-12-2018	271		43,74,839	0.71
				28-12-2018	-1		43,74,838	0.71
				04-01-2019	271		43,75,109	0.71
				18-01-2019	1,22,500		44,97,609	0.73
				25-01-2019	2,29,021		47,26,630	0.77
				01-02-2019	4,76,011		52,02,641	0.84
				08-02-2019	2,99,446		55,02,087	0.89
				15-02-2019	1,15,813		56,17,900	0.91
				22-02-2019	816		56,18,716	0.91
				01-03-2019	1,088		56,19,804	0.91
				15-03-2019	271		56,20,075	0.91
				22-03-2019	2,53,750		58,73,825	0.95
				22-03-2019	-48		58,73,777	0.95
				29-03-2019	6,96,575		65,70,352	1.06
		65,70,352	1.06	31-03-2019			65,70,352	1.06
8.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund	63,65,764	1.03	01-04-2018		Market Sale & Purchase	63,65,764	1.03
				06-04-2018	45,100		64,10,864	1.04
				06-04-2018	-2,24,700		61,86,164	1.00
				13-04-2018	70,000		62,56,164	1.01
				27-04-2018	8,23,750		70,79,914	1.15
				27-04-2018	-8,20,000		62,59,914	1.01
				04-05-2018	-6,520		62,53,394	1.01
				11-05-2018	3,97,500		66,50,894	1.08
				11-05-2018	-3,97,500		62,53,394	1.01
				25-05-2018	3,90,000		66,43,394	1.08
				01-06-2018	1,71,000		68,14,394	1.10
				08-06-2018	62,000		68,76,394	1.11
				08-06-2018	-1,27,500		67,48,894	1.09
				15-06-2018	-60,000		66,88,894	1.08
				13-07-2018	2,70,000		69,58,894	1.13
				27-07-2018	-10,000		69,48,894	1.12
				03-08-2018	-1,18,750		68,30,144	1.11
				10-08-2018	-7,500		68,22,644	1.10
				24-08-2018	1,19,432		69,42,076	1.12

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				31-08-2018	1,76,250		71,18,326	1.15
				07-09-2018	-43,750		70,74,576	1.15
				14-09-2018	-1,250		70,73,326	1.14
				28-09-2018	8,98,000		79,71,326	1.29
				28-09-2018	-2,02,500		77,68,826	1.26
				05-10-2018	74,000		78,42,826	1.27
				12-10-2018	41,000		78,83,826	1.28
				26-10-2018	42,000		79,25,826	1.28
				26-10-2018	-20,000		79,05,826	1.28
				09-11-2018	-32,000		78,73,826	1.27
				16-11-2018	-1,38,000		77,35,826	1.25
				23-11-2018	-2,00,000		75,35,826	1.22
				30-11-2018	1,97,000		77,32,826	1.25
				30-11-2018	-8,26,750		69,06,076	1.12
				07-12-2018	26,250		69,32,326	1.12
				07-12-2018	-85,826		68,46,500	1.11
				14-12-2018	1,60,000		70,06,500	1.13
				14-12-2018	-4,907		70,01,593	1.13
				21-12-2018	10,711		70,12,304	1.14
				21-12-2018	-74,661		69,37,643	1.12
				28-12-2018	70,000		70,07,643	1.13
				28-12-2018	-2,00,207		68,07,436	1.10
				31-12-2018	93,750		69,01,186	1.12
				11-01-2019	85,000		69,86,186	1.13
				11-01-2019	-8,750		69,77,436	1.13
				18-01-2019	-71,296		69,06,140	1.12
				25-01-2019	-98,575		68,07,565	1.10
				08-02-2019	55,000		68,62,565	1.11
				08-02-2019	-68,750		67,93,815	1.10
				01-03-2019	1,25,000		69,18,815	1.12
				08-03-2019	1,28,168		70,46,983	1.14
				15-03-2019	3,25,000		73,71,983	1.19
				15-03-2019	-7,500		73,64,483	1.19
				22-03-2019	-26,038		73,38,445	1.19
				29-03-2019	-1,07,500		72,30,945	1.17
		72,30,945	1.17	31-03-2019			72,30,945	1.17
9.	Franklin Templeton Investment Funds	61,97,871	1.00	01-04-2018		Market Sale	61,97,871	1.00
				27-04-2018	-7,50,000		54,47,871	0.88
				04-05-2018	-4,97,460		49,50,411	0.80
				18-05-2018	-9,50,411		40,00,000	0.65
				15-06-2018	-1,92,550		38,07,450	0.62
				22-06-2018	-6,30,674		31,76,776	0.51
				20-07-2018	-26,400		31,50,376	0.51
				27-07-2018	-31,50,376		0	0.00
		0	0.00	31-03-2019			0	0.00

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
10.	Kotak Funds – India Midcap Funds	60,20,986	0.97	01-04-2018		Market Purchase	60,20,986	0.97
				06-04-2018	15,452		60,36,438	0.98
				27-04-2018	1,55,000		61,91,438	1.00
				04-05-2018	1,87,164		63,78,602	1.03
				25-05-2018	22,099		64,00,701	1.04
				08-06-2018	5,00,000		69,00,701	1.12
				15-06-2018	1,60,000		70,60,701	1.14
				29-06-2018	1,30,356		71,91,057	1.16
				20-07-2018	21,149		72,12,206	1.17
				03-08-2018	1,50,000		73,62,206	1.19
				10-08-2018	2,53,333		76,15,539	1.23
				17-08-2018	1,50,000		77,65,539	1.26
				24-08-2018	68,044		78,33,583	1.27
				14-09-2018	1,50,000		79,83,583	1.29
				28-09-2018	1,50,000		81,33,583	1.32
				12-10-2018	26,535		81,60,118	1.32
				15-02-2019	57,998		82,18,116	1.33
				08-03-2019	1,90,000		84,08,116	1.36
				22-03-2019	2,75,000		86,83,116	1.41
		86,83,116	1.41	31-03-2019			86,83,116	1.41
11.	Valiant Mauritius Partners Offshore Limited	57,96,934	0.94	01-04-2018		Market Sale & Purchase	57,96,934	0.94
				04-05-2018	-89,788		57,07,146	0.92
				21-09-2018	6,92,900		64,00,046	1.04
				28-09-2018	1,28,788		65,28,834	1.06
				05-10-2018	1,90,400		67,19,234	1.09
				12-10-2018	1,38,200		68,57,434	1.11
				30-11-2018	-8,04,480		60,52,954	0.98
				08-02-2019	2,05,738		62,58,692	1.01
		62,58,692	1.01	31-03-2019			62,58,692	1.01
12	Bank Muscat India Fund	53,80,135	0.87	01-04-2018		No Change in the Share-holding during the year	53,80,135	0.87
		53,80,135	0.87	31-03-2019			53,80,135	0.87
13.	Life Insurance Corporation of India*	3,92,416	0.06	01-04-2018		Market Purchase	3,92,416	0.06
				08-03-2019	1,33,978		5,26,394	0.09
				15-03-2019	7,66,520		12,92,914	0.21
				22-03-2019	5,31,800		18,24,714	0.30
				29-03-2019	8,16,322		26,41,036	0.43
		26,41,036	0.43	31-03-2019			26,41,036	0.43

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
14.	Valiant Mauritius Partners Limited*	39,08,587	0.63	01-04-2018		Market Sale & Purchase	39,08,587	0.63
				20-09-2018	-79,018		38,29,569	0.62
				27-09-2018	3,07,100		41,36,669	0.67
				04-10-2018	83,212		42,19,881	0.68
				11-10-2018	1,21,600		43,41,481	0.70
				29-11-2018	1,71,800		45,13,281	0.73
				07-02-2019	-7,39,240		37,74,041	0.61
		37,74,041	0.61	31-03-2019			37,74,041	0.61

@ 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 31-03-2019. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2018.

Not in the list of Top 10 Shareholders as on 01-04-2018. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2019.

(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 (01-04-2018)/ end of the year (31-03-2019)	% 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	01-04-2018	0	No Change in the Shareholding during the year	50,000	0.01
2.	Mr. Ramesh Iyer Vice-Chairman & Managing Director	7,78,029	0.13	01-04-2018			7,78,029	0.13
				24-08-2018	-10,000	Sale of Shares	7,68,029	0.12
				31-08-2018	-10,000	Sale of Shares	7,58,029	0.12
				16-11-2018	17,300	ESOP Allotment	7,75,329	0.13
				22-03-2019	17,297	ESOP Allotment	7,92,626	0.13
		7,92,626	0.13	31-03-2019			7,92,626	0.13
3.	Mr. M. G. Bhide Independent Director	50,000	0.01	01-04-2018	0	No Change in the Shareholding during the year	50,000	0.01
4.	Mr. Piyush Mankad Independent Director	50,000	0.01	01-04-2018	0	No Change in the Shareholding during the year	50,000	0.01
5.	Mr. C. B. Bhave Independent Director	0	0.00	01-04-2018	0	No Change in the Shareholding during the year	0	0.00

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 (01-04-2018)/ end of the year (31-03-2019)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
6.	Ms. Rama Bijapurkar Independent Director	30,000	0.01	01-04-2018	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	01-04-2018	0	No Change in the Shareholding during the year	250	0.00
8.	Dr. Anish Shah Non-Executive Non-Independent Director	0	0.00	01-04-2018	0	No Change in the Shareholding during the year	0	0.00
9.	Mr. V. Ravi Executive Director & Chief Financial Officer	5,31,197	0.09	01-04-2018	0	No Change in the Shareholding during the year	5,31,197	0.09
B.	**Key Managerial Personnel**	12,633	0.00	01-04-2018	0	No Change in the Shareholding during the year	12,633	0.00
	Ms. Arnavaz M. Pardiwalla Company Secretary & Compliance Officer							

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 (01.04.2018)				
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**
Change in Indebtedness during the financial year - Principal Amount				
Addition	24,50,431.17	31,74,515.91	4,13,573.71	60,38,520.79
Reduction	17,11,148.92	32,49,927.45	1,57,423.16	51,18,499.53
Exchange Difference	3,205.37	0.00	0.00	3,205.37
Net Change	7,42,487.62	-75,411.54	2,56,150.55	9,23,226.63
Change in Indebtedness during the financial year - Interest accrued but not due				
Addition	2,50,041.76	42,273.89	39,677.80	3,31,993.44
Reduction	2,48,382.46	33,959.28	32,026.91	3,14,368.64
Net Change	1,659.30	8,314.61	7,650.89	17,624.80
Indebtedness at the end of the financial year (31.03.2019)				
i) Principal Amount	35,59,899.52	7,35,098.91	5,69,887.68	48,64,886.11
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,17,958.20	28,187.15	29,100.17	1,75,245.51
Total (i+ii+iii)	**36,77,857.72**	**7,63,286.06**	**5,98,987.85**	**50,40,131.62**

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 the 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	440.01	215.49	655.50
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	19.11	12.02	31.13
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2.	Stock Option*	139.91	1.21	141.12
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission			
	- as % of profit	0.00	0.00	0.00
	- others	116.69	53.05	169.74
5.	Others (Retirals)	13.08	10.63	23.71
	Total (A)	**728.80**	**292.40**	**1,021.20**
	Ceiling as per the Act			**12,287.60**
		(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 / Subsidiary 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. Dhananjay Mungale	Mr. M. G. Bhide	Mr. Piyush Mankad	Mr. C. B. Bhave	Ms. Rama Bijapurkar	
1.	Fee for attending Board / Committee Meetings	10.00	11.10	9.90	9.10	6.70	46.80
2.	Commission	26.00	19.00	19.00	19.00	19.00	102.00
3.	Others	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)		**36.00**	**30.10**	**28.90**	**28.10**	**25.70**	**148.80**

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)				**148.80**
Overall Ceiling as per the Act				**1,228.76**
		(being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		
Total Managerial Remuneration (A +B)				**1,170.00**
Overall Ceiling as per the Act				**13,516.35**
		(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	79.40
	(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	0.00
2.	Stock Option	0.00
3.	Sweat Equity	0.00
4.	Commission	
	- as % of profit	0.00
	- others	0.00
5.	Others (Retirals)	4.16
	Total	**83.88**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made if any (give Details)
A.	**Company**					
	Penalty			NONE		
	Punishment					
	Compounding					
B.	**Directors**					
	Penalty			NONE		
	Punishment					
	Compounding					
C.	**Other Officers in Default**					
	Penalty			NONE		
	Punishment					
	Compounding					

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place : Mumbai
Date : 24th April, 2019

ANNEXURE V-A TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), 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 and Shareholders 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 obtaining the approval of Shareholders, where required, he/she shall refund such sums to the Company within two years or such lesser period as may be allowed by 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 Shareholders by Special Resolution.

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 : 24th April, 2019

** Pursuant to the transfer of 7,85,275 Stock Options, being the balance number of Options, available in the 2005 Scheme to the 2010 Scheme on 14th March, 2019, the 2005 Scheme stands closed, effective from the date of the said transfer.*

ANNEXURE V-B TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

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.

Definitions

"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.

"Senior Management" shall mean officers/personnel of the Company who are members of its Core Management Team/Steering Committee excluding Board of Directors and shall include all members of management one level below the chief executive officer/managing director/ whole-time director/manager (including chief executive officer/manager, in case they are not part of the Board) including the functional heads and shall specifically include the company secretary and chief financial officer but exclude administrative staff.

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 : 24th April, 2019

ANNEXURE VI TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2019

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2019

[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]

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, 2019 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, 2019 according to the provisions of:

(i) The Companies Act, 2013 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 (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB).

(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, 2018.

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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

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, 2018.

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The following laws, regulations, directions, orders are 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.

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. The changes made to the composition of the Board of Directors was duly carried out 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 and guidelines.

a) The Members had approved an increase in the Borrowing powers of the Company from Rs.60,000 crores to Rs.70,000 crores, which is over and above the aggregate paid-up share capital, free reserves and securities premium pursuant to Section 180[1(c)] of the Companies Act, 2013, through a Postal Ballot resolution passed on 14th June, 2018.

b) The Company made a third public issue of Redeemable Non-Convertible Debentures ("NCDs") and raised a sum of Rs. 2,146.99 crores, resulting in allotment of 18,101,224 Secured Redeemable Non-Convertible Debentures having face value of Rs.1,000 each and 3,368,723 Unsecured Subordinated Redeemable Non-Convertible Debentures having face value of Rs.1,000 each.

For KSR & Co Company Secretaries LLP

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

Place : Coimbatore
Date : 19th April, 2019

Management Discussion and Analysis

1. MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED – AN OVERVIEW

Mahindra & Mahindra Financial Services Limited (the Company, Mahindra Finance), part of the Mahindra Group, is one of India's leading Non-Banking Financial Companies (NBFCs). Mahindra Finance is primarily engaged in financing auto and utility vehicles, tractors, passenger and commercial vehicles, as well as pre-owned vehicles. Focused on the rural and semi-urban segment, the Company has over 6 million customers and Assets Under Management (AUM) of over USD 9 billion.

Mahindra Insurance Brokers Limited (MIBL), the Company's subsidiary, is a licensed Composite Broker providing direct and reinsurance broking services. Mahindra Rural Housing Finance Limited (MRHFL), another subsidiary, provides loans for purchase, renovation and construction of houses to individuals in the rural and semi-urban areas of the country. Mahindra Asset Management Company Private Limited (MAMCPL), a wholly-owned subsidiary, acts as the investment manager for Mahindra Mutual Fund. The Company has a Joint Venture in the US, Mahindra Finance USA LLC, with De Lage Landen, a subsidiary of Rabo Bank, for financing Mahindra tractors in the US.

Strengths of Mahindra Finance

- Strong parentage
- In-depth industry knowledge
- Diversified product portfolio
- Robust business model
- Large and diversified customer base
- Extensive branch network
- Strong credit ratings
- Broad based liability mix
- Experienced talent pool
- Best-in-class technology

2. ECONOMIC REVIEW

2.1 Global Economy

The global economy slowed to 3.6% in 2018 (Source: IMF) from 3.8% in 2017 as the Eurozone economies weakened, crude prices became volatile, commodity prices remained subdued, uncertainty around Brexit persisted and the ongoing US-China trade tensions heightened the rhetoric around protectionism.

The US witnessed strong economic growth of 2.9% in 2018 (2.2% in 2017) owing to strengthening dollar, neutral unemployment and minimal inflation. Growth in the Eurozone dipped to 1.8% (2.4% in 2017) due to sluggish domestic demand while China remained squeezed between issues at home and abroad. The US, however, bucked the trend, growing at 2.9% in 2018 (2.2% in 2017) on the back of a stronger US dollar, neutral unemployment and low inflation.

Global growth

(%)

Particulars	Actual	Projections	
	2018	2019	2020
World Output	3.6	3.3	3.6
Advanced Economies	2.2	1.8	1.7
United States	2.9	2.3	1.9
Eurozone	1.8	1.3	1.5
Japan	0.8	1.0	0.5
United Kingdom	1.4	1.2	1.4
Other Advanced Economies*	2.6	2.2	2.5
Emerging Markets and Developing Economies	4.5	4.4	4.8
China	6.6	6.3	6.1

Source: International Monetary Fund (IMF)

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

Outlook

The International Monetary Fund (IMF) expects the global economy to slow down further in 2019 before stabilising at 3.6% in 2020. This is mainly due to significant revisions in the eurozone, especially in Germany, where production difficulties in the auto sector and lower external demand will weigh on growth in 2019. In Italy too, sovereign and financial risks are hampering economic growth. Additionally, there is increasing uncertainty due to trade protectionism and Brexit. However, further monetary policy adaptation and policy-easing measures by China would account for a soft landing.

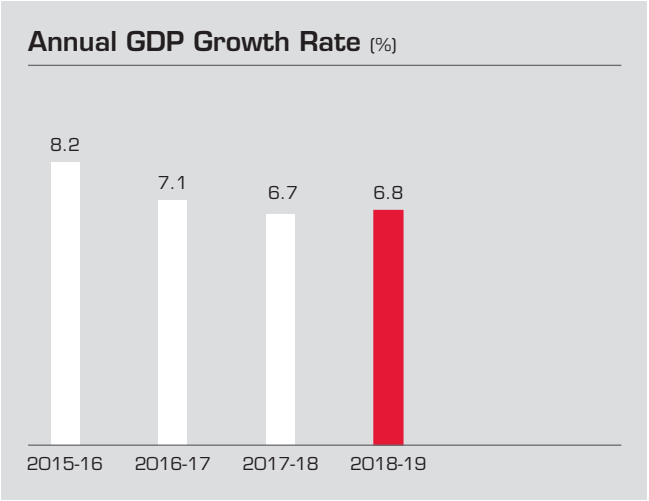
2.2 Indian Economy

The Indian economy retained its tag of the fastest growing major economy in the world in 2018-19. However, overall growth for 2018-19 slumped to a five-year low of 6.8% compared with 7% projected in the second advance estimates released in February. A few factors that have helped India in maintaining its status quo as the fastest growing nation are:

- **Policy reforms:** Reforms such as increased FDI limits, Goods and Services Tax (GST), etc led to creation of jobs and bringing more businesses into the organised sector. It also improved the ease of doing business, thus benefitting the economy in a major way.
- **Improvement in infrastructure:** Recognised as a key driver for the economy of any nation, the infrastructure sector has enjoyed a lot of focus from the government. Measures such as construction of smart cities,

industrial corridors, new railway lines, improving sea connectivity to stimulate trade and building roads to improve rural connectivity have all contributed to the nation's economic growth.

- **Development campaigns:** The government has been campaigning actively for showcasing the nation as a sensible investment destination and improve trade cooperation. Government campaigns such as 'Make in India' and 'Start-up India' have been helping India to position itself as a manufacturing hub and promoting entrepreneurship.



Source: Central Statistics Office (CSO)

Outlook

The Indian economy is expected to grow at 7.4% in 2019-20 on account of steady improvement in major sectors as government and private consumption remains robust and investment is steadily picking up. One of the main factors - domestic consumption, which drives 60% of the GDP growth is expected to grow up to USD 6 trillion by 2030, supported by a 1.4 billion population. In the longer term, however, India's growth is expected to reflect the benefits of its structural reforms and its growing workforce. But to unlock India's massive economic potential, the nation will need to accelerate and sustain its continuing upward trajectory on key human development indicators and aim for a more inclusive growth.

3. INDIAN FINANCIAL SERVICES INDUSTRY

India has a diversified financial sector undergoing rapid expansion with many new entities entering the market along with the existing financial services firms. The sector comprises commercial banks, insurance companies, NBFCs, Housing Finance Companies, Co-operatives, Pension Funds, Mutual Funds and other smaller financial entities. Another vital element of the nation's financial sector is the rapidly growing insurance industry. The Reserve Bank of India (RBI) recently allowed new entities such as payment banks and small finance banks to commence operations, focusing on specific segments of transactional banking and small-ticket lending, respectively.

One of the main factors - domestic consumption, which drives 60% of the GDP growth is expected to grow up to USD 6 trillion by 2030, supported by a 1.4 billion population.

In recent times, we have seen tremendous expansion in digital channels owing to evolving needs of customers, greater accessibility of internet services and a marked change in regulatory environment. This has led to proliferation of Fintech Companies.

Some recent developments that have happened in this sector are:

- Launch of India Post Payments Bank (IPPB) for better rural penetration of banks.
- Under the Union Budget 2018-19, there has been an allocation of Rs. 3 trillion (USD 46.3 billion) towards the Mudra (Micro-Units Development & Refinance Agency Ltd.) Scheme.
- The Securities and Exchange Board of India (SEBI) has limited the Total Expense Ratio (TER) charged by mutual fund houses having equity assets up to Rs. 500 billion (USD 7.1 billion) to 1.05%.
- NBFCs are gaining eminence in retail finance by financing more than 80% of the equipment leasing and hire purchase activities in India.
- The government's focus on the infrastructure sector is providing an impetus to NBFCs engaged in the infrastructure financing space.

Major trends going ahead

- **Blockchain:** Blockchain is so crucial in today's environment that the value addition by its adoption cannot be ignored. Several major players have already begun pilot projects to measure the feasibility of adopting blockchain into their ecosystems. Financial service providers will explore options to leverage the power of blockchain to transform backend operations.
- **Artificial Intelligence (AI):** With the help of embedded AI aiding the backend operations of financial services providers, they will be able to enhance customer offerings in terms of speed and accuracy of solutions. Financial service providers are slowly moving towards AI powered solutions to provide personalised financial advice based on predefined algorithms.
- **Mobile Apps:** Mostly all financial services along with retail banking are going mobile, including third-party financial service providers who are now competing with

banks in the financial space. In 2019, banks would have to reflect on how these third-party services could be integrated with their operations, thus eliminating the middle-man altogether.

- **Mobile pay:** Mobile pay is expected to become a normal part of retail, especially if brick and mortar retailers want to remain relevant in the present increasingly paperless retail market.

Interim budget 2019-20: Financial services key highlights

- The "Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)" providing income support to qualifying farmers is proposed to be launched as a direct benefit scheme. With a budgetary provision of Rs. 75,000 crore in FY 2019-20 and Rs. 20,000 crore in the revised estimates for FY 2018-19, this would substantially increase the cash flow and the quantum of banking transactions in the rural branches since this would be completely routed through the banking channel.
- The "Kisan Credit Card Scheme (KCC)" provided to farmers pursuing animal husbandry and fisheries has been enhanced to include interest subvention of 2% and an additional 3% for timely repayment. This would encourage timely repayment of loans and strengthen the loan portfolio of rural branches.
- The "Pradhan Mantri Shram-Yogi Maandhan" assuring a pension of Rs. 3,000 per month for workers in the unorganised sector from the age of 60 years.

3.1 NBFC Industry

The NBFC sector is expected to remain at the forefront and drive new credit disbursals for India's underserved retail and MSME space. In the last five years the lending book of NBFCs has grown nearly by 18% due to a deep understanding of target consumer segments, technological advancements, lean cost structures and differential business model to reach credit-starved customer segments.

The year 2018 was a year of crisis for some of the NBFCs. To occupy the space vacated by Public Sector Banks (PSBs), certain NBFCs went into a frenzy of credit expansions without considering the asset-liability scenario. This resulted in huge defaults on the part of such companies and intensified fears that the funding cost for NBFCs will zoom and result in a sharp deterioration of their margins.

However, the government took several quick measures not letting this crisis turn into a contagion and spilling over to other sectors. These measures included altering operating mechanism and making relevant changes in the risk management framework. Though the outlook for NBFCs for 2019 seems weak, a gradual improvement in the liquidity situation indicates that there could be a stabilisation in the coming days.

> Most NBFCs have a strong hold on customers residing in the deep regional pockets which they leverage to build long lasting relationships with their target customer bases.

Growth Drivers

- **Unique value proposition:** Most NBFCs leverage alternative and tech-driven credit appraisal methods to analyse the creditworthiness of borrowers. This method allows them to meet the loan requirements of businesses or individuals which are otherwise deemed unsuitable by banks. Also, the efficient use of technology helps in keeping business costs and overheads to a minimal level, enabling the availability of credit at highly competitive rates.
- **Regional outreach:** Most NBFCs have a strong hold on customers residing in the deep regional pockets which they leverage to build long lasting relationships with their target customer bases. Many new-age NBFCs have started investing in AI and analytics and leveraging this technology to provide highly customised services to their customers.
- **Deep understanding of the customer segment:** As most NBFCs have their operations in the unorganised and underserved segments, they have developed an expertise and rich understanding of this niche customer segment, which helps in smooth delivery of products and services. NBFCs are now reaching out to Tier-2, Tier-3 and Tier-4 markets, distributing loans across several customer touch-points. Additionally, they are also building a connected channel experience, that provides an omni-channel, seamless experience with 24/7 sales and service.
- **Customised product offerings:** Many NBFCs, armed with a thorough grasp of individual customer segments, are focussing on a limited line of products to serve customers of a target segment. Additionally, several NBFCs are also adopting non-standard pricing models for product lines, in-line with the customer profile and inherent risk of lending.
- **Availability of capital:** There has been heavy investment into the NBFC sector by Private Equity (PE) firms which has enabled adequate capital availability for the NBFC players. This PE investment is largely responsible in directing the way this sector has grown. Besides providing financial muscle, the PE firms have also helped in converting NBFCs into world-class financial organisations. The corporate governance requirements of PE firms also shield NBFCs from risks, frauds, losses and their wide business network helps to unlock strategic partnership and business opportunities.

- **Leveraging technology:** The use of technology is enabling NBFCs to customise and optimise their credit assessment models and improve business processes for improving customer experience. Besides, certain NBFCs are also investing in data analytics and artificial intelligence to build robust relationships with their target customer segments.
- **Co-lending arrangements:** NBFCs have been tying up with multiple alternative lenders with digital platforms which has been adding to their targeted customer base.
- **Risk management:** NBFCs need to have stricter regulatory guidelines in comparison to commercial banks hence they are ensuring enhanced governance through a pro-active and robust risk management model.

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 appraisals 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.
- Large untapped rural and urban markets.
- Growth in overall vehicle segment.
- Use of digital solutions for business/collections.

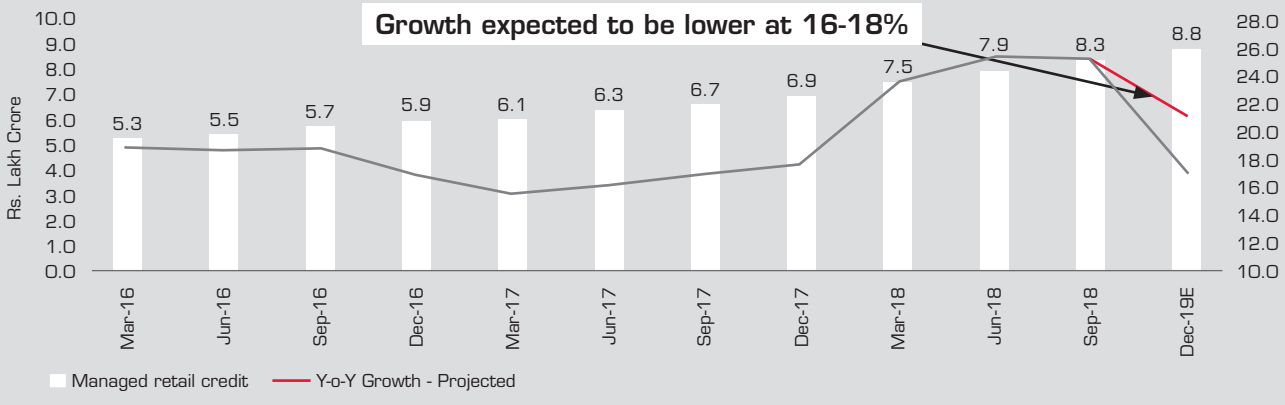
Threats

- High cost of funds.
- Rising Non-performing Assets (NPAs).
- Restrictions on deposit taking NBFCs.
- Competition from other NBFCs and banks.
- Growing number of Fintech companies.

Performance Scorecard

NBFCs accounted for over 17% of the total credit in India and registered growth of 20% in 2018 according to the data available till September, 2018. Further, their Capital Adequacy (capital as a % of total advances) is quite comfortable at around 23%, compared to around 14% of banks, reflecting their resilience. The retail credit stood at Rs 8.3 trillion as at September, 2018, registering a 25% growth year-on-year in H1FY19. However, the prevailing liquidity scenario is likely to slow down the growth to 16-18% during 2019.

Retail NBFC Credit Growth to Moderate (%)



Source: ICRA Research

Further, NBFCs have been able to increase their penetration despite tight regulations and rising focus on corporate governance which gets reflected in their robust and steady performance indicators. A comparison of NBFCs and Banks on certain key parameters clearly reflects this trend.

Indicators – 2018	Banks	NBFCs
Loans Outstanding (Rs. billion)	87,460	17,643
Total Credit Growth (2017-18)	7.8%	20%
Gross NPAs	11.6%	5.8%
Return on Assets	0.4%	1.7%
Capital Adequacy Ratio	13.8%	22.9%

Source: Reserve Bank of India (RBI), MyLoanCare.in analysis

Outlook

India has a lot of un-banked and under-banked consumers and businesses. Hence there is a lot of potential for NBFCs, which can still be tapped. The NBFCs and Housing Finance Companies (HFCs) are being recognised as being vital for growth. Regardless of the recent panic, NBFCs are here to stay and play an important role in economic growth and financial inclusion. Given the crisis and despite concerns surrounding the sector, NBFCs with robust business models, strong liquidity mechanisms, governance and risk management standards are well positioned to take benefit of the market opportunity.

Opportunity landscape for Mahindra Finance

- Long presence in the industry and the expertise of the management provides Mahindra Finance with the ability to understand the exact requirements of our customers.
- Provides range of financial products and services to customers through nationwide distribution network. Presence in multiple businesses is a logical extension of being a facilitator of rural transformation in more ways than one.
- Sound financials based on fiscal prudence.
- Strong credit ratings help is easy access to credit.
- Preferred partner of prominent Original Equipment Manufacturers (OEMs) and associated with nearly 9,000 dealers providing assured business and cross-sell opportunities.

4. AUTOMOBILE INDUSTRY

The industry produced 30,915,420 vehicles in April-March 2019 as against 29,094,447 in April-March 2018, registering a growth of 6.26% over last year. The sale of passenger vehicles grew by 2.70% in April-March 2019 over the same period last year. Two-wheeler sales registered a growth of 4.86% in April-March 2019 over April-March 2018.

Commercial vehicles

The overall commercial vehicles segment garnered a growth of 17.55% in April-March 2019 compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 14.66% and Light Commercial Vehicles (LCVs) grew by 19.46% in April-March 2019 over the same period last year.

India has a ratio of merely 22 cars per thousand individuals. The index per thousand individuals reveals that New Zealand has 774, Australia 740, Canada 662, Japan 591, and China has 164 motor vehicles. The International Energy Agency (IEA) finding suggest that the passenger car ownership in India will grow by 775% over the next two decades with 175 cars per 1,000 people in 2040.

Source: Society of Indian Automobile Manufacturers (SIAM)

Growth drivers

- **Favourable macroeconomic and demographic trends:** At present the automobile sector contributes to 7% of the nation's GDP and the Automotive Mission Plan 2016–26 has set an aspiration to increase the contribution to 12%. Favourable economic trends such as rapid urbanisation, rising household incomes and India's young population is helping the sector to grow rapidly. India has a rapidly growing young workforce and as more youth enters the job market, the demand for mobility is expected to keep rising.
- **Government support:** The government has been supportive to this sector through the launch of various initiatives such as Automotive Mission Plan, the National Electric Mobility Mission Plan (NEMMP), etc. which are expected to fulfil two objectives- facilitate long-term industry growth and reduce emissions and oil dependence. To address pollution from old vehicles, the government is working on an initiative that focuses on formulation of end-of-life or scrappage policies. To reduce oil dependency from imports, the government is promoting adoption of alternative fuels through FAME2, which is an extension of the original FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) initiative.
- **Development of India as a manufacturing hub:** India ranks 30th on the World Economic Forum's global manufacturing index. The 'Make in India' initiative has been beneficial in enhancing India's position and the automotive companies are embracing this opportunity to leverage India as a hub for low-cost, high-quality products. After creating a strong value proposition in mini cars, India is gaining global recognition in the compact sedan and SUV category.
- **Frugal engineering:** India has always been known as a hub for frugal engineering and through that known to develop and manufacture products that cost a fraction

but offer enough value to attract demand. This skill can be a major growth driver for the automobile sector.

- **Hub for low-cost, high-quality managerial talent:** For many years now, multinational companies have been hiring talent from India for high managerial posts for the quality of work delivered at a low wage rate. Indians are starting to occupy major positions across industries such as consumer goods, automotive, pharmaceutical and banking, among others. Moreover, many such companies are also leveraging local talent for driving innovation through R&D centres. Leading, large conglomerates are using Indians to develop more than a quarter of their innovations and same is prevalent in the automobile sector. Local team of managers and engineers who are working on the products are expected to drive the growth of the sector in the medium to long term.

Pradhan Mantri Gram Sadak Yojana (PMGSY) is being allocated Rs.19,000 crore in 2019-20 as against Rs.15,500 crore in 2018-19.

Segment-wise growth in disbursement:

	FY13 (Rs. in billion)	CAGR (FY13-FY18)	FY18 (Rs. in billion)	CAGR (FY18-FY23)	FY23 (Rs. in billion)
Passenger vehicle	639	8	959	15	1,929
Commercial vehicle	452	8	652	13	1,179
Two wheelers	123	17	270	16	575
Three wheelers	70	7	98	13	180
Total	**1,284**	**40**	**1,979**	**57**	**3,863**

Source: CRISIL Research, Retail Finance - Auto, September 2018

Interim Budget 2018-19: Automotive Sector - key highlights

- The budget has focused on supporting the rural economy, marginal farmers, and low-income segments. It has also provided a major boost to disposable income for the middle-income category through income tax relief. The support to residential real estate through relief on notional rent for unsold inventory and second home buyers is also positive for the consumption sentiment. All these steps augur well for reviving automotive sector demand.
- Pradhan Mantri Gram Sadak Yojana (PMGSY) is being allocated Rs.19,000 crore in 2019-20 as against Rs.15,500 crore in 2018-19.

Outlook

This sector is being propelled by a variety of factors and provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour. The nation's automotive sector (including component manufacturing) is expected to reach Rs. 16.16 - 18.18 trillion (USD 251.4 - 282.8 billion) by 2026. Also improving income is expected to result in the rise of vehicle ownership from 21 vehicles to 26 vehicles per 1,000 people by fiscal 2023. Besides, the Indian government is also keen to give the sector a push in 2019 with a new National Auto Policy and 'FAME II' scheme to leapfrog India to a future driven by clean mobility. It has recently notified FAME II scheme for promotion of electric vehicles and hybrid vehicles, though focus is primarily on public transport rather than individual car buyers. The Society of Manufacturers of Electric Vehicles (SMEV) estimates EV sales to more than double to around 2 lakh units next year, on the back of supportive policy environment.

5. TRACTOR INDUSTRY

Riding high on the prevalent growth momentum for the last two years, tractor sales in India are expected to end on a good note. The Indian tractor demand grew at 10-12% in 2018-19 as per rating agency ICRA. The agency states that favourable steps undertaken by the government such as enhancing farmers' incomes, introducing schemes for improving irrigation and insurance coverage are all contributing to the favourable growth of the sector. The loan waiver announced in the states of Rajasthan, Madhya Pradesh and Chhattisgarh are expected to especially benefit sales as the three states collectively account for almost 25% of the tractor demand in India.

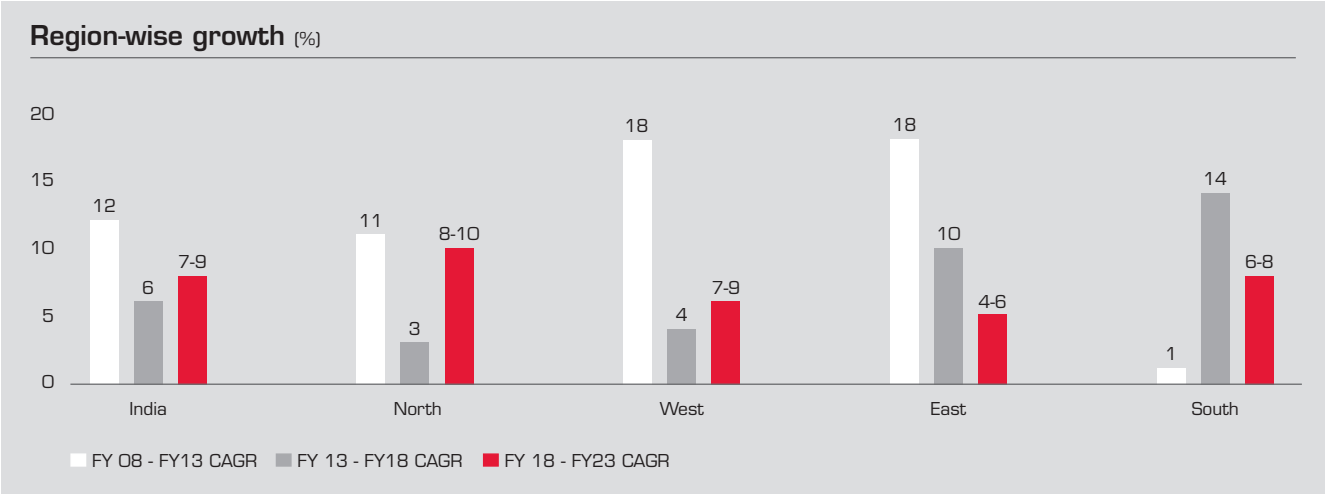
Growth drivers

- **Government support:** The support of Rs. 2 lakhs crore through farm loan waivers and direct income support to farmers are expected to drive the growth of this sector.
- **Favourable climate:** Normal monsoon and high food grain output for crops such as kharif in 2018-19 has given rise to positive farmer sentiments about the coming year especially in states such as Uttar Pradesh, Punjab and Haryana. This is expected to lead to a positive inflow of cash in the hands of farmers which will contribute to the industry growth.

- **Improving rural infrastructure:** Continued focus on rural road development through the allocation of higher amount of funds to the Pradhan Mantri Gram Sadak Yojana (PMGSY) in the interim budget 2019-20 is expected to support demand.

Growth of the tractor segment

	FY16		FY17		FY18		FY19 (P)	FY20 (P)	FY18-23 (P)
Particulars	Volume	Growth	Volume	Growth	Volume	Growth	Growth	Growth	Growth
Tractors	4,93,764	-10%	5,82,844	18%	7,11,478	22%	10%-12%	6%-8%	7%-9%



(Source: CRISIL Research, Retail Finance - Auto, September 2018)

Interim budget 2019-20: Tractor industry - key highlights

Around 72% farmers in India are small and marginal farmers owning land of the size up to 2 hectares and this number could go up to 90% by 2025. According to the budget, these farmers need to be given an income support of Rs. 6,000 per annum. This is an extremely beneficial move and could turn out to be positive for two-wheeler and tractor industries providing a push in the sales. As rural incomes rise, the poor will have more purchasing power, directly benefitting the auto companies.

Outlook

Long-term CAGR for the tractor industry from fiscal 2018 to fiscal 2023 is expected to be 7%-9%, considering the possibility of 1-2 years of deficient rainfall during this period. Tractor sales are expected to grow favourably in the fiscal 2019-20 assuming normal monsoons. In fiscal 2020, capacity utilization levels are expected to improve marginally.

The current tractor penetration in India is ~5 million which is only 1.5 hp/ha, much below the benchmark of 8-10 hp/ha in developed nations which leaves a lot of room for growth. Keeping in mind this benchmark, almost 13 million farm tractors are needed to till India's arable area of 159.2 million hectares, indicating a sustained potential for growth till fiscal year 2027.

The Government is pushing measures such as doubling farm incomes by 2022, direct farmer income support through PM-KISAN scheme and improving crop productivity by distributing soil health cards, which are expected to renew rural economy. This will also be supported by other measures like the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of Custom Hiring centres.

6. HOUSING FINANCE

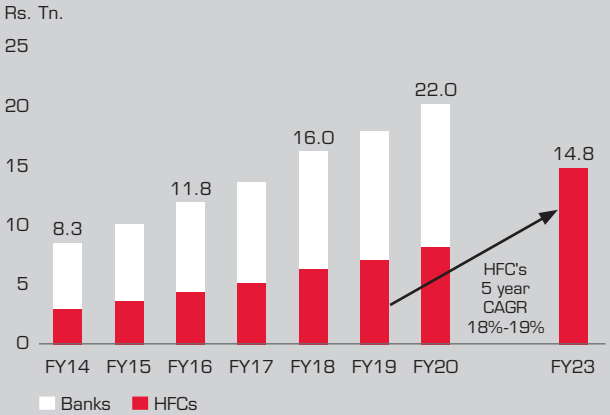
The recent NBFC crisis in India has brought funding and low capitalisation issues into the forefront especially for the housing finance companies (HFCs). Despite this, the demand side fundamentals remain strong.

The strained liquidity situation of HFCs and NBFCs could lead to a potential slowdown in credit disbursement in the second half of 2019 impacting the overall credit growth in FY2019. The total outstanding housing credit stood at Rs. 17.8 trillion which is a growth of 17% in the period ending on September 2018, as compared to 15% in the same period in 2017. According to estimates by ICRA, this tightening of liquidity in the sector will impact disbursements and slow growth to 12-15% in H2 2019, which will in turn lead to a moderation in the overall housing credit growth of 14-16% for FY2019.

Growth drivers

- **Affordable housing push:** The government's 'Housing for All' project (to provide homes to all urban poor by 2022) is expected to create a huge demand for the HFC sector. The project aims to provide 2.6 million new houses each in FY 2019 and FY 2020, and 3 million each in FY 2021 and FY 2022. According to the latest data from NHB, 78% of the loans disbursed (2017-18) were for the purchase of houses costing less than Rs. 25 lakhs.
- **Low per capita cost of home ownership:** The mortgage market penetration is extremely low in India as compared to other developed and developing economies providing a huge impetus for housing growth in India. Other allied factors such as rising population and shift towards nuclear families coupled with acute housing shortage is expected to drive the housing demand.
- **Affordability:** Rising per capita incomes and affordable rates of mortgage have made it easier for home owners to buy homes. Besides the tax incentives of the government have also helped in lowering the effective borrowing rates.
- **Urbanisation:** The increasing pace of urbanisation is expected to accelerate with the government's focus on building new smart cities as well as a focus on Tier 2 and Tier 3 cities, providing an impetus to people residing in the rural and semi-urban areas to buy houses and shift to these cities.
- **Young demographics:** The young working population in India is a strong driver for home loans. Home ownership accounts for a high degree of social status resulting in the fact that most homes bought on home loans are self-occupied, resulting in low defaults by individuals.

Housing Portfolio



Source: CRISIL Retail Finance – Housing, December 2018

Interim Budget 2019-20: Housing Finance Sector key highlights

- To make more homes available under affordable housing, the benefits under Section 80-IBA of the Income-tax Act is being extended for one more year to all housing projects approved till 31st March, 2020.
- Exemption from levy of tax on inventories is likely to encourage investment in the sector. From the consumers' point of view, benefits of rollover in capital gains and exemptions on income tax on rent will boost housing demand, and is also expected to increase investments in a second house.

Outlook

The recent crisis in the NBFC sector also affected the HFC sector. Despite this, Housing Finance remains an attractive business opportunity in the coming years. ICRA estimates that the Indian HFC market has more than 80-odd players out of which the top five have 78% of the market share. The average loan size for HFCs is approximately Rs. 30 lakhs at year end 2018 and coupled with a housing demand between the range of 2 to 20 million units with a market size that is comfortably more than Rs. 28 lakh crore, thereby providing an idea of the tremendous market potential that housing finance holds.

7. INFRASTRUCTURE AND REAL ESTATE

The year 2019 is not expected to be much different than the previous one with prices remaining stagnant and developers focused on clearing their existing inventory. However, some movements that are likely to emerge are:

- Uptick in affordable housing sector—both from supply and demand side.
- Government incentives to both developers and homebuyers to push supply as well as demand within the segment.
- The share of co-working spaces in total office leasing increased to 10% in 2018 from 5% in 2017. With more supply likely to arrive soon, leasing is expected to intensify in 2019.

Thus, the nation's real estate sector is at an inflection point and the evolutionary trends are paving the way of sustainable growth. The sector has been through a bumpy ride in the last couple of years but the environment is changing, and the sector is back in the spotlight with key indicators pointing at the revival of Indian real estate. Key regulatory reforms such as RERA and REITs have also given a new lease of life to the sector, and investors and end users are regaining confidence towards the recovery trends in the industry.

The growing need to develop infrastructure is attracting both domestic and foreign players. Private sector is emerging as a key player across all infrastructure sub-segments and in order to speed up construction of

buildings, the government has decided to come up with a single window clearance facility to accord speedy approval of construction projects.

Interim Budget 2019-20: Real Estate and Infrastructure Sector - key highlights

- For giving impetus to the real estate sector, the Government proposed to extend the period of exemption from levy of tax on notional rent, on unsold inventories, from one year to two years, from the end of the year in which the project is completed.
- The infrastructure sector has been apportioned a budgetary support of approximately Rs. 4.56 lakh crore which includes roadways, railways, shipping and aviation.
- India has become the fastest highway developer in the world with almost 27 km of highways built every day.
- The construction of rural roads has also tripled and the Pradhan Mantri Gram Sadak Yojana has been allocated Rs. 19,000 crore in 2019-20.
- The flagship programme of Sagarmala along the coastal areas of the country will develop ports for faster handling of import and export cargo.
- Budgetary allocation for the infrastructure development in the north-eastern areas is being proposed to be increased by 21% to Rs. 58,166 crore.

Outlook

Going ahead, positive reforms and usage of technology will continue to boost the sector. Largely, oversupply in the mid and premium segments may still take years to narrow. However, the big areas of growth in real estate sector will come from low-cost housing, smart cities and commercial realty. Incentives for affordable housing coupled with lower GST rate has increased demand for this segment.

8. MUTUAL FUND INDUSTRY

The mutual fund industry recorded a growth of 8% in Asset Under Management (AUM) last fiscal as the AUM went up from Rs. 22.70 lakh crore in 2017-18 to Rs. 24.58 lakh crore in 2018-19. Equity funds were major contributors (58%) to the industry's growth.

The Capital Market Regulator has introduced a host of changes for this sector in the past such as banning of upfront commission, capping the Total Expense Ratio (TER), reclassification of schemes, and introducing the rules for benchmarking the performance to protect shareholder interest, and these changes have had positive effects on the Indian mutual fund industry. The stress in the NBFC/HFC sector coupled with volatile markets could be the reason for a slower growth in assets base. But the 'Mutual Funds Sahi Hai' campaign has also created greater awareness about mutual funds across potential investors. Also, the shift of investments from physical assets like real estate and gold to financial assets has been a game changer.

Outlook

Going forward, it is expected that the industry would witness robust growth as the sector is yet to tap its full potential. Besides, several measures initiated by the regulator will help in increasing the penetration of mutual funds. Some of the factors that will drive the growth in 2019 include the untapped potential, rising investor awareness about mutual funds as an investment alternative and a spirited promotion campaign by the Association of Mutual Funds in India (AMFI).

9. BUSINESS REVIEW

During the year, the company witnessed strong growth driven by improved business fundamentals, high-quality product portfolio and effective use of technology. 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 optimistic change on improvement of cash flows from farm.

Key highlights

- Given the improved outlook for rural India, growth in earnings continued on the back of improvement in collections and decline in credit costs.
- Deeper penetration and larger presence across OEMs have led to continuance of upward disbursement growth.
- Invested in additional branches, additional people and programmes of marketing.
- Benefit from rural recovery driven by an improvement in higher farm-related cash flows and an increase in government spending.
- Manthan - The vertical will be responsible for deepening of existing relationships with good performing customers through new products and simplified low-touch processes. It will be completely data driven and paperless project.

Credit Ratings

Type of Instrument	Rating Agency / Rating	Outlook
India Ratings & Research Private Limited		
Commercial Paper Programme and Bank facilities (Fund/Non-Fund Based Working Capital Limit)	IND A1+	-
Long-term Debt instruments, Subordinated Debt Programme and Bank facilities (Fund/Non-Fund Based Working Capital Limit)	IND AAA	Stable
	IND PP-MLD AAA emr	Stable
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)		
Long-term Debt instruments and Subordinated Debt Programme	CARE AAA	Stable
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 Loan Facilities	CRISIL AA+	Stable
Commercial Paper Programme and Bank Loan Facilities	CRISIL A1+	

Asset Quality

Risk assessment of customers is made at the time of initial appraisals 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, 2019, stood at 5.9% as against 9.0% of loan outstanding during the previous year.

10. OPERATIONAL REVIEW

The key operational highlights of 2018-19 are:

- Total income increased to Rs. 8,809.81 crore in 2018-19 from Rs. 6,685.20 in 2017-18, an increase of 31.8%.
- Assets Under Management (AUM) rose to Rs. 67,077.99 crore from Rs. 52,794.74 crore in 2017-18, an increase of 27.1%.
- Increased number of offices to 1,321 as on 31st March, 2019, from 1,284 offices as on 31st March, 2018.
- Customer base crossed 6 million customers.
- Increased employee base to 21,789 as on 31st March, 2019, against 18,733 as on 31st March, 2018.

11. FINANCIAL REVIEW

The following table presents Company's standalone abridged financials for the financial year 2018-19, including revenues, expenses and profits.

Abridged Statement of Profit and Loss

Rs. in crore

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Revenue from operations	8,722.91	6,633.47
Other income	86.90	51.74
Total revenue	8,809.81	6,685.20
Expenses:		
Employee benefits expense	1,090.12	832.17
Finance costs	3,944.56	3,081.62
Depreciation and amortization expense	60.23	44.19
Impairment on financial instruments	635.21	568.14
Other expenses	697.26	556.93
Total expenses	6,427.37	5,083.35
Profit before exceptional items and taxes	2,382.44	1,601.85
Exceptional items (net) - income / (expense)	-	64.97
Profit before tax	2,382.44	1,666.82
Tax expense	825.38	590.73
Profit for the year	1,557.06	1,076.09

Key Ratios

Key Indicators	2018-19	2017-18
PBT/Total Income	27.0%	24.9%
PBT/Total Assets	3.6%	3.2%
RONW (Avg. Net Worth)	15.2%	13.3%
Debt/ Equity	4.84:1	4.17:1
Capital Adequacy	20.3%	22.7%
Tier I Capital	15.5%	17.0%
Tier II Capital	4.8%	5.7%
Book Value (Rs.)	177.5	165.6
NIM (Gross Spread)	8.1%	7.6%

There is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios.

Analysis of Profit & Loss

- Revenue from operations of the Company during 2018-19 increased by 31.8% over previous year while expenses were contained at 26.4% leading to a 48.7% rise in operating profit from Rs. 1,601.85 crore in 2017-18 to Rs. 2,382.44 crore in 2018-19.
- PAT for the year, at Rs. 1,577.06 crore clocked a Y-o-Y growth of 45% and PBT for the same period grew by 48.7% to Rs. 2,382.44 crore.
- NIM (Gross Spread) for the year stood at 8.1% compared to 7.6% in 2017-18, an increase of 50 bps.

12. RISK MANAGEMENT

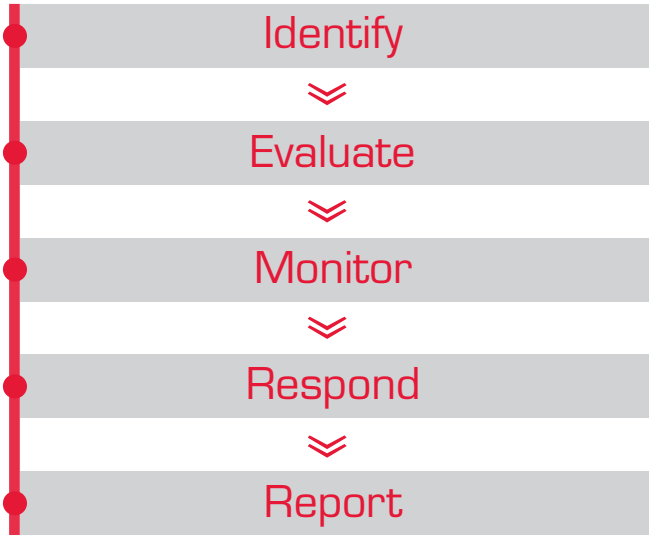
We have a robust risk management framework in place to identify, measure, monitor and manage the critical risks we face. The framework, including policies and procedures, is regularly reviewed and enhanced in response to changes in the external environment and business processes.

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.
- Developing risk appetite statements in conjunction with the strategic planning process.

The Risk Management Process:



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: -

Liquidity Risk

Liquidity risk is the risk of being unable to raise funds from the market at optimal costs to meet operational and debt servicing requirements.

Mitigation: The Asset and Liabilities Committee (ALCO) meets regularly to review the liquidity position based on future cash flows. The Company also maintains adequate liquid assets and reserves and has access to funding to hedge against unexpected requirements.

Interest Rate Risk

Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector.

Mitigation: Policies and quantifiable limits are in place that involve assessment of various types of risks and modifications in assets and liabilities to manage such risks.

Operational Risk

It arises when the flow of and controls over the operations of the company are lacking, which has adverse impact on the continuity of business, reputation and profitability of the company.

Mitigation: We have adopted all contemporary and proficient operational methods and systems. Faster loan disbursement through quick credit appraisals has defined the operational benchmarks for the Company. Additionally, regular internal audits provide a check on any contingent deviation from operational efficiency.

Credit Risk

It is a risk of default or non-repayment of loan by a borrower which involves monetary loss to the company, both in terms of principal and interest.

Mitigation: The stringent credit appraisal system and post-disbursement monitoring ensures high quality of loan assets with minimum probability of default. We have a robust credit appraisal system and efficient monitoring in place.

Business Risk

Mahindra Finance being a 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 changes in sector attitude in various economic segments cause ups and downs in the business, and result in loan asset impairment.

Mitigation: 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.

Mitigation: All the applicable periodic guidelines issued by the RBI are fully adhered to and complied with by the Company. The Company has put in place robust systems and processes to ensure compliance with all the applicable regulations. This has enabled the Company to earn the trust and goodwill of its stakeholders.

Human Capital Risk

Human capital risk is the gap between the goals of the organisation and the skills of its workforce.

Mitigation: 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 industries of its class and size. We hire qualified personnel required for technical jobs and also train the personnel to handle their jobs more efficiently and effectively.

13. HUMAN RESOURCE

Mahindra Finance has a work environment that inspires people to do their best and encourages an ecosystem of teamwork, continuous learning and work-life balance. Mahindra Finance identifies and adopts best industry practices related to health, safety, security and environment which outlines the core of its business and ensures development of co-habitable and congenial work culture. The Company has been recognised being the 11th among the 25 Best Large Workplaces to work in Asia in 2019 and ranked 14th in India's Best Companies to work for in 2018. This is awarded by Great Places to Work, the Global Authority on Workplace Culture Assessment.

The Company also participated in the Working Mother and Avtar - Best Companies for Women in India Study, the most comprehensive gender analytics exercise for Corporates in India. The Company was listed in Top 100 Best Companies for Women 2018 by working Mother and Avtar. This is the second time in a row Mahindra Finance has featured in the list.

The Company's HR practices have been certified at People Capability Maturity Model (PCMM) – Sustenance, Level 5 Maturity Model, by the CMMI Institute in 2019, which certifies that the Company strives towards continuous improvement in its HR practices and focuses on widening organisational capabilities and improving organizational effectiveness by having a competent and engaged workforce, and has been able to sustain this position since 2017.

Talent Management and Development has been the fundamental attribute of the HR policies of the Company and the Company continuously strives to build people capability for their leadership competency and character building, and through them for the augmentation of the organization, by the Leadership Development initiatives. The Company believes that people perform to the best of their capability in organisations to which they feel truly

associated. The Company provides training at every stage of the employees' career and ensures that they are future ready to adapt to any market conditions.

14. INFORMATION TECHNOLOGY

From a future readiness perspective, the organisation has undertaken a transformation of technology landscape, and this year, major steps have been implemented in this regard, as given below:

- Detailed design of the next loan origination and management systems have been finalised.
- The next phase of mobile platforms for both, employees as well as customers, has been implemented.
- Cross-sell products have been automated through the Customer Relationship Management (CRM) and Loan Management System (LMS) platforms.
- Supply chain financing platform has been implemented.
- Further modules of Human Resource Management System (HRMS) and additional services on the Enterprise Service Bus (ESB) have been rolled out.
- Robotic Process Automation (RPA) based system and Blockchain based system have been implemented.
- CRM for customer service has been rolled out across the country.
- Regional help desks to support increasing numbers of employees and their leverage of systems have been set up.
- IT infrastructure has been transformed through the use of cloud services, and consolidation of servers.

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. Reputed audit firms also ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever necessary, internal control systems are strengthened, and corrective actions initiated.

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

Since inception your Company has consciously adhered to the highest standards of governance long before they were legally mandated and which have become benchmarks for the industry.

Your Company believes that good Corporate Governance emerges from the application of best management practices and compliance with the laws coupled with the highest standards of integrity, transparency, accountability and business ethics.

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 towards all its stakeholders by encompassing best practices to support effective and ethical leadership, sustainability and good corporate citizenship.

During the year, your Company was listed amongst the Top 10 Companies of the 'S&P BSE 100 Companies' with a 'High Corporate Governance Score' for the second consecutive time, in a study jointly conducted by International Finance Corporation (IFC), a member of the World Bank Group, BSE Limited (BSE) and Institutional Investor Advisory Services (IiAS), based on G20/OECD Principles of Corporate Governance.

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.

During the year under review, the Board comprised of nine Directors.

Mr. M. G. Bhide and Mr. Piyush Mankad, Independent Directors, resigned from the Board with effect from the close of business hours on 31st March, 2019, pursuant to the applicability of Regulation 17(1A) of the Listing Regulations, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, mandating the approval of the Members by a special resolution for the appointment/continuance of Non-Executive Director(s) above the age of 75 years, effective from 1st April, 2019.

On the recommendation of the Board of Directors, the Shareholders of the Company have vide an Ordinary Resolution passed by means of a Postal Ballot on 31st March, 2019, approved the appointment of Mr. Milind Sarwate as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 1st April, 2019 to 31st March, 2024, not liable to retire by rotation.

Consequent upon the resignation of Mr. M. G. Bhide and Mr. Piyush Mankad, and the appointment of Mr. Milind Sarwate, as an Independent Director of the Company, with effect from 1st April, 2019, the Board currently comprises of eight Directors. The Chairman of the Company is an Independent Director and the number of Non-Executive and Independent Directors (including a Lady Independent Director) is 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 that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision making process.

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

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment, in compliance with the Act and the Listing Regulations. 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. Further, in the opinion of the Board, the Independent Directors fulfill the conditions specified

in the Listing Regulations and are Independent of the Management.

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. Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any sitting fees or remuneration from the Company. Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the eligible 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 is *inter-se* related to each other.

The Nomination and Remuneration Committee at its meeting held on 23rd April, 2019 on the basis of performance evaluation of Independent Directors and taking into account the external business environment, the business knowledge, acumen, experience and the contribution made by Mr. Dhananjay Mungale and Ms. Rama Bijapurkar during their respective tenures, has recommended to the Board that the continued association of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommended the re-appointment of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors of the Company, to hold office for a second term of 5 (five) consecutive years on the Board of the Company, commencing from 24th July, 2019 to 23rd July, 2024, not liable to retire by rotation.

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

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

NUMBER OF BOARD MEETINGS

The Board of Directors met six times during the year under review on 25th April, 2018, 27th July, 2018, 24th October, 2018, 25th January, 2019, 7th March, 2019 and 27th March, 2019. The requisite quorum was present for all the Meetings.

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

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to the provisions of Section 165 of the Act none of the Directors of the Company is a Director in more than 10 public limited companies. Further, as mandated by Regulation 17A of the Listing Regulations, none of the Independent Directors of the Company serves as Independent Director (including any Alternate directorships) 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. As per the Listing Regulations, only those entities whose equity shares are listed on a stock exchange have been considered for the purpose of ascertaining the number of Directorships in listed companies. Table 1 gives the details.

COMPOSITION OF THE BOARD

During the year under review, the Company's Board comprised of nine Members, with five Independent Directors (including the Chairman of the Board), two Executive Directors and two Non-Executive Non-Independent Directors.

The names and categories of Directors, DIN, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 27th July, 2018, as also the number of Directorships and Committee positions held by them in Indian public limited companies, and names of listed entities where they hold Directorship and category of such Directorship are provided below:

Table 1: Composition of Board of Directors as on 31st March, 2019

Name of the Directors	Category	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities (including debt listed)	
			Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity	Category of Directorship
			Held	Attended						
Mr. Dhananjay Mungale (Chairman)	Independent	00007563	6	6	Yes	8	5	2	Tamilnadu Petroproducts Limited	Independent Director
									Mahindra CIE Automotive Limited	Independent Director
									Chowgule Steamships Limited	Independent Director
									NOCIL Limited	Independent Director
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	Executive	00220759	6	6	Yes	8	3	0	Mahindra Rural Housing Finance Limited	Non-Executive Chairman
Mr. Manohar G. Bhide[$]	Independent	00001826	6	6	Yes	4	2	1	Talwalkars Better Value Fitness Limited	Independent Director
Mr. Piyush Mankad[$]	Independent	00005001	6	6	Yes	3	2	1	Heidelberg Cement India Limited	Independent Director
									Hindustan Media Ventures Limited	Independent Director
Mr. C. B. Bhave	Independent	00059856	6	6	Yes	3	0	2	Avenue Supermarts Limited	Independent Director
									Tejas Networks Limited	Independent Director
Ms. Rama Bijapurkar	Independent	00001835	6	6	Yes	4	1	2	Emami Limited	Independent Director
									Nestle India Limited	Independent Director
									ICICI Bank Limited	Independent Director
Mr. V. S. Parthasarathy	Non-Executive Non-Independent	00125299	6	5	Yes	5	4	1	Tech Mahindra Limited	Non-Executive Non-Independent Director
									Mahindra Holidays & Resorts India Limited	Non-Executive Non-Independent Director
Mr. V. Ravi (Executive Director & Chief Financial Officer)	Executive	00307328	6	6	Yes	4	4	0	Mahindra Rural Housing Finance Limited	Non-Executive Non-Independent Director
Dr. Anish Shah	Non-Executive Non-Independent	02719429	6	6	Yes	4	2	0	Mahindra Lifespace Developers Limited	Non-Executive Non-Independent Director

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.

$ Mr. M. G. Bhide and Mr. Piyush Mankad resigned effective from the close of business hours on 31st March, 2019 pursuant to the applicability of Regulation 17(1A) of the Listing Regulations, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, pertaining to the appointment/continuance of Non-Executive Director(s) above the age of 75 years, effective from 1st April, 2019.

❖ Mr. Milind Sarwate (DIN: 00109854) has been appointed as an Independent Director of the Company with effect from 1st April, 2019 by an Ordinary Resolution passed by Members through Postal Ballot on 31st March, 2019.

CORE SKILLS/ EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS OF THE COMPANY

Based on the recommendations of the Nomination and Remuneration Committee, a matrix setting out the core skills/ expertise/competencies identified by the Board of Directors in the context of the Company's business and sector(s) as required for its effective functioning and those actually available with the Board is given below:

Sr. No.	Skills	Particulars
1.	Business Experience	◊ Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values. ◊ Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. ◊ Expertise in the field of Banking and Financial Services.
2.	Financial Experience and Risk Oversight	The Company uses various financial metrics to measure its performance. Accurate Financial Reporting and Robust Auditing are critical to its success. The Company expects its Directors :- ◊ To have an understanding of Finance and Financial Reporting Processes; ◊ To Understand and Oversee various risks facing the Company and ensure that appropriate policies and procedures are in place to effectively manage risk.
3.	Technology and Innovation	◊ An appreciation of emerging trends in Banking and Financial services across the globe. ◊ Expertise in digital and robotic innovation in the field of Finance and Investments. ◊ Ability to visualise future trends and devise strategies for adoption.
4.	Governance and Regulatory Oversight	◊ Devise systems for compliance with a variety of regulatory requirements. ◊ Reviewing compliance and governance practices for a long term sustainable growth of the Company and protecting stakeholders' interest.
5.	Consumer Insights and Marketing Exposure (mainly rural and semi-urban markets)	◊ Ability in developing strategies to increase market share through innovation, build better brand experience for customers, improve prospective customer engagement levels and help establish active customers become loyal brand followers.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS FROM PRACTISING COMPANY SECRETARY

A certificate issued by Dr. C. V. Madhusudhanan, Partner, M/s. KSR & Co., Company Secretaries LLP, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report as **"Annexure A"**.

CONFIRMATION REGARDING INDEPENDENCE OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Rules framed thereunder, and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the disclosures received from all the Independent Directors, the Board is of the opinion that the Independent Directors fulfill the conditions specified in Section 149 of the Act and the Listing Regulations and are independent of the Management.

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 the Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, other 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 that is necessary for the Board to effectively and reasonably perform and discharge its duties. Both these Meetings were well attended by the Independent Directors.

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 (as part of the Board/Committee Meetings) for its Directors, which *inter alia*, included the following:

- organising an annual off-site Board Meeting also attended by the Management and Functional Heads to deliberate on various topics related to the long-term Vision and Strategy of the Company with respect to Information Technology – Digital Readiness and Analytics, Marketing and Branding initiatives, Small and Medium Enterprise (SME) Finance, Human Resources – Organisation Structure, Leadership Program and Talent Management, review of Company's business model and operations, progress of on-going strategic initiatives and formulate new strategies to achieve the Company's long-term objectives and review of Strategy of subsidiary companies.
- Risk Management and Enterprise Risk Management.
- Review of Strategic Investments of the Company.
- Industry outlook at the Board Meetings.
- Information Technology Framework.
- Strategy/performance of subsidiary companies.
- Regulatory updates at Board and Audit Committee Meetings.
- News and articles related to the Company to provide updates from time to time.
- Circulating press releases, disclosures made to Stock Exchanges.
- Prevention of Insider Trading Regulations, SEBI Listing Regulations.
- 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: **https://www.mahindrafinance.com/pdf/Familiarisation_Programme_for_the_FY_2018_19.pdf**.

BOARD PROCEDURE

The Company sends a detailed agenda folder setting out the business to be transacted at the Meeting(s) to each Director at least seven days before the date of the Board and Committee Meetings. All the agenda items are supported by detailed Notes, 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 and take informed decisions, 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, 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 Committees of the Board, approval and adoption of quarterly/half-yearly/annual results, risk assessment and minimization procedures, transactions pertaining to purchase/disposal of property(ies), if any, sale of investments, 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.

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

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.

RESIGNATION OF INDEPENDENT DIRECTORS

Mr. M. G. Bhide and Mr. Piyush Mankad were appointed as Independent Directors by the Members at the 24th Annual General Meeting held on 24th July, 2014 for a term of 5 (five) consecutive years commencing from 24th July, 2014 to 23rd July, 2019, not liable to retire by rotation.

Pursuant to the applicability of Regulation 17(1A) of the Listing Regulations, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, mandating approval of Members by a special resolution for the appointment/continuance of Non-Executive Director(s) above the age of 75 years, effective from 1st April, 2019, Mr. M. G. Bhide and Mr. Piyush Mankad, who have attained the age of 75 years, tendered their resignation as Independent Directors from the Board of Directors of the Company with effect from the close of business hours on 31st March, 2019.

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 recommendations 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.

During the year under review, the Board based on the recommendations of the NRC amended the Policy on Remuneration for Directors in line with the changes effected by the Companies (Amendment) Act, 2017. This Policy is furnished in **"Annexure V-A"** to the Board's Report.

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.

During the year under review, the Board based on the recommendations of the Nomination and Remuneration Committee amended the Remuneration Policy for Key Managerial Personnel and Employees in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. This Policy is furnished in **"Annexure V-B"** to the Board's Report.

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.112 Lakhs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2019 as follows:

Table 2

Name of the Directors	Commission for the year ended 31st March, 2019, provided as payable in the accounts of the Company for the year under review (Rs. in Lakhs)
Mr. Dhananjay Mungale	28.00
Mr. Manohar G. Bhide	21.00
Mr. Piyush Mankad	21.00
Mr. C. B. Bhave	21.00
Ms. Rama Bijapurkar	21.00
Total	**112.00**

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 2018-19 is set forth in Table 3.

Table 3: Details of Remuneration paid to Directors for the Financial Year 2018-19

	(Rs. in Lakhs)						Employees Stock Option Scheme 2010+ (ESOS-2010)			
Name of the Director	Sitting Fees (excluding GST)	Salary	Perquisites	Superannuation and Provident Fund#	Commission for the year ended 31st March, 2018 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$	Number of Stock Options Granted in October, 2018 Grant 9$
Whole-time Directors										
Mr. Ramesh Iyer*	N.A.	440.02	146.04 @	26.05	116.69	728.80	2,00,140	1,62,173	10,812	1,29,149
Mr. V. Ravi**	N.A.	215.49	13.23@@	10.63	53.05	292.40	77,815	61,319	NIL	25,283
Non-Executive Directors										
Mr. Dhananjay Mungale	10.00	N.A.	N.A.	N.A.	26.00	36.00	NIL	NIL	NIL	NIL
Mr. M. G. Bhide	11.10	N.A.	N.A.	N.A.	19.00	30.10	NIL	NIL	NIL	NIL
Mr. Piyush Mankad	9.90	N.A.	N.A.	N.A.	19.00	28.90	NIL	NIL	NIL	NIL
Ms. Rama Bijapurkar	6.70	N.A.	N.A.	N.A.	19.00	25.70	NIL	NIL	NIL	NIL
Mr. C. B. Bhave	9.10	N.A.	N.A.	N.A.	19.00	28.10	N.A	N.A	NIL	NIL
Mr. V. S. Parthasarathy	N.A.	N.A.	N.A.	N.A.	N.A	NIL	N.A	NIL	NIL	NIL
Dr. Anish Shah	N.A.	N.A.	N.A.	N.A.	N.A	NIL	N.A	N.A	N.A	NIL

Notes:

@ This includes Rs. 139.91 lakhs being perquisite value of ESOPs of the Company/Subsidiary company exercised during the year.

@@ This includes Rs. 1.21 lakhs being perquisite value of ESOPs of the Company/Subsidiary 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 totaling 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, four equal tranches of 20% each totaling 80% of the total options have vested on 21st October, 2015, 21st October, 2016, 21st October, 2017 and 21st October, 2018 respectively, and the balance 20% options would vest on 21st October, 2019 on expiry of 60 months 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, 21st October, 2017 and 21st October, 2018, and the balance number of options would vest in two equal tranches of 20% each on 21st October, 2019 and 21st October, 2020 on expiry of 48 months and 60 months, respectively, from the date of grant.

Grant-9: The Stock Options have been granted on 24th October, 2018. These options would vest in five equal tranches of 20% each on 24th October, 2019, 24th October, 2020, 24th October, 2021, 24th October, 2022 and 24th October, 2023 on expiry of 12 months, 24 months, 36 months, 48 months and 60 months respectively, from the date of grant.

* The notice period for the Vice-Chairman & Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 30th April, 2016. There is no separate provision for the payment of severance fees.

** The notice period for the Executive Director & Chief Financial Officer is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The term of appointment is for a period of 5 years with effect from 25th July, 2015. There is no separate provision for the payment of severance fees.

During 2018-19, 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, 2019.

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: **https://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, 2019. The said Certificate is attached herewith as **"Annexure B"** and forms part of this Report.

The Vice-Chairman & Managing Director and the Executive Director & Chief Financial Officer also jointly give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

RISK MANAGEMENT

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to various risks that are related to its lending business and operating environment. Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across 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 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 Architecture includes monitoring by the Board of Directors through the Audit Committee, the Asset Liability Committee and the Risk Management Committee. During the year under review, the Board based on the recommendations of the Risk Management Committee amended the Risk Management Policy which now specifically covers Cyber Security and related risks, in accordance with the amendments under the Listing Regulations.

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

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required.

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.

The composition and functioning of these Committees is in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Committee and IT Strategy Committee is also in consonance with the Corporate Governance Master Directions issued by the Reserve Bank of India.

During the year under review, all recommendations received from its Committees were accepted by the Board.

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

During the year under review, the Audit Committee comprised of five Independent Directors and two Non-Executive Non-Independent Directors:

Name of Member	Category
Mr. C. B. Bhave	- Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	- Independent Director
Mr. M. G. Bhide	- Independent Director
Mr. Piyush Mankad	- Independent Director
Ms. Rama Bijapurkar	- Independent Director
Mr. V. S. Parthasarathy	- Non-Executive Non-Independent Director
Dr. Anish Shah	- Non-Executive Non-Independent Director

Consequent upon the resignation of Mr. M. G. Bhide and Mr. Piyush Mankad, with effect from the close of business hours on 31st March, 2019, and the appointment of Mr. Milind Sarwate, as an Independent Director of the Company, with effect from 1st April, 2019, the Committee was reconstituted effective from 9th April, 2019, as follows:

Name of Member	Category
Mr. C. B. Bhave	- Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	- Independent Director
Ms. Rama Bijapurkar	- Independent Director
Mr. V. S. Parthasarathy	- Non-Executive Non-Independent Director
Dr. Anish Shah	- Non-Executive Non-Independent Director
Mr. Milind Sarwate	- Independent Director

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.

During the year under review, the terms of reference of the Audit Committee have been aligned in accordance with the amendments made in the Listing Regulations based on the recommendations of the Uday Kotak Committee, including reviewing the utilisation of loans and/or advances from/investment in the subsidiary companies exceeding Rs.100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments and reviewing compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

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 empowered to recommend to the Board, the appointment of Chief Financial Officer, the term of appointment and remuneration of the Internal Auditor, etc. Further, the Committee also reviews 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 the 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 28th Annual General Meeting of the Company held on 27th July, 2018.

The Audit Committee met six times during the year on 25th April, 2018, 27th July, 2018, 14th August, 2018, 24th October, 2018, 25th January, 2019 and 25th February, 2019. 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)	6	6
Mr. Dhananjay Mungale	6	6
Mr. M. G. Bhide	6	6
Mr. Piyush Mankad	6	6*
Ms. Rama Bijapurkar	6	4
Mr. V. S. Parthasarathy	6	6
Dr. Anish Shah	6	6

*Participated in one Meeting by video conferencing 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 – 2010" and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Scheme(s).

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.

During the year under review, the terms of reference of the Nomination and Remuneration Committee have been aligned with the amendments made to the Listing Regulations, effective from 1st April, 2019.

The scope of the Committee further includes review of market practices and to decide on and recommend to the Board remuneration packages applicable to the Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Functional Heads, Members of the Senior Management/Core Management Team (including the Chief Financial Officer and Company Secretary), setting out performance parameters for Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Functional Heads, Members of the Senior Management/Core Management Team, 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.

The Committee is also empowered to opine, in respect of the services rendered by a Director in professional capacity, whether such Director possesses requisite qualification for the practice of the profession.

The Committee has also formulated the criteria for determining the qualifications, positive attributes and independence of a Director and recommended

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-structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, and performance evaluation is carried out based on the responses received from the Directors.

Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee *inter alia*, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behaviour and judgment.

The Chairman of the Committee is an Independent Director. During the year, the Nomination and Remuneration Committee comprised of four Independent Directors and one Non-Executive Non-Independent Director:

Name of the Member		Category
Mr. Piyush Mankad	-	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	-	Independent Director
Mr. M. G. Bhide	-	Independent Director
Mr. C. B. Bhave	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director

Consequent upon the resignation of Mr. M. G. Bhide and Mr. Piyush Mankad, with effect from the close of business hours on 31st March, 2019, the Committee stands reconstituted effective 9th April, 2019, as follows:

Name of the Member		Category
Mr. C. B. Bhave	-	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director

As per Section 178(7) of the Act and Secretarial Standard on General Meetings (SS-2), issued by 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, former Chairman of the Nomination and Remuneration Committee was present at the 28th Annual General Meeting of the Company held on 27th July, 2018.

The Committee met seven times during the year under review on 25th April, 2018, 27th July, 2018, 24th October, 2018, 7th December, 2018, 25th January, 2019, 25th February, 2019 and 27th March, 2019. 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)	7	7
Mr. M. G. Bhide	7	7
Mr. Dhananjay Mungale	7	7
Mr. C. B. Bhave	7	7
Mr. V. S. Parthasarathy	7	6*

* Participated in one Meeting by video conferencing facility.

c) Stakeholders Relationship Committee

During the year under review, the Stakeholders Relationship Committee comprised two Independent Directors and two Executive Directors:

Name of the Member		Category
Ms. Rama Bijapurkar	-	Chairperson of the Committee (Independent Director)
Mr. M. G. Bhide	-	Independent Director
Mr. Ramesh Iyer	-	Executive Director
Mr. V. Ravi	-	Executive Director

Consequent upon the resignation of Mr. M. G. Bhide with effect from the close of business hours on 31st March, 2019, the Committee was reconstituted effective 9th April, 2019, as follows:

Name of the Member		Category
Ms. Rama Bijapurkar	-	Chairperson of the Committee (Independent Director)
Mr. C. B. Bhave	-	Independent Director
Mr. Ramesh Iyer	-	Executive Director
Mr. V. Ravi	-	Executive Director

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), review steps taken for reducing the quantum of unclaimed dividends, 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.

During the year under review, the terms of reference of this Committee have been aligned in accordance with the changes made in the Listing Regulations. The scope of the Committee now also includes-to resolve the grievances of security holders of the Company, review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards adopted by the Company in respect of services being rendered by the Registrar & Transfer Agent, review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company.

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 28th Annual General Meeting of the Company held on 27th July, 2018.

The Committee met three times during the year on 25th April, 2018, 26th July, 2018 and 23rd October, 2018. All 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)	3	3
Mr. M. G. Bhide	3	3
Mr. Ramesh Iyer	3	3
Mr. V. Ravi	3	3

Details of complaints/grievances received from Investors and attended to by the Company during the year 2018-19 are given in Table 8.

Table 8: Status of Investor Complaints

Sr. No.	Nature of Security	No. of complaints pending as on 1st April, 2018	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31st March, 2019
1.	Equity Shares	0	4*	4*	0
2.	Public Issue of Secured Redeemable NCDs/ Unsecured Subordinated Redeemable NCDs	0	7#	7#	0
3.	Private Placement of Secured Redeemable NCDs/ Unsecured Subordinated Redeemable NCDs	0	0	0	0
	Total	**0**	**11**	**11**	**0**

* 2 complaints received through SEBI for Non-receipt of Dividend Warrant and Non-receipt of Annual Report.

2 complaints received through SEBI for Non-receipt of Interest Warrant and Application Supported by Blocked Amount (ASBA) facility.

The correspondence identified as investor complaints pertain to :

(i) For Shares : Non-receipt of Dividend, Non-receipt of Dividend Warrant and Non-receipt of Annual Report.

(ii) For Public NCDs : Non-receipt of Interest Warrants and Non-receipt of Debenture Certificate(s).

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors with powers, *inter alia*, to make donations/contributions to any Charitable and/or CSR projects or programs to be implemented directly or through an executing agency or other Not for Profit Agency with minimum three years proven track record or through a

Corporate Foundation or other reputed Non-Governmental Organisation, of at least two percent of the Company's average net profits during the three immediately preceding Financial Years in pursuance of its CSR Policy for the Company's CSR initiatives.

The scope of functions of the Committee includes, *inter alia*, the formulation and recommendation to the Board for its approval and implementation, the Business Responsibility ("BR") Policy(ies) of the Company, undertake periodical assessment of the Company's BR performance, review the draft BR Report and recommend the same to the Board for its approval and inclusion in the Annual Report of the Company.

The role of this Committee also includes recommendation of the amount of expenditure to be incurred on the CSR activities as enumerated in Schedule VII of the Act, as also to monitor the CSR Policy from time to time, etc.

The CSR Policy of the Company duly amended is displayed on the website of the Company at the web-link: **https://www.mahindrafinance.com/csr.aspx**.

During the year under review, the CSR Committee comprised of one Independent Director, two Executive Directors and one Non–Executive Non–Independent Director:

Name of the Member		Category
Mr. Piyush Mankad	-	Chairman of the Committee (Independent Director)
Mr. Ramesh Iyer	-	Executive Director
Mr. V. Ravi	-	Executive Director
Dr. Anish Shah	-	Non–Executive Non–Independent Director

Consequent upon the resignation of Mr. Piyush Mankad with effect from the close of business hours on 31st March, 2019, the Committee was reconstituted effective 9th April, 2019, as follows:

Name of the Member		Category
Mr. Dhananjay Mungale	-	Chairman of the Committee (Independent Director)
Ms. Rama Bijapurkar	-	Independent Director
Mr. Ramesh Iyer	-	Executive Director
Mr. V. Ravi	-	Executive Director
Dr. Anish Shah	-	Non–Executive Non–Independent Director

The Committee held four meetings during the year under review. The Committee met on 25th April, 2018, 14th August, 2018, 25th January, 2019 and 27th March, 2019. 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)	4	4*
Mr. Ramesh Iyer	4	4
Mr. V. Ravi	4	4
Dr. Anish Shah	4	4

*Participated in one Meeting by video conferencing facility.

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 Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.

During the year under review, the Committee comprised of two Independent Directors, one Non-Executive Non-Independent Director and two Executive Directors.

Name of the Member		Category
Mr. M. G. Bhide	-	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director
Mr. Ramesh Iyer	-	Executive Director
Mr. V. Ravi	-	Executive Director

Consequent upon the resignation of Mr. M. G. Bhide with effect from the close of business hours on 31st March, 2019, and the appointment of Mr. Milind Sarwate, as an Independent Director of the Company, with effect from 1st April, 2019 the Committee stands reconstituted effective 9th April, 2019, as follows:

Name of the Member		Category
Mr. Milind Sarwate	-	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director
Mr. Ramesh Iyer	-	Executive Director
Mr. V. Ravi	-	Executive Director

The Committee met three times during the year on 25th April, 2018, 24th October, 2018 and 25th January, 2019. 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)	3	3
Mr. Dhananjay Mungale	3	3
Mr. Ramesh Iyer	3	3
Mr. V. S. Parthasarathy	3	3
Mr. V. Ravi	3	3

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 Clause 49 of the erstwhile 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 within the risk grades, the root causes of risks and their impact, key performance indicators, risk management measures and the steps being taken to mitigate these risks.

During the year under review, the Risk Management Committee comprised of all Independent Directors and one Non-Executive Non-Independent Director:

Name of the Member		Category
Mr. C. B. Bhave	-	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	-	Independent Director
Mr. M. G. Bhide	-	Independent Director
Ms. Rama Bijapurkar	-	Independent Director
Mr. Piyush Mankad	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director

Consequent upon the resignation of Mr. M. G. Bhide and Mr. Piyush Mankad, with effect from the close of business hours on 31st March, 2019, and the appointment of Mr. Milind Sarwate, as an Independent Director of the Company, with effect from 1st April, 2019, the Committee was reconstituted effective 9th April, 2019, as follows:

Name of the Member		Category
Mr. C. B. Bhave	-	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	-	Independent Director
Ms. Rama Bijapurkar	-	Independent Director
Mr. Milind Sarwate	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director

The Committee met on 25th April, 2018, 27th July, 2018, 24th October, 2018 and 25th January, 2019.

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 with powers to evaluate and scrutinise significant investments/funding including but not limited to business acquisitions, reviewing and monitoring existing investments in Subsidiaries, Joint Venture(s), and other group companies, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time including disinvestments.

As of 31st March, 2019, the Committee for Strategic Investments comprised of two Independent Directors and two Non-Executive Non-Independent Directors:

Name of the Member		Category
Mr. M. G. Bhide	-	Independent Director
Mr. Dhananjay Mungale	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director
Dr. Anish Shah	-	Non-Executive Non-Independent Director

Consequent upon the resignation of Mr. M. G. Bhide with effect from the close of business hours

on 31st March, 2019, and the appointment of Mr. Milind Sarwate, as an Independent Director of the Company, with effect from 1st April, 2019, the Committee was reconstituted effective 9th April, 2019, as follows:

Name of the Member		Category
Mr. Dhananjay Mungale	-	Chairman of the Committee (Independent Director)
Mr. Ramesh Iyer	-	Executive Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director
Dr. Anish Shah	-	Non-Executive Non-Independent Director
Mr. Milind Sarwate	-	Independent Director

The Committee held three meetings during the year under review.

The Committee met on 24th April, 2018, 25th September, 2018 and 25th February, 2019.

The attendance details at Meetings of the Committee are given in Table 12.

Table 12: Attendance record of Meetings of Committee for Strategic Investments

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide	3	3
Mr. Dhananjay Mungale	3	2
Mr. V. S. Parthasarathy	3	3
Dr. Anish Shah	3	3

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 Board of Directors has constituted an IT Strategy Committee on 24th July, 2017, 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 regularly invites a seasoned IT professional having the requisite expertise on the Information Technology framework to attend these Meetings. The Meetings of the IT Strategy Committee are also attended by the Chief Information Security Officer, the Associate Vice-President - New Innovation & Technology Initiatives, the Associate Vice-President – Business Solutions Group, Associate Vice-President – Digital, the Senior General Manager – Application Development and Maintenance and the General Manager - Information Technology.

The Committee met twice during the year on 26th June, 2018 and 29th November, 2018. The attendance details at Meetings of the Committee are given in Table 13.

Table 13: Attendance record of IT Strategy Commitee 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

*Participated in one Meeting by video conferencing facility.

SUBSIDIARY COMPANIES

Regulation 16 of the Listing Regulations as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, with effect from 1st April, 2019, defines a "material subsidiary" to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

In view of the above Regulation, Mahindra Rural Housing Finance Limited, a Debt listed subsidiary, has become a material subsidiary of the Company with effect from 1st April, 2019.

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 before the Board of Directors of the Company for their review at every quarterly Meeting. The financial statements of the subsidiary companies are presented to the Audit Committee at every quarterly Meeting.

Regulation 24 of the Listing Regulations further stipulates that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. For the purpose of this provision, "material subsidiary" means 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.

Pursuant to this definition, the Company does not have any subsidiary which can be considered as an unlisted material subsidiary.

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

Your Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. During the year under review, the Policy was amended in line with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. This Policy has been hosted on the website of the Company and can be accessed through the web-link: **https://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 2018-19, 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 52 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. During the year under review, the Policy was also amended to align it in accordance with the changes made in the Listing Regulations based on the recommendations of the Uday Kotak Committee.

The Policy on Related Party Transactions has been hosted on the website of the Company and can be accessed through the web-link: **https://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 Indian Accounting Standards ('IND AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted IND AS from 1st April, 2018 with effective transition date of 1st April, 2017 and accordingly, these Financial Statements together with the Financial Statements for the comparative reporting period have been prepared with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued thereunder and the other accounting principles generally accepted in India.

Statutory Compliance, Penalties and Strictures

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 formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and the 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations").

During the year, the Company has in accordance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, amended the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' by incorporating the 'Policy for determination of Legitimate purposes', forming part of the Code and also made amendments to the 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited'. These Codes are effective from 1st April, 2019.

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 Designated Persons and their immediate relatives 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 identified Designated Persons and Connected Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information ("UPSI"). 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.

The Company has in place a structured digital database containing the list of identified Designated Persons with whom UPSI is shared with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. All declarations, disclosures, notifications, approvals, are regulated through an automated system implemented for monitoring Insider Trading.

Policy and procedure for inquiry in case of leak/ suspected leak of Unpublished Price Sensitive Information

The Company has formulated the "Policy and procedure for inquiry in case of leak/suspected leak of Unpublished Price Sensitive Information" in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

The objective of this Policy is to *inter alia*, strengthen the internal control systems to prevent leak of Unpublished Price Sensitive Information ("UPSI"), restrict/prohibit communication of UPSI with unauthorised person(s) and curb the unethical practices of sharing sensitive information by persons having access to UPSI.

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.

During the year under review, the Board of Directors based on the recommendation of the Audit Committee has amended the Whistle Blower Policy to *inter alia*, enable employees to report incidents of leak or suspected leak of unpublished price sensitive information, in line with the changes made in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel have 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 updated Whistle Blower Policy has been hosted on the Company's website at the web-link: **https://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf**.

SHAREHOLDERS

Appointment / Re-appointment of Director(s)

The details of Director(s) seeking appointment / re-appointment at the ensuing Annual General Meeting is set forth in Table 14 A, B and C:

Table 14 A

Name of Director	Mr. V. Ravi
Date of Birth	2nd July, 1959
Date of first appointment on the Board	25th July, 2015
Expertise in specific functional areas	Finance & Accounts, Treasury and Information Technology.
Qualifications	Mr. V. Ravi holds membership of the Institute of Chartered Accountants of India and Institute of Cost Accountants of India.
Directorships in Companies	Mahindra & Mahindra Financial Services Limited Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Asset Management Company Private Limited – Chairman Mahindra Finance USA, LLC
Membership of Committees in Public Limited Companies	
Audit Committee	◊ Mahindra Insurance Brokers Limited ◊ Mahindra Rural Housing Finance Limited ◊ Mahindra Asset Management Company Private Limited
Nomination & Remuneration Committee	◊ Mahindra Asset Management Company Private Limited
Stakeholders Relationship Committee	◊ Mahindra & Mahindra Financial Services Limited

Name of Director	Mr. V. Ravi
Corporate Social Responsibility Committee	◊ Mahindra & Mahindra Financial Services Limited ◊ Mahindra Insurance Brokers Limited ◊ Mahindra Rural Housing Finance Limited
Risk Management Committee	◊ Mahindra Rural Housing Finance Limited
Asset Liability Committee	◊ Mahindra & Mahindra Financial Services Limited ◊ Mahindra Rural Housing Finance Limited
IT Strategy Committee	◊ Mahindra & Mahindra Financial Services Limited ◊ Mahindra Rural Housing Finance Limited
Shareholding of the Director in the Company	5,31,197

Mr. V. Ravi is the Executive Director & Chief Financial Officer of the Company and has been associated with the Company since its inception.

Mr. V. Ravi has served with Mahindra Ugine Steel Company (MUSCO) for 9 years in Treasury, Finance and Diversification Projects prior to his induction in Mahindra & Mahindra Financial Services Limited.

Mr. V. Ravi is on the Boards of Mahindra Insurance Brokers Limited and Mahindra Rural Housing Finance Limited, subsidiaries of the Company, and Mahindra Finance USA LLC, the Joint Venture Company. Mr. V. Ravi is the Chairman of Mahindra Asset Management Company Private Limited, a wholly-owned subsidiary of the Company.

Mr. Ravi is a Chartered Accountant and a Cost Accountant. He has completed long duration Global Managers Program from IIM, Calcutta. Mr. Ravi has also attended the Breakthrough Program for Senior Executives from International Institute for Management Development (IMD), Switzerland. Mr. Ravi has also undergone Mahindra Universe Program at Harvard Business School, USA.

Mr. V. Ravi is also on the following industry committees:

- Member of the Finance Industry Development Council (FIDC).
- Member of the CFO Committee of the Confederation of Indian Industry (CII).
- Member of the Capital Markets Group of Banking, Finance & Economics Committee of the Bombay Chamber of Commerce and Industry (BCCI).
- Member of the National Council for NBFCs of the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

He has also been a member of the Asia Council of the Conference Board, USA and the Informal Advisory Group of the Reserve Bank of India.

Mr. Ravi is a recipient of various prestigious awards, the most recent ones being "100 Top Most Influential BFSI Leaders" Award given by World BFSI Congress & Awards and "CA-CFO Financial Sector" Award conferred by the 12th ICAI's Leaders & Business Excellence Awards. Mr. Ravi was also awarded "100 Most Influential CFO's of India" from Chartered Institute of Management Accountants (CIMA) and "100 Top Most Influential BFSI Leaders Citation" Award from World BFSI Congress & Awards.

Mr. V. Ravi is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority.

Mr. V. Ravi is not related to any of the Directors or Key Managerial Personnel of the Company.

Table 14 B

Name of Director	Mr. Dhananjay Mungale
Date of Birth	1st June, 1953
Date of first appointment on the Board	1st March, 1999
Expertise in specific functional areas	Investment Banking and Finance
Qualifications	B.Com., C.A., L.L.B.
Directorships in Companies	Mahindra & Mahindra Financial Services Limited
	Tamilnadu Petroproducts Limited
	Mahindra CIE Automotive Limited
	Chowgule Steamships Limited
	NOCIL Limited
	Samson Maritime Limited
	Kalpataru Limited
	I-nestor Advisors Private Limited
	LICHFL Trustee Company Private Limited
	Mentor Technologies Private Limited
	DSP Investment Managers Private Limited

Name of Director	Mr. Dhananjay Mungale
Membership of Committees in Public Limited Companies	
Audit Committee	◊ Mahindra & Mahindra Financial Services Limited ◊ Chowgule Steamships Limited (Chairman) ◊ NOCIL Limited ◊ Mahindra CIE Automotive Limited ◊ Kalpataru Limited ◊ Samson Maritime Limited ◊ Tamilnadu Petroproducts Limited
Nomination & Remuneration Committee	◊ Mahindra & Mahindra Financial Services Limited ◊ Chowgule Steamships Limited (Chairman) ◊ NOCIL Limited ◊ Kalpataru Limited (Chairman) ◊ Samson Maritime Limited
Stakeholders' Relationship Committee	◊ Mahindra CIE Automotive Limited (Chairman)
Risk Management Committee	◊ Mahindra & Mahindra Financial Services Limited
Corporate Social Responsibility Committee	◊ Mahindra & Mahindra Financial Services Limited (Chairman) *(w.e.f. 9th April, 2019)* ◊ Mahindra CIE Automotive Limited
Asset Liability Committee	◊ Mahindra & Mahindra Financial Services Limited
Committe for Strategic Investments	◊ Mahindra & Mahindra Financial Services Limited
Shareholding of the Director in the Company	50,000

Mr. Dhananjay Mungale is a member of the Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce and Law from Mumbai University. He has spent a major part of his career in corporate and investment banking in India and Europe. He was Vice President – Private Banking, Bank of America and was a Member – Executive Committee, DSP Merrill Lynch Limited. Presently, he is an advisor to various corporations in both, India and Europe. He has been elected on boards of various public and private limited companies.

Mr. Dhananjay Mungale is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority.

Mr. Dhananjay Mungale is not related to any of the Directors or Key Managerial Personnel of the Company.

Table 14 C

Name of Director	Ms. Rama Bijapurkar
Date of Birth	12th March, 1957
Date of first appointment on the Board	14th June, 2008
Expertise in specific functional areas	Marketing and Business Strategy
Qualifications	B.Sc. (Hons.) degree in physics from the University of Delhi, Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad.
Directorships in Companies	Mahindra & Mahindra Financial Services Limited Emami Limited Nestle India Limited ICICI Bank Limited People Research on India's Consumer Economy (PRICE) (Chairperson & Promoter) National Payments Corporation of India VST Industries Limited *(w.e.f. 1st April, 2019)*
Membership of Committees in Public Limited Companies	
Audit Committee	◊ Mahindra & Mahindra Financial Services Limited
Risk Management Committee	◊ Mahindra & Mahindra Financial Services Limited
Stakeholders Relationship Committee	◊ Mahindra & Mahindra Financial Services Limited (Chairperson) ◊ Nestle India Limited (Chairperson)
Corporate Social Responsibility Committee	◊ Mahindra & Mahindra Financial Services Limited *(w.e.f. 9th April, 2019)* ◊ Nestle India Limited ◊ National Payments Corporation of India
Customer Service Committee	◊ ICICI Bank Limited (Chairperson)
Board Governance, Remuneration and Nomination Committee	◊ ICICI Bank Limited
Business Strategy Committee	◊ National Payments Corporation of India (Chairperson)
Shareholding of the Director in the Company	30,000

Ms. Rama Bijapurkar is a respected thought leader on business-market strategy and on India's consumer economy. She has an independent market strategy consulting practice and almost four decades of experience in market research and market strategy consulting.

She is an experienced independent director, a visiting faculty at Indian Institute of Management Ahmedabad, and author of well received books on India's consumer market and consumer based business strategy.

Ms. Bijapurkar holds a B.Sc. (Hons.) degree in Physics from the University of Delhi and a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. Past employment includes McKinsey & Company, MARG Marketing and Research Group (now AC Nielsen India) and full time consulting with Hindustan Lever Limited (now Hindustan Unilever Limited).

Ms. Rama Bijapurkar is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority.

Ms. Rama Bijapurkar 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 details of unpaid/unclaimed Dividend/Fixed Deposits and interest thereon are also uploaded on the website at the web-link: **https://www.mahindrafinance.com/unpaid-unclaimed.aspx**.

- 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 **https://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 Company's website is a comprehensive reference on the organisation's management, vision, mission, policies, corporate governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.

- 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: **https://www.mahindrafinance.com/investorzone-faqs.aspx**.

- Pursuant to Circulars/Notification(s) issued by the Securities and Exchange Board of India (SEBI) during the financial year 2018-19 for:

a) Updation of Permanent Account Number (PAN)/Bank Account details:

The Company has taken special efforts by sending letters and reminders to shareholders and debenture holders holding shares/debentures in physical form for updation of PAN and Bank account details with the Company/its Registrar and Transfer Agents.

b) Dematerialisation of shares:

The Company has sent letters and requisite reminders to those shareholders holding shares in physical form advising them to dematerialise their holding in accordance with the SEBI Notification(s) mandating transfer of securities only in electronic form, effective from 1st April, 2019.

GENERAL BODY MEETINGS

Table 15: Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
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.
2017 – 2018	27th July, 2018	3.30 p.m.	None.	Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020.

No Extraordinary General Meeting of the Shareholders was held during the year.

POSTAL BALLOT

A. Details of Resolutions passed through Postal Ballot during the Financial Year 2018-19

During the year under review, two Postal Ballots were conducted by the Company for seeking the approval of the Members. Mr. S. N. Ananthasubramanian, or failing him, Ms. Malati Kumar of M/s. S. N. Ananthasubramanian & Co., Company Secretaries, was appointed as the Scrutinizer to conduct the Postal Ballot and Remote E-voting in a fair and transparent manner and the Company had engaged the services of Karvy Fintech Private Limited (formerly Karvy Computershare Private Limited) as the agency for the purpose of providing e-voting facility.

The details of the Postal Ballot are as follows:

I.

Date of Postal Ballot Notice	:	9th May, 2018
Voting period	:	16th May, 2018 to 14th June, 2018
Date of approval	:	14th June, 2018
Date of Declaration of Results	:	16th June, 2018
Scrutinizer	:	Ms. Malati Kumar

Item No.	Description	Type of Resolution	No. of votes polled	% of votes polled on outstanding shares	Votes cast in favour		Votes cast against	
					No. of votes	%	No. of votes	%
1.	Increase in Borrowing limits from Rs. 60,000 crores to Rs. 70,000 crores under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.	Special Resolution	52,04,89,467	84.70	51,73,94,368	99.41	30,95,099	0.59
2.	Issue of Secured/ Unsecured Redeemable Non-Convertible Debentures including Subordinated Debentures, in domestic and/or International market, in one or more Series/tranches, aggregating up to Rs. 40,000 crores, on a Private Placement basis.	Special Resolution	52,04,88,886	84.70	51,56,35,514	99.07	48,53,372	0.93

Note: Valid votes abstained from voting: Resolution No.1 : 6,00,602; Resolution No.2 : 6,01,183

II.

Date of Postal Ballot Notice	:	25th February, 2019
Voting period	:	2nd March, 2019 to 31st March, 2019
Date of approval	:	31st March, 2019
Date of Declaration of Results	:	1st April, 2019
Scrutinizer	:	Ms. Malati Kumar

Description	Type of Resolution	No. of votes polled	% of votes polled on outstanding shares	Votes cast in favour		Votes cast against	
				No. of votes	%	No. of votes	%
Appointment of Mr. Milind Sarwate (DIN: 00109854) as an Independent Director of the Company, to hold office for a term of 5 (five) consecutive years commencing from 1st April, 2019 to 31st March, 2024, not liable to retire by rotation.	Ordinary Resolution	51,47,10,889	83.72	50,96,78,319	99.02	50,32,570	0.98

Note: Valid votes abstained from voting are 68,04,468.

B. 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 Fintech Private Limited (formerly 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/her 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 and are also displayed at the Registered Office as well as at the Corporate Office of the Company. The Results are also published in atleast 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.

C. Special Resolution proposed to be conducted through Postal Ballot

No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

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) in the respective places in this Report.

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.

OTHER DISCLOSURES

Disclosure in relation to recommendation made by Committees of the Board

During the year under review, all recommendations of the Board Committees have been accepted by the Board.

Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the Listing Regulations.

Total fees paid to the Statutory Auditors and all entities in the network firm/ entities

The details of total fees for all the services paid by the Company and its Subsidiaries on a consolidated basis to M/s. B S R & Co. LLP, Chartered Accountants, Statutory Auditors and all entities in the network firm/ network entity of which the Statutory Auditors are a part, are given below:

Rs. In Lakhs

Payment to Statutory Auditors	F.Y. 2018-19
Statutory Audit	96.06
Other Services including reimbursement of expenses	97.39
Total	**193.45**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Status of complaints for the Financial Year 2018-19 is as follows:

a.	Number of complaints filed during the financial year	Nil
b.	Number of complaints disposed off during the financial year	Nil
c.	Number of complaints pending as at the end of the financial year	Nil

GENERAL SHAREHOLDERS INFORMATION

29th Annual General Meeting
Date : 23rd July, 2019
Time : 3.30 p.m.
Venue : Rama & Sundri 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, 2019 - End July, 2019
- Half-year ending 30th September, 2019 – End October, 2019
- Quarter ending 31st December, 2019 – End January, 2020
- Year ending 31st March, 2020 - End April, 2020

Note: The above dates are indicative.

Book Closure

Book Closure for dividend will be from Wednesday, 17th July, 2019 to Tuesday, 23rd July, 2019, inclusive of both days.

Dividend Payment

A dividend of Rs. 4.00 per Equity Share and a Special Dividend of Rs. 2.50 per Equity Share, aggregating Rs. 6.50 per Equity Share of the face value of Rs. 2 each, will be paid/dispatched after 23rd July, 2019, 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 three public issuances of Secured Redeemable NCDs and 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

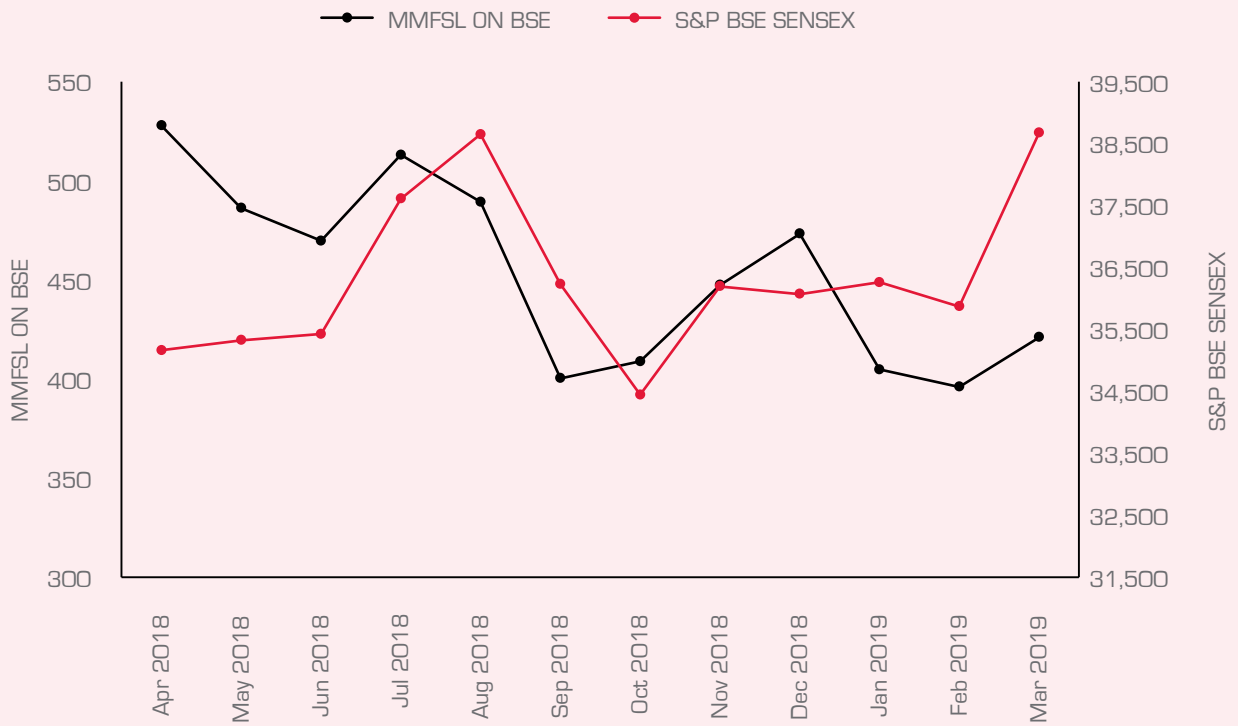
Corporate Office : The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar (West), Mumbai - 400 028.
Phone : 022 – 6230 0451
Fax : 022 – 6230 0700
Email : debenturetrustee@axistrustee.com;
complaints@axistrustee.com

The details are available on the website of the Company at the web-link: https://www.mahindrafinance.com/investor-zone-contact.aspx.

Table 2: Monthly High and Low of Company's Shares for the Financial Year 2018 - 19 at BSE and NSE

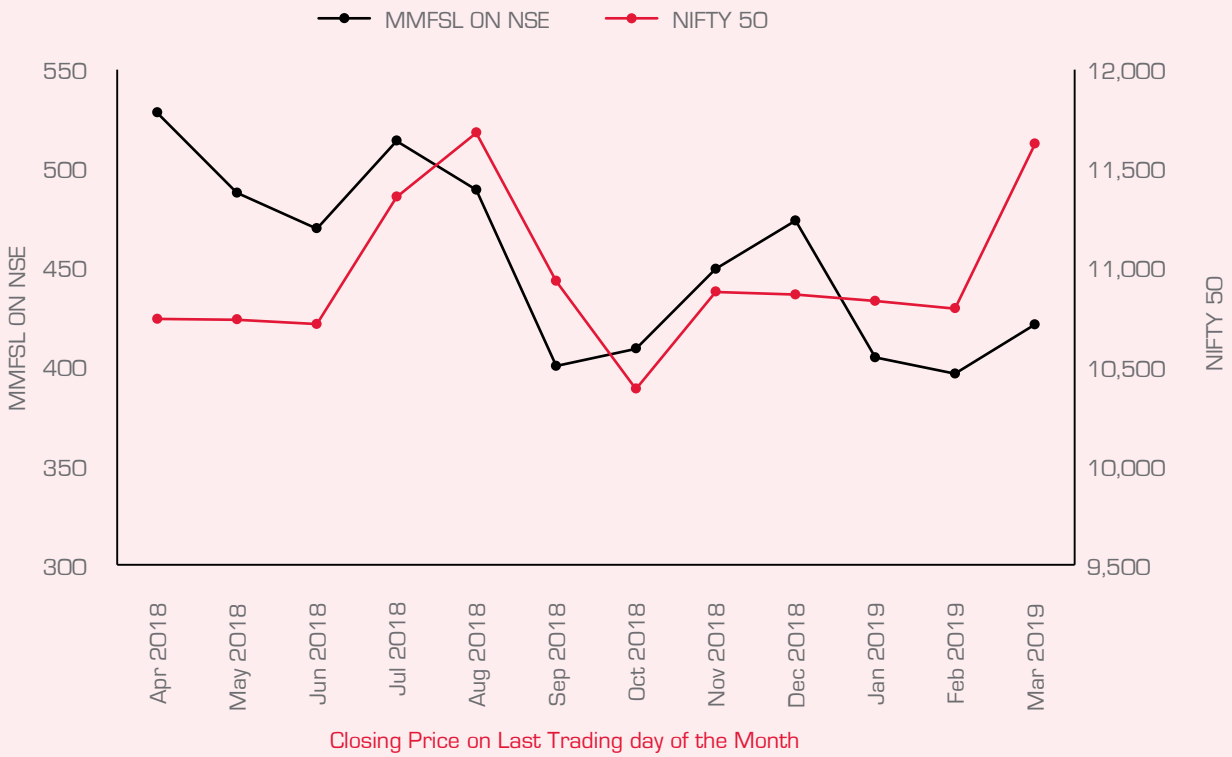
	BSE Limited		National Stock Exchange of India Limited	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2018	533.70	459.20	534.00	460.00
May 2018	537.50	453.10	531.50	452.60
June 2018	500.40	454.00	499.30	454.05
July 2018	527.45	447.25	526.85	447.00
August 2018	519.00	459.40	519.00	459.25
September 2018	496.00	353.00	494.00	368.40
October 2018	429.45	351.00	419.85	342.65
November 2018	452.40	409.00	453.75	408.75
December 2018	483.95	378.00	484.00	379.90
January 2019	476.80	394.35	477.00	394.30
February 2019	423.55	368.55	423.80	368.00
March 2019	452.65	398.50	453.00	397.95

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, 2019.

Table 3: Shareholding pattern by size as on 31st March, 2019

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	62,686	67,19,843	1.09
501-1000	2,160	16,23,969	0.26
1001-5000	1,753	37,90,218	0.61
5001-10000	245	17,65,981	0.29
10001-20000	167	24,30,041	0.39
20001 and above	577	60,14,34,908	97.36
Total	**67,588**	**61,77,64,960**	**100.00**

Table 4: Shareholding pattern by ownership as on 31st March, 2019

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	31,62,07,660	51.19
Non-Promoter Non-Public (Shares are held by MMFSL ESOP Trust)	28,88,245	0.47
Mutual Funds	7,94,45,778	12.86
FIIs	16,53,49,917	26.77
Bodies Corporate	2,51,37,709	4.07
Indian Public/HUF	2,01,97,669	3.27
NRIs	9,59,210	0.16
Trusts	16,13,512	0.26
Indian Financial Institutions/Banks	40,90,130	0.66
Venture Capital Funds	6,82,743	0.11
Clearing Members	10,55,019	0.17
Alternative Investment Fund	68,791	0.01
Investor Education and Protection Fund Authority	68,577	0.01
Total	**61,77,64,960**	**100.00**

Dematerialisation of Shares and Liquidity

As on 31st March, 2019, 99.95 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 – 15 shareholders representing 2,700 Equity Shares of Rs.2 each.

(ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – 2 shareholders representing 350 Equity Shares of Rs.2 each.

(iii) Number of shareholders to whom shares were transferred from suspense account during the year – 2 shareholders representing 350 Equity Shares of Rs.2 each.

(iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year – 13 shareholders representing 2,350 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.

Unclaimed Dividend and Shares transferred to Investor Education and Protection Fund Authority ("IEPF")

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF").

The IEPF Rules mandate companies to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisement and, thereafter, transferred the shares to the IEPF during financial year 2018-19.

Dividend remitted to IEPF during the year:

Financial Year	Date of dividend declaration	Amount transferred to IEPF (in Rs.)	Date of transfer to IEPF
2010-11	29th July, 2011	4,97,120	21st September, 2018

Details of Shares transferred/credited to IEPF

Pursuant to IEPF Rules, the details of Equity Shares transferred by the Company to the IEPF Authority are given as follows:

Transferred during the Financial Year	Number of Shares transferred to IEPF
2017-18	65,442
2018-19	3,310
TOTAL (as on 31st March, 2019)	**68,752**

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at the web-link: **https://www.mahindrafinance.com/IEPF-transfer-of-shares.aspx**.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 27th July, 2018 on the Company's website at the web-link: **https://www.mahindrafinance.com/IEPF-transfer-of-shares.aspx** and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in.

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

As on 31st March, 2019, 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.

Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2018/ 0000000141 dated 15th November, 2018 is not required to be furnished by the Company.

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, 2019 are disclosed in Note Number 50 to the Standalone Financial Statements in the Annual Report.

Credit Rating

The Credit Rating details of the Company as on 31st March, 2019 are provided below:

Rating Agency	Type of Instrument	Rating	Remarks
India Ratings & Research Private Limited	Commercial Paper Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	'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, Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	'IND AAA/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
		'IND PP-MLD AAA emr/Stable'	'PP-MLD' indicates the full principal protection in the equity-linked notes wherein the issuer is obligated to pay the full principal upon maturity. Suffix "emr" denotes the exclusion of the embedded market risk from the rating.
CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)	Long-term Debt instruments and Subordinated Debt Programme	'CARE AAA/ Stable'	
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 Loan 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.
	Commercial Paper Programme and Bank Loan Facilities	'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.

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 Fintech Private Limited

(Formerly known as 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: einward.ris@karvy.com

The Registrar and Transfer Agents also have an office at:

Karvy Fintech Private Limited

(Formerly known as 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.

SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 amended Regulation 40 of SEBI Listing Regulations which mandated transfer of securities only in dematerialised mode from 5th December, 2018. Pursuant to the above, the Company has sent letters to those shareholders holding shares in physical form advising them to dematerialise their holding.

Further, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018, the date for transfer of securities in physical form was extended from 5th December, 2018 to 1st April, 2019. Accordingly, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with the depository, with effect from 1st April, 2019. However, this restriction shall not be applicable to the request received for transmission or transposition of physical shares.

Members holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future while transferring the shares. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account and get their shares dematerialised or alternatively, contact the nearest office of Karvy to seek guidance about the dematerialisation procedure. The Members may also visit the website of the Depositories viz. (i) National Securities Depository Limited at the web-link: **https://nsdl.co.in/faqs/faq.php** or (ii) Central Depository Services (India) Limited at the web-link: **https://www.cdslindia.com/investors/open-demat.aspx**, for further understanding about the dematerialisation process.

During the year, shares in physical form were processed by the Registrar and Share Transfer Agents within 15 days from the date of receipt, provided the documents are valid and complete in all respects. 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/ debentures, issue of duplicate share/debenture certificates, and attend to grievances of the security holders of the Company, etc.

Mandatory updation of Permanent Account Number (PAN) and Bank Account details

The Securities and Exchange Board of India vide its Circular No. SEBI/HO/ MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 on Strengthening the Guidelines and Raising Industry Standards for RTA, Issuer Companies and Banker to an Issue mandated all the listed entities to take special efforts to update the PAN and Bank Account details of all security holders holding securities in physical form who have not updated their PAN and bank account details.

Accordingly, the Company has sent three reminder letters to its Shareholders and Debentureholders holding securities in physical form to update their PAN and Bank Account details by submitting requisite documents to the Company's Registrar and Transfer Agents (RTA).

Secretarial Audit/Reconciliation of Share Capital Audit

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2018-19. 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.

Annual Secretarial Compliance Report

Pursuant to SEBI Circular dated 8th February, 2019, the Annual Secretarial Compliance Report for the financial year 2018-19 issued by KSR & Co., Company Secretaries LLP, confirming compliance with all applicable SEBI Regulations and Circulars/Guidelines issued thereunder, has been submitted to the Stock Exchanges within 60 days of the end of the financial year.

Address for Correspondence

Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Fintech Private Limited
(formerly 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: 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 Fintech 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. S. P. Venugopal, Email Id: einward.ris@karvy.com; Tel. : +91 40 6716 2222.

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's Fixed Deposit Department 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.
Contact No:
Chennai : +91 44 2841 1016/61
Mumbai : +91 22 6652 3500/ 6652 3851/3852
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, 'A' Wing, 4th Floor,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018.
Tel. : +91 22 6652 6000/6156/6113
Fax : +91 22 2498 4170
Email Id : **investorhelpline_mmfsl@mahindra.com**

Your Company can also be visited at its website: **https://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, 2019.

For **Mahindra & Mahindra Financial Services Limited**

Ramesh Iyer
Vice-Chairman & Managing Director

Place : Mumbai
Date : 24th April, 2019

ANNEXURE A

CERTIFICATE ON VERIFICATION OF DEBARMENT OR DISQUALIFICATION OF DIRECTORS

Pursuant to Regulation 34(3) read with Para C [10(i)] of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

On the basis of verification of undertakings provided by all the directors appointed on the Board of Directors of **Mahindra & Mahindra Financial Services Limited** (the Company), on non-applicability of Section 164 (1) and Section 164 (2) of the Companies Act, 2013, we hereby certify that none of the directors of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India or any such statutory authority during the financial year ended on 31st March, 2019.

For KSR & Co Company Secretaries LLP

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

Place : Coimbatore
Date : 19th April, 2019

ANNEXURE B
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, 2019 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 : 24th April, 2019

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members,
Mahindra & Mahindra Financial Services Limited

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by Mahindra & Mahindra Financial Services Limited (the Company) for the year ended 31st March, 2019, as stipulated in Regulation 34 (3) read with Para E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the management. The management along with the Board of Directors are responsible in implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our Responsibility

Our examination was limited to implementation of the conditions thereof and adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, 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.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

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

Place : Coimbatore
Date : 24th April, 2019

Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mahindra & Mahindra Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

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 Companies Act, 2013 (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 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

Impairment Loss Allowance

Refer Notes 2.12 (i) and 50.2 to the Standalone Financial Statements

Key audit matter	How the matter was addressed in our audit
The Company has recognized impairment loss allowance of Rs. 1,87,238.08 lakhs as at 31 March 2019 and has recognized an expense for Rs. (1,12,855) lakhs in its statement of profit and loss. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: • Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data. • Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors and the timing of cash flows. • Criteria selected to identify significant increase in credit risk.	We performed the following key audit procedures: • Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes. • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.

Key audit matter	How the matter was addressed in our audit
Estimates, by their nature, give rise to a higher risk of material misstatement due to error or fraud. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.	• Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of management overlays with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum. Disclosures: • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

Transition date accounting policies due to adoption of Ind-AS

Refer to the accounting policies in the Financial Statements: Significant Accounting Policies- Basis of preparation and Notes 2.6 and 53 to the Financial Statements.

Key audit matter description	How the matter was addressed in our audit
Effective 1 April 2018, the Company adopted the Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: • Classification and measurement of financial assets and financial liabilities • Measurement of impairment loss allowance • Accounting for securitization and assignment transactions • Accounting for loan fees and costs • Accounting for employee stock options The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	We performed the following key audit procedures: • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind-AS 101. • Confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under Ind-AS 101. • Evaluated management's transition date choices and exemptions for compliance under Ind-AS 101. • Assessed the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations • Assessed areas of significant estimates and management judgment in line with principles under Ind-AS.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Standalone Financial Statements and our auditors' report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated in with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Section 143 (11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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".

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2019 on its financial position in its Standalone Financial Statements - Refer Note 44 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 48 to the Standalone Financial Statements; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
24 April 2019

Annexure A to the Independent Auditor's Report - 31 March 2019

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 2019, 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. Accordingly, paragraph 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. Accordingly, paragraph 3(vi) of the Order is not applicable to 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 been regularly deposited during the year by the Company with the appropriate authorities.

(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
Finance Act, 1994	Service Tax	3,277.09	2008 - 13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	414.76	2013-14	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	362.06	2014-15	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	4,039.90	2007-12	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	109.27	2012-13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	27.75	2013-14	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	4.13	2014-15	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Andhra Pradesh Value Added Tax Act	Value Added Tax	123.57	2008-13	Andhra Pradesh High Court

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Madhya Pradesh Value Added Tax Act	Value Added Tax	0.42	2013-14	Appellate Authority of Commercial Taxes
Madhya Pradesh Value Added Tax Act	Value Added Tax	1.35	2014-15	Appellate Authority of Commercial Taxes
Madhya Pradesh Value Added Tax Act	Value Added Tax	2.44	2014-15	Appellate Authority of Commercial Taxes
Maharashtra Value Added Tax	Value Added Tax	87.32	2010-11	Maharashtra Tribunal
Maharashtra Value Added Tax	Value Added Tax	44.84	2011-12	Commissioner of Sales Tax
Maharashtra Value Added Tax	Value Added Tax	102.25	2012-13	Commissioner of Sales Tax

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. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

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 123 cases aggregating Rs. 768 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 not raised any amount by preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

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

Mumbai
24 April 2019

Annexure B to the Independent Auditor's Report - 31 March 2019

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 with respect to financial statements of Mahindra & Mahindra Financial Services Limited (the "Company") as of 31 March 2019 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 with reference to financial statements based on the internal control 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of internal financial controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements 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

Mumbai
24 April 2019

Balance Sheet

as at 31 March 2019

Rs. in lakhs

Particulars	Note	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
ASSETS				
Financial Assets				
a) Cash and cash equivalents	3	50,167.74	27,190.38	41,145.40
b) Bank balance other than (a) above	4	45,681.43	13,921.71	16,661.10
c) Derivative financial instruments	5	1,006.39	36.69	-
d) Receivables				
i) Trade receivables	6	519.19	369.47	208.51
ii) Other receivables		-	-	-
e) Loans	7	61,24,962.80	48,54,701.16	40,60,003.27
f) Investments	8	3,79,170.37	2,73,411.42	1,98,425.61
g) Other financial assets	9	16,895.13	9,453.44	17,785.18
		66,18,403.05	**51,79,084.27**	**43,34,229.07**
Non-financial Assets				
a) Current tax assets (Net)		30,210.00	21,680.73	17,333.28
b) Deferred tax assets (Net)	10	37,172.53	62,744.82	66,844.85
c) Property, plant and equipment	11	13,250.02	11,242.43	10,843.54
d) Capital work-in-progress		-	-	49.09
e) Intangible assets	12	3,056.15	723.97	307.93
f) Other non-financial assets	13	5,706.83	3,798.15	2,241.06
		89,395.53	**1,00,190.10**	**97,619.75**
Total Assets		**67,07,798.58**	**52,79,274.37**	**44,31,848.82**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
a) Derivative financial instruments	14	7,702.53	2,611.60	2,749.89
b) Payables	15			
I) Trade payables				
i) total outstanding dues of micro enterprises and small enterprises		-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		97,947.17	1,05,538.96	80,917.05
II) Other payables				
i) total outstanding dues of micro enterprises and small enterprises		253.29	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,164.54	-	-
c) Debt securities	16	22,31,937.92	20,34,509.13	17,70,165.32
d) Borrowings (Other than debt securities)	17	21,30,153.03	13,38,913.59	11,03,417.36
e) Deposits	18	5,66,718.41	3,12,480.07	4,36,368.10
f) Subordinated liabilities	19	3,55,883.82	3,23,413.03	2,16,614.13
g) Other financial liabilities	20	1,92,662.95	1,75,932.50	1,45,238.01
		55,86,423.66	**42,93,398.88**	**37,55,469.86**
Non-Financial Liabilities				
a) Current tax liabilities (net)		1,392.09	3,566.72	5.63
b) Provisions	21	20,652.70	13,588.92	8,476.56
c) Other non-financial liabilities	22	8,527.84	6,528.49	6,655.85
		30,572.63	**23,684.13**	**15,138.04**
EQUITY	23			
a) Equity share capital		12,297.54	12,289.54	11,300.83
b) Other equity		10,78,504.75	9,49,901.82	6,49,940.09
		10,90,802.29	**9,62,191.36**	**6,61,240.92**
Total Liabilities and Equity		**67,07,798.58**	**52,79,274.37**	**44,31,848.82**
The accompanying notes form an integral part of the financial statements.	1 to 56			

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

Mumbai
24 April 2019

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]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

Milind Sarwate
Director
[DIN: 00109854]

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

Statement of Profit and Loss

for year ended 31 March 2019

Rs. in lakhs

Particulars				Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations						
	i)	Interest income		24	8,61,455.78	6,58,415.42
	ii)	Dividend income			1,388.00	170.58
	iii)	Rental income			71.45	2.69
	iv)	Fees and commission Income		25	8,691.76	4,739.86
	v)	Net gain on fair value changes		26	683.87	18.02
I	**Total revenue from operations**				**8,72,290.86**	**6,63,346.57**
II	Other income			27	**8,690.31**	**5,173.53**
III	Total income (I+II)				**8,80,981.17**	**6,68,520.10**
	Expenses					
	i)	Finance costs		28	3,94,456.16	3,08,161.56
	ii)	Fees and commission expense			3,047.83	1,327.88
	iii)	Impairment on financial instruments		29	63,520.83	56,814.10
	iv)	Employee benefits expenses		30	1,09,011.91	83,246.59
	v)	Depreciation, amortization and impairment		31	6,022.52	4,419.21
	vi)	Others expenses		32	66,677.73	54,365.59
IV	**Total expenses (IV)**				**6,42,736.98**	**5,08,334.93**
V	**Profit before exceptional items and tax (III-IV)**				**2,38,244.19**	**1,60,185.17**
VI	Exceptional items			33	-	6,497.18
VII	**Profit before tax (V -VI)**				**2,38,244.19**	**1,66,682.35**
VIII	**Tax expense :**					
	(i)	Current tax			57,686.12	54,956.00
	(ii)	Deferred tax			24,851.72	4,117.26
					82,537.84	**59,073.26**
IX	**Profit for the year (VII-VIII)**				**1,55,706.35**	**1,07,609.09**
X	**Other Comprehensive Income (OCI)**					
	(A)	(i)	Items that will not be reclassified to profit or loss			
			- Remeasurement gain / (loss) on defined benefit plans		(1,324.60)	(1,889.58)
			- Net gain / (loss) on equity instruments through OCI		454.65	-
		(ii)	Income tax impact thereon		304.00	660.29
	Subtotal (A)				**(565.95)**	**(1,229.29)**
	(B)	(i)	Items that will be reclassified to profit or loss			
			- Net gain / (loss) on debt instruments through OCI		788.52	-
		(ii)	Income tax impact thereon		(275.54)	-
	Subtotal (B)				**512.98**	**-**
	Other Comprehensive Income (A+B)				**(52.97)**	**(1,229.29)**
XI	**Total Comprehensive Income for the year (IX+X)**				**1,55,653.38**	**1,06,379.80**
XII	**Earnings per equity share (face value Rs. 2/- per equity share)**			34		
	Basic (Rupees)				**25.33**	**18.52**
	Diluted (Rupees)				**25.28**	**18.49**
The accompanying notes form an integral part of the financial statements.				1 to 56		

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

Mumbai
24 April 2019

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]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

Milind Sarwate
Director
[DIN: 00109854]

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

Statement of Changes in Equity

for year ended 31 March 2019

A. Equity Share Capital

Rs. in lakhs

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2017	**11,300.83**
Changes during the year:	
i) Fresh allotment of shares :	
- Preferential issue to Mahindra & Mahindra Limited (the Holding Company)	500.00
- Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP)	480.00
ii) Allotment of shares by ESOS Trust to employees	8.71
Balance as at 31 March 2018	12,289.54
Balance as at 1 April 2018	**12,289.54**
Changes during the year:	
i) Fresh allotment of shares	-
ii) Allotment of shares by ESOS Trust to employees	8.00
Balance as at 31 March 2019	**12,297.54**

B. Other Equity

Rs. in lakhs

	Reserves and Surplus									Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings	Debt instruments through OCI	Equity instruments through OCI	
Balance as at 1 April 2017	**1,19,625.62**	**5,000.00**	**2,04,217.02**	**55,223.78**	**2,649.86**	**2,379.75**	**2,60,844.06**			**6,49,940.09**
Profit/(loss) for the year							1,07,609.09			1,07,609.09
Other Comprehensive Income / (loss)							(1,229.29)			(1,229.29)
Total Comprehensive Income for the year	-	-	-	-	-	-	1,06,379.80	-	-	1,06,379.80
Dividend paid on equity shares (including tax thereon)							(16,097.30)			(16,097.30)
Securities premium on fresh issue of equity share capital			2,10,120.00							2,10,120.00
Expenses incurred in respect of issue of equity capital			(1,310.13)							(1,310.13)
Transfers to Securities premium on exercise of employee stock options			1,119.26			(1,119.26)				-
Share based payment expense						869.36				869.36
Transfers to Statutory reserves	17,838.00						(17,838.00)			-
Transfers to General reserves			-	8,919.00			(8,919.00)			-
Transfers to Debenture Redemption Reserve					5,053.12		(5,053.12)			-
Balance as at 31 March 2018	**1,37,463.62**	**5,000.00**	**4,14,146.15**	**64,142.78**	**7,702.98**	**2,129.85**	**3,19,316.44**	**-**	**-**	**9,49,901.82**

Statement of Changes in Equity Contd.

for year ended 31 March 2019

Rs. in lakhs

	Reserves and Surplus									Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings	Debt instruments through OCI	Equity instruments through OCI	
Balance as at 1 April 2018	**1,37,463.62**	**5,000.00**	**4,14,146.15**	**64,142.78**	**7,702.98**	**2,129.85**	**3,19,316.44**	**-**	**-**	**9,49,901.82**
Profit/(loss) for the year							1,55,706.35			1,55,706.35
Other Comprehensive Income / (loss)							(861.73)	512.98	295.78	(52.97)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,54,844.62**	**512.98**	**295.78**	**1,55,653.38**
Dividend paid on equity shares (including tax thereon)							(29,378.43)			(29,378.43)
Transfers to Securities premium on exercise of employee stock options			1,066.44			(1,066.44)				-
Employee stock options expired				4.91		(4.91)				-
Share based payment expense						2,327.98				2,327.98
Transfers to Statutory reserves	31,142.00						(31,142.00)			-
Transfers to General reserves				15,571.00			(15,571.00)			-
Transfers to Debenture Redemption Reserve					14,667.61		(14,667.61)			-
Balance as at 31 March 2019	**1,68,605.62**	**5,000.00**	**4,15,212.59**	**79,718.69**	**22,370.59**	**3,386.48**	**3,83,402.02**	**512.98**	**295.78**	**10,78,504.75**

The accompanying notes 1 to 56 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

Mumbai
24 April 2019

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]

C.B. Bhave
Director
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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

Statement of Cash Flows

for year ended 31 March 2019

Rs. in lakhs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxes	2,38,244.19	1,60,185.17
Adjustments to reconcile profit before tax to net cash flows:		
Add: Non-cash expenses		
Depreciation, amortization and impairment	6,022.52	4,419.21
Impairment on financial instruments	(1,12,855.87)	(45,344.72)
Bad debts and write offs	1,76,376.70	1,02,158.82
Net loss in fair value of derivative financial instruments	2,693.63	2,994.41
Unreaslised foreign exchange gain/loss	826.29	1,083.90
Share based payments to employees	2,255.02	714.72
	75,318.29	**66,026.34**
Less: Income considered separately		
Net gain on fair value changes	(683.87)	(18.02)
Income from investing activities	(16,020.84)	(10,523.82)
Dividend income	(3,395.23)	(1,802.57)
Net gain on derecognition of property, plant and equipment	(80.41)	(51.28)
Net gain on sale of investments	119.90	(59.56)
	(20,060.45)	**(12,455.25)**
Operating profit before working capital changes	**2,93,502.03**	**2,13,756.26**
Changes in -		
Loans	(13,35,626.42)	(9,22,164.90)
Trade receivables	(149.72)	(160.16)
Interest accrued on other deposits	304.50	(38.65)
Other financial assets	(1,890.66)	(888.92)
Other financial liabilities	15,440.38	30,534.69
Other non-financial assets	(1,566.77)	(1,577.86)
Trade Payables	(4,173.96)	24,621.91
Other non-financial liabilities	1,999.35	(127.36)
Derivative financial instruments	1,427.60	(3,169.39)
Provisions	6,566.45	3,726.55
Cash used in operations	**(13,17,669.25)**	**(8,69,244.09)**
Income taxes paid (net of refunds)	(67,640.99)	(55,099.30)
NET CASH USED IN OPERATING ACTIVITIES (A)	**(10,91,808.21)**	**(7,10,587.13)**
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment and intangible assets	(10,957.65)	(5,246.53)
Proceeds from sale of Property, plant and equipment	190.11	133.53
Purchase of investments at amortised cost	(21,994.94)	(1,24,418.19)
Proceeds from sale of investments at amortised cost	1,06,385.59	1,10,917.92
Purchase of investments at FVOCI	(300.00)	(700.00)
Purchase of investments at FVTPL	(34,66,857.18)	(5,46,882.99)
Proceeds from sale of investments at FVTPL	32,99,938.37	5,73,882.99
Purchase of investments at cost	(19,963.21)	(17,562.44)
Proceeds from sale of investments measured at cost (in equity shares of Mahindra Insurance Brokers Limited)	-	6,500.00
Proceeds from term deposits with banks (net)	(37,463.96)	12,191.81
Dividend income received	3,395.23	1,802.57
Interest income received on investments measured at amortised cost, FVOCI, FVTPL and at cost	15,955.03	10,508.61
Increase in Earmarked balances with banks	(12.54)	(23.26)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**(1,31,685.15)**	**21,104.02**

Statement of Cash Flows Contd.

for year ended 31 March 2019

Rs. in lakhs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares (net of issue expenses)	-	2,09,789.87
Expenses incurred on issuance of Non-convertible debentures	(2,143.51)	(1,858.14)
Proceeds from borrowings through Debt Securities	31,55,102.24	23,23,311.18
Repayment of borrowings through Debt Securities	(29,54,672.60)	(20,59,160.42)
Proceeds from Borrowings (Other than Debt Securities)	28,97,062.34	30,24,236.17
Repayment of Borrowings (Other than Debt Securities)	(21,06,151.64)	(27,51,023.30)
Proceeds from borrowings through Subordinated Liabilities	33,687.23	1,15,053.13
Repayment of borrowings through Subordinated Liabilities	(980.00)	(6,880.00)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	(2,205.46)	(37,284.09)
Increase / (decrease) in Fixed deposits (net)	2,56,150.55	(1,24,559.01)
Dividend paid (including tax on dividend)	(29,378.43)	(16,097.30)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**12,46,470.72**	**6,75,528.09**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**22,977.36**	**(13,955.02)**
Cash and Cash Equivalents at the beginning of the year	**27,190.38**	**41,145.40**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 3)	**50,167.74**	**27,190.38**
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Cash on hand	2,717.34	904.46
- Cheques and drafts on hand	1,601.77	1,264.80
- Balances with banks in current accounts	45,848.63	24,996.12
-Term deposits with original maturity up to 3 months	-	25.00
Total	**50,167.74**	**27,190.38**

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

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

Mumbai
24 April 2019

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]
C.B. Bhave Director [DIN: 00059856]
Rama Bijapurkar Director [DIN: 00001835]
Milind Sarwate Director [DIN: 00109854]
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

Notes forming part of the Financial Statements

for the year ended 31 March 2019

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai. The Company is a 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 equity shares of the Company are listed on the National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai 400001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Company's financial statements upto and for the year ended 31 March 2018 were 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, 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), 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 NBFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as "Previous GAAP".

These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 53.

These standalone or separate financial statements were approved by the Company's Board of Directors and authorised for issue on 24 April 2019.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Use of estimates and judgements and Estimation uncertainity

In preparing these financial statements, management has made judgements, estimates

Notes forming part of the Financial Statements

for the year ended 31 March 2019

and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

Effective Interest Rate (EIR) Method
The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of Financial Assets
The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk

- The segmentation of financial assets when their ECL is assessed on a collective basis

- Development of ECL model, including the various formulae and the choice of inputs

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 50)

Provisions and other contingent liabilities
The reliable measure of the estimates and judgemets pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

2.6 First-time adoption of Ind AS – mandatory exceptions and optional exemptions

Overall principle :
The Company has prepared the opening balance sheet as per Ind AS as of 1st April 2017 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as mentioned below:

Deemed cost for property, plant and equipment and intangible assets -
The Company has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

De-recognition of financial assets and financial liabilities related to securitisation transactions -
The Company has not elected the exemption of applying the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date. The Company has applied de-recognition requirements of financial assets and financial liabilities retrospectively from 1 February 2013 as the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initially accounting for those transactions.

Share-based payments -
The Company has availed the exemption of not applying Ind AS 102 Share-based Payment to options already vested as on the transition date.

Leases -
The Company has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on date of transition to Ind AS.

2.7 Revenue recognition :

a) Recognition of interest income on loans

Interest income is recognised in Statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest 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.

b) Rental Income :

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.

c) Fee and commission income :

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

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

d) Dividend and interest income on investments:

- Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- Interest income from investments is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.8 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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 separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

The estimated useful lives used for computation of depreciation are as follows:

Buildings	60 years
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 years and 10 years
Vehicles under lease	8 years

Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (caculated as the differnce between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

2.9 Intangible assets :

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

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortisation is calcualted using the straight line method to write down the cost of intangible assets over their estimated useful lives.

2.10 Investments in subsidiaries and associates :

Investments in subsidiaries and associate are measured at cost less accumulated impairment, if any.

2.11 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

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.12 Financial instruments :

a) Recognition and initial measurement -

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other

Notes forming part of the Financial Statements

for the year ended 31 March 2019

than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

b) Classification and Subsequent measurement of financial assets-

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

Amortised cost -

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

FVOCI - debt instruments -

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

c) Financial liabilities and equity instruments:

Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity

Notes forming part of the Financial Statements

for the year ended 31 March 2019

instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

d) Financial guarantee contracts:
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 - Revenue.

e) Derecognition
Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities
A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

g) Derivative financial instruments
The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in Statement of profit and loss.

i) Impairment of financial instruments
Equity instruments are not subject to impairment under Ind AS 109.

The Company recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12

Notes forming part of the Financial Statements

for the year ended 31 March 2019

month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information. (refer note 50)

The Company recognises lifetime ECL for trade and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

j) Collateral repossessed -

Based on operational requirements, the Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalisation at their fair market value.

In the normal course of business, the Company does not physically repossess assets/properties in its loan portfolio, but engages external agents to repossess and recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the assets / properties under legal repossession processes are not separately recorded on the balance sheet.

k) Write offs -

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/ borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

2.13 Employee benefits:

a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund and ESIC -

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

c) Gratuity -

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet

Notes forming part of the Financial Statements

for the year ended 31 March 2019

with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

d) Superannuation fund -

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.

e) 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.

f) Employee stock options -

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.14 Finance costs :

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilised, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.15 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

a) Current tax :

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax :

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.16 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

2.17 Impairment of assets other than financial assets :

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

2.18 Provisions :

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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.

2.19 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.

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 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

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

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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.

2.22 Standards issued but not yet effective :

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116, Leases and consequential amendments to various Ind AS standards. The amendments are effective from accounting periods beginning from 1st April 2019.

Ind AS 116 Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases. Company is currently evaluating the impact of Ind AS 116 on its financial statements.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes

Recognition of income tax consequences of dividends:

Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in the Statement of profit and loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 19, Employee Benefits

Clarifies that when a plan amendment, curtailment or settlement occurs:

The updated actuarial assumptions used in remeasuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in OCI. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 109, Financial Instruments

Prepayment Features with Negative Compensation:

It allows particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortised cost or at FVOCI (subject to the business model assessment). Before the amendments, these instruments were measured at FVTPL because the SPPI criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so.

The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or less than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination.

The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

3 CASH AND CASH EQUIVALENTS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Cash on hand	2,717.34	904.46	1,723.81
Cheques and drafts on hand	1,601.77	1,264.80	1,258.49
Balances with banks in current accounts	45,848.63	24,996.12	38,163.10
Term deposits with original maturity up to 3 months	-	25.00	-
	50,167.74	**27,190.38**	**41,145.40**

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Earmarked balances with banks -			
- Unclaimed dividend accounts	89.78	77.24	53.98
Term deposits with maturity less than 12 months -			
- Free	15,001.00	9,844.77	1,862.00
- Under lien#	30,590.65	3,999.70	14,745.12
	45,681.43	**13,921.71**	**16,661.10**

Details of Term deposits - Under lien

Rs. in lakhs

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total
For Statutory Liquidity Ratio	5,517.23	7,500.00	13,017.23	-	766.00	766.00	5,563.00	766.00	6,329.00
For securitization transactions	24,538.61	-	24,538.61	3,162.88	37.12	3,200.00	8,766.12	10,048.94	18,815.06
Legal deposits	9.81	11.50	21.31	9.82	11.50	21.32	3.00	17.00	20.00
For Constituent Subsidiary General Ledger (CSGL) account	500.00	-	500.00	802.00	-	802.00	413.00	99.00	512.00
Collateral deposits with banks for Aadhaar authentication	25.00	-	25.00	25.00	-	25.00	-	-	-
Total	**30,590.65**	**7,511.50**	**38,102.15**	**3,999.70**	**814.62**	**4,814.32**	**14,745.12**	**10,930.94**	**25,676.06**

5 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in lakhs

	31 March 2019		31 March 2018		1 April 2017	
	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
Currency derivatives :						
Forward contracts	59,659.22	917.97	1,614.70	21.83	-	-
Options	-	88.42	-	14.86	-	-
Total derivative financial instruments	**59,659.22**	**1,006.39**	**1,614.70**	**36.69**	**-**	**0.00**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

6 RECEIVABLES

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
Trade receivables				
i)	Secured, considered good	-	-	-
ii)	Unsecured, considered good :			
	- Lease rental receivable on operating lease transactions	18.85	0.49	-
	- Subvention income receivable	500.34	368.98	208.51
		519.19	**369.47**	**208.51**
iii)	Credit impaired :			
	- Trade receivable on hire purchase transactions	373.39	373.39	374.19
	Less : Impairment loss allowance	(373.39)	(373.39)	(374.19)
		-	**-**	**-**
		519.19	**369.47**	**208.51**

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

7 LOANS

Rs. in lakhs

			31 March 2019	31 March 2018	1 April 2017
A)	**Loans (at amortised cost) :**				
	Retail loans		58,74,147.34	48,16,960.38	41,51,209.91
	Small and Medium Enterprise (SME) financing		1,88,053.12	1,36,049.28	91,477.49
	Bills of exchange		61,534.86	55,032.38	38,567.32
	Trade advances		1,87,430.56	1,43,727.01	1,21,579.34
	Inter corporate deposits to related parties		100.00	100.00	100.00
	Retained interest under assignment transactions		-	147.11	161.21
	Total (Gross)		**63,11,265.88**	**51,52,016.16**	**44,03,095.27**
	Less : Impairment loss allowance		(1,86,303.08)	(2,97,315.00)	(3,43,092.00)
	Total (Net)		**61,24,962.80**	**48,54,701.16**	**40,60,003.27**
B)	i)	Secured by tangible assets	59,81,320.04	49,10,517.87	42,17,007.24
	ii)	Secured by intangible assets	-	-	-
	iii)	Covered by bank / Government guarantees	-	-	-
	iv)	Unsecured	3,29,945.84	2,41,498.29	1,86,088.03
	Total (Gross)		**63,11,265.88**	**51,52,016.16**	**44,03,095.27**
	Less : Impairment loss allowance		(1,86,303.08)	(2,97,315.00)	(3,43,092.00)
	Total (Net)		**61,24,962.80**	**48,54,701.16**	**40,60,003.27**
C)	**i)**	**Loans in India**			
		a) Public Sector	-	-	-
		b) Others	63,11,265.88	51,52,016.16	44,03,095.27
	Total (Gross)		**63,11,265.88**	**51,52,016.16**	**44,03,095.27**
	Less : Impairment loss allowance		(1,86,303.08)	(2,97,315.00)	(3,43,092.00)
	Total (Net) - C (i)		**61,24,962.80**	**48,54,701.16**	**40,60,003.27**
	ii)	**Loans outside India**	-	-	-
	Less : Impairment loss allowance		-	-	-
	Total (Net) - C (ii)		**-**	**-**	**-**
	Total (Net) - C (i+ii)		**61,24,962.80**	**48,54,701.16**	**40,60,003.27**

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

8 INVESTMENTS

Rs. in lakhs

Investments	31 March 2019						31 March 2018						1 April 2017					
	Amortised cost	At Fair Value			Others (at cost)	Total	Amortised cost	At Fair Value			Others (at cost)	Total	Amortised cost	At Fair Value			Others (at cost)	Total
		Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total		
Units of mutual funds	-	-	62,349.01	62,349.01	-	62,349.01	-	-	726.80	726.80	-	726.80	-	-	27,708.78	27,708.78	-	27,708.78
Government securities	70,922.15			-		70,922.15	70,945.35					70,945.35	70,890.34	-	-	-	-	70,890.34
Debt securities -				-														
i) Secured redeemable non-convertible debentures	6,200.00	-	-	-	-	6,200.00	16,475.00	-	-	-	-	16,475.00	16,750.01	-	-	-	-	16,750.01
ii) Unsecured redeemable non-convertible subordinate debentures		-	-	-	-	-	700.00	-	-	-	-	700.00	700.00	-	-	-	-	700.00
iii) Investments in Pass Through Certificates under securitization transactions	21,359.96	-	-	-	-	21,359.96	86,672.82	-	-	-	-	86,672.82	11,000.12	-	-	-	-	11,000.12
iv) Commercial Papers	21,994.94	-	59,070.39	59,070.39	-	81,065.33	30,050.68	-	-	-	-	30,050.68	20,858.36	-	-	-	-	20,858.36
v) Certificate of deposits with banks	-		46,910.08	46,910.08		46,910.08												
vi) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited		1,088.52	-	1,088.52	-	1,088.52	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments of other entities -																		
a) Subsidiaries																		
i) Mahindra Insurance Brokers Limited	-	-	-	-	45.16	45.16	-	-	-	-	45.16	45.16	-	-	-	-	47.98	47.98
ii) Mahindra Rural Housing Finance Limited	-	-	-	-	51,252.22	51,252.22	-	-	-	-	36,252.22	36,252.22	-	-	-	-	23,252.22	23,252.22
iii) Mahindra Asset Management Company Private Ltd.	-	-	-	-	16,000.00	16,000.00	-	-	-	-	12,000.00	12,000.00	-	-	-	-	9,100.00	9,100.00
iv) Mahindra Trustee Company Private Ltd.	-	-	-	-	50.00	50.00	-	-	-	-	50.00	50.00	-	-	-	-	50.00	50.00
b) Associates																		
49% Ownership in Mahindra Finance USA, LLC	-	-	-	-	21,054.81	21,054.81	-	-	-	-	20,091.60	20,091.60	-	-	-	-	18,429.16	18,429.16
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)																		
c) Others																		
Equity investment in Orizonte Business Solutions Limited	-	1,154.65	-	1,154.65		1,154.65	-	700.00	-	700.00	-	700.00	-	-	-	-	-	-
New Democratic Electoral Trust	-	-	-	-	1.00	1.00	-	-	-	-	1.00	1.00	-	-	-	-	1.00	1.00
Total - Gross (A)	**1,20,477.05**	**2,243.17**	**1,68,329.48**	**1,70,572.65**	**88,403.19**	**3,79,452.89**	**2,04,843.85**	**700.00**	**726.80**	**1,426.80**	**68,439.98**	**2,74,710.63**	**1,20,198.83**	**-**	**27,708.78**	**27,708.78**	**50,880.36**	**1,98,787.97**
i) Investments outside India	-	-	-	-	21,054.81	21,054.81	-	-	-	-	20,091.60	20,091.60	-	-	-	-	18,429.16	18,429.16
ii) Investments in India	1,20,477.05	2,243.17	1,68,329.48	1,70,572.65	67,348.38	3,58,398.08	2,04,843.85	700.00	726.80	1,426.80	48,348.38	2,54,619.03	1,20,198.83	-	27,708.78	27,708.78	32,451.20	1,80,358.81
Total - Gross (B)	**1,20,477.05**	**2,243.17**	**1,68,329.48**	**1,70,572.65**	**88,403.19**	**3,79,452.89**	**2,04,843.85**	**700.00**	**726.80**	**1,426.80**	**68,439.98**	**2,74,710.63**	**1,20,198.83**	**-**	**27,708.78**	**27,708.78**	**50,880.36**	**1,98,787.97**
Less : Allowance for Impairment loss (C)	282.52	-	-	-	-	282.52	1,299.21	-	-	-	-	1,299.21	362.36	-	-	-	-	362.36
Total - Net D (A-C)	**1,20,194.53**	**2,243.17**	**1,68,329.48**	**1,70,572.65**	**88,403.19**	**3,79,170.37**	**2,03,544.64**	**700.00**	**726.80**	**1,426.80**	**68,439.98**	**2,73,411.42**	**1,19,836.47**	**-**	**27,708.78**	**27,708.78**	**50,880.36**	**1,98,425.61**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

9 OTHER FINANCIAL ASSETS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Interest accrued on investments	1,476.20	1,410.39	1,395.18
Interest accrued on other deposits	939.97	1,244.47	1,167.85
Security Deposits	3,008.10	2,742.98	2,642.23
Term deposits with banks (remaining maturity more than 12 months)			
- Free	-	980.10	330.91
- Under lien	7,511.50	814.62	10,930.94
Others	3,959.36	2,260.88	1,318.07
	16,895.13	**9,453.44**	**17,785.18**

10 DEFERRED TAX ASSETS (NET)

Rs. in lakhs

	Balance as at 1 April 2017	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2018	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2019
Tax effect of items constituting deferred tax liabilities :									
- Application of EIR on financial assets	(5,180.23)	(1,792.69)	-	-	(6,972.92)	(2,937.46)	-	-	(9,910.38)
- Application of EIR on financial liabilities	(2,367.99)	-	-	-	(2,367.99)	(1,268.33)	-	-	(3,636.32)
- Share based payments	(28.40)	(674.66)	-	-	(703.06)	(470.85)	-	-	(1,173.91)
- FVTPL financial asset	(3.04)	(6.33)	-	-	(9.37)	(238.98)	-	-	(248.35)
- Others	(1,795.72)	1,438.99	(643.06)	-	(999.79)	(605.84)	(749.03)	-	(2,354.66)
	(9,375.38)	**(1,034.69)**	**(643.06)**	**-**	**(11,053.13)**	**(5,521.46)**	**(749.03)**	**-**	**(17,323.62)**
Tax effect of items constituting deferred tax assets :									
- Provision for employee benefits	838.02	481.74	-	660.29	1,980.05	(121.14)	-	462.87	2,321.78
- Derivatives	319.15	1,811.45	-	-	2,130.60	1,909.02	-	-	4,039.62
- Allowance for ECL	69,314.69	(6,838.68)	-	-	62,476.01	(22,587.40)	-	-	39,888.61
- Application of EIR on financial liabilities	-	292.37	-	-	292.37	-	-	-	292.37
- Others	5,748.37	1,170.55	-	-	6,918.92	1,469.26	-	(434.41)	7,953.77
	76,220.23	**(3,082.57)**	**-**	**660.29**	**73,797.95**	**(19,330.26)**	**-**	**28.46**	**54,496.15**
Net deferred tax assets	**66,844.85**	**(4,117.26)**	**(643.06)**	**660.29**	**62,744.82**	**(24,851.72)**	**(749.03)**	**28.46**	**37,172.53**

Income tax recognised in Statement of profit and loss

Rs. in lakhs

	31 March 2019	31 March 2018
Current tax:		
In respect of current year	57,411.73	54,862.42
In respect of prior years	274.39	93.58
	57,686.12	**54,956.00**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	24,851.72	4,117.26
	24,851.72	**4,117.26**
Total Income tax recognised in Statement of profit and loss	**82,537.84**	**59,073.26**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Income tax recognised in Other Comprehensive Income

Rs. in lakhs

	31 March 2019	31 March 2018
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Remeasurement of defined employee benefits	462.87	660.29
Net gain / (loss) on equity instruments through OCI	(158.87)	-
Net gain / (loss) on debt instruments through OCI	(275.54)	-
Total Income tax recognised in Other Comprehensive Income	**28.46**	**660.29**

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:

Rs. in lakhs

	As at 31 March 2019	As at 31 March 2018
Profit before tax	2,38,244.19	1,66,682.35
Applicable income tax rate	34.944%	34.608%
Expected income tax expense	83,252.05	57,685.43
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	(1,186.66)	(625.02)
Effect of expenses / provisions not deductible in determining taxable profit	209.66	1,113.20
Effect of tax incentives and concessions	446.44	480.62
Effect of differential tax rate	-	300.12
Adjustment related to tax of prior years	274.39	93.58
Others	(458.04)	25.33
Reported income tax expense	**82,537.84**	**59,073.26**

11 PROPERTY, PLANT AND EQUIPMENTS

Rs. in lakhs

Particulars	Land	Buildings	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Total
GROSS CARRYING AMOUNT								
Balance as at 1 April 2017	-	108.92	6,758.89	7,670.46	8,234.39	6,028.62	-	28,801.28
Additions during the year	81.40	-	1,926.85	448.37	691.55	1,283.68	77.15	4,509.00
Disposals / deductions during the year	-	-	372.17	59.66	276.05	661.88	-	1,369.76
Balance as at 31 March 2018	**81.40**	**108.92**	**8,313.57**	**8,059.17**	**8,649.89**	**6,650.42**	**77.15**	**31,940.52**
Balance as at 1 April 2018	81.40	108.92	8,313.57	8,059.17	8,649.89	6,650.42	77.15	31,940.52
Additions during the year	-	-	1,907.29	976.50	1,164.77	1,608.65	1,153.03	6,810.24
Disposals / deductions during the year	-	-	189.69	115.67	360.74	795.34	-	1,461.44
Balance as at 31 March 2019	**81.40**	**108.92**	**10,031.17**	**8,920.00**	**9,453.92**	**7,463.73**	**1,230.18**	**37,289.32**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES								
Balance as at 1 April 2017	-	23.06	4,809.67	4,330.87	5,171.77	3,622.37	-	17,957.74
Additions during the year	-	1.82	1,112.87	779.86	1,133.37	998.90	1.04	4,027.86
Disposals / deductions during the year	-	-	370.55	54.70	265.34	596.92	-	1,287.51
Balance as at 31 March 2018	**-**	**24.88**	**5,551.99**	**5,056.03**	**6,039.80**	**4,024.35**	**1.04**	**20,698.09**
Balance as at 1 April 2018	-	24.88	5,551.99	5,056.03	6,039.80	4,024.35	1.04	20,698.09
Additions during the year	-	1.82	1,473.74	892.59	1,158.70	1,121.60	44.50	4,692.95
Disposals / deductions during the year	-	-	188.73	103.80	355.51	703.70	-	1,351.74
Balance as at 31 March 2019	**-**	**26.70**	**6,837.00**	**5,844.82**	**6,842.99**	**4,442.25**	**45.54**	**24,039.30**
NET CARRYING AMOUNT								
As at 1 April 2017	-	85.86	1,949.22	3,339.59	3,062.62	2,406.25	-	10,843.54
As at 31 March 2018	81.40	84.04	2,761.58	3,003.14	2,610.09	2,626.07	76.11	11,242.43
As at 31 March 2019	81.40	82.22	3,194.17	3,075.18	2,610.93	3,021.48	1,184.64	13,250.02

Notes forming part of the Financial Statements

for the year ended 31 March 2019

12 INTANGIBLE ASSETS

Rs. in lakhs

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2017	2,902.07
Additions during the year	807.39
Deductions during the year	-
Balance as at 31 March 2018	**3,709.46**
Balance as at 1 April 2018	3,709.46
Additions during the year	3,661.75
Deductions during the year	-
Balance as at 31 March 2019	**7,371.21**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2017	2,594.14
Additions during the year	391.35
Deductions during the year	-
Balance as at 31 March 2018	**2,985.49**
Balance as at 1 April 2018	2,985.49
Additions during the year	1,329.57
Deductions during the year	-
Balance as at 31 March 2019	**4,315.06**
NET CARRYING AMOUNT	
As at 1 April 2017	**307.93**
As at 31 March 2018	**723.97**
As at 31 March 2019	**3,056.15**

13 OTHER NON-FINANCIAL ASSETS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Capital advances	485.66	-	20.77
Prepaid expenses	2,965.05	2,166.34	1,438.17
Unamortised placement and arrangement fees paid on borrowing instruments	401.48	-	-
Insurance advances	185.59	479.44	178.51
Other advances	1,669.05	1,152.37	603.61
	5,706.83	**3,798.15**	**2,241.06**

14 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in lakhs

	31 March 2019		31 March 2018		1 April 2017	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
i) Currency derivatives :						
Forward contracts	20,231.96	2,176.30	59,469.83	566.35	18,339.39	2,129.22
Options	1,23,078.50	5,526.23	50,000.00	2,045.25	84,467.50	620.67
Total derivative financial instruments		**7,702.53**		**2,611.60**		**2,749.89**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

15 PAYABLES

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
I)	**Trade Payables**			
i)	total outstanding dues of micro enterprises and small enterprises	-	-	-
ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	97,947.17	1,05,538.96	80,917.05
II)	**Other Payables**			
i)	total outstanding dues of micro enterprises and small enterprises	253.29	-	-
ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	3,164.54	-	-
		1,01,365.00	**1,05,538.96**	**80,917.05**

Micro, Small and Medium 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), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
a)	Dues remaining unpaid to any supplier at the year end			
	- Principal	0.10	-	-
	- Interest on the above			
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	-	-	-
	- Principal paid beyond the appointed date	-	-	-
	- Interest paid in terms of Section 16 of the MSMED Act			
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-	-
d)	Amount of interest accrued and remaining unpaid			
e)	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	-	-	-
		0.10	**-**	**-**

16 DEBT SECURITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
Non-convertible debentures (Secured)	19,54,799.74	16,17,664.41	14,12,209.93
Non-convertible debentures (Unsecured)	19,893.55	-	-
Commercial Papers (Unsecured)	2,57,244.63	4,16,844.72	3,57,955.39
Total (A+B)	**22,31,937.92**	**20,34,509.13**	**17,70,165.32**
Debt securities in India	22,31,937.92	20,34,509.13	17,70,165.32
Debt securities outside India	-	-	-
Total	**22,31,937.92**	**20,34,509.13**	**17,70,165.32**

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

The Secured Non-convertible debentures are secured by paripassu charges on Office premises, PPE and exclusive charges on receivables under loan contracts having carrying value of Rs 21,27,458.97 lakhs.

Details of Non-convertible debentures (Secured) :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate Range	Amount	Interest Rate Range	Amount	Interest Rate Range	Amount
A) Issued on private placement basis (wholesale) -						
Repayable on maturity :						
Maturing beyond 5 years	8.70%-9.00%	1,79,500.00	8.70% - 9.00%	1,79,500.00	8.70% - 9.00%	1,89,200.00
Maturing between 3 years to 5 years	8.24%-8.95%	98,000.00	7.50% - 8.95%	51,700.00	7.50% - 8.82%	1,32,780.00
Maturing between 1 year to 3 years	7.35%-9.49%	7,71,150.00	7.29% - 9.45 %	8,91,860.00	7.43% - 10.25%	8,55,350.00
Maturing within 1 year	7.29%-9.45%	7,34,500.00	7.53% - 10.25%	5,04,050.00	7.38% - 9.45%	2,43,380.00
Sub-total at face value (A)		**17,83,150.00**		**16,27,110.00**		**14,20,710.00**
B) Issued on retail public issue -						
Repayable on maturity :						
Maturing beyond 5 years	9.20%-9.30%	86,915.30	-	-	-	-
Maturing between 3 years to 5 years	9.00%-9.15%	94,096.94	-	-	-	-
Sub-total at face value (B)		**1,81,012.24**		**-**		**-**
Total at face value (A+B)		**19,64,162.24**		**16,27,110.00**		**14,20,710.00**
Less: Unamortised discounting charges		9,362.50		9,445.59		8,500.07
Total amortised cost		**19,54,799.74**		**16,17,664.41**		**14,12,209.93**

Details of Non-convertible debentures (Unsecured) - :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate Range	Amount	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :						
Maturing beyond 5 years	8.53%	20,000.00		-		-
Total at face value		**20,000.00**		**-**		**-**
Less: Unamortised discounting charges		106.45		-		-
Total amortised cost		**19,893.55**		**-**		**-**

Details of Commercial Papers (Unsecured):

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate Range	Amount	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :						
Maturing within 1 year	7.70% - 9.05%	2,65,000.00	7.20% - 7.90%	4,22,500.00	6.65% - 7.31%	3,65,500.00
Total at face value		**2,65,000.00**		**4,22,500.00**		**3,65,500.00**
Less: Unamortised discounting charges		7,755.37		5,655.28		7,544.61
Total amortised cost		**2,57,244.63**		**4,16,844.72**		**3,57,955.39**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

17 BORROWINGS (OTHER THAN DEBT SECURITIES)

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
a) Term loans			
i) Secured -			
- from banks	13,73,553.76	10,64,146.88	7,97,371.73
- from banks in foreign currency	63,403.97	1,07,209.39	99,551.09
- External Commercial Borrowings	1,37,396.77	-	-
- Associated liabilities in respect of securitisation transactions	4,34,734.49	75,726.36	81,804.49
ii) Unsecured -			
- from banks	5,813.54	10,000.00	7,400.00
b) Loans from related parties			
Unsecured -			
- Inter-corporate deposits (ICDs)	92,650.00	52,025.00	55,200.00
c) Loans repayable on demand			
i) Secured -			
- Cash credit facilities with banks	22,600.50	24,805.96	62,090.05
ii) Unsecured -			
- from banks	-	-	-
- from other parties	-	-	-
d) Other loans and advances			
Unsecured -			
- Inter-corporate deposits (ICDs) other than related parties	-	5,000.00	-
Total (A+B)	**21,30,153.03**	**13,38,913.59**	**11,03,417.36**
Borrowings in India	19,92,756.26	13,38,913.59	11,03,417.36
Borrowings outside India	1,37,396.77	-	-
Total	**21,30,153.03**	**13,38,913.59**	**11,03,417.36**

Note: There is no borrowings measured at FVTPL or designated at FVTPL.

The term loans are secured by exclusive charges on receivables under loan contracts having carrying amount of Rs 14,07,901.91 lakhs.

The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Details of term loans from banks (Secured)

Rs. in lakhs

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
1) Repayable on maturity :						
Maturing between 1 year to 3 years	8.60% - 8.75%	43,000.00	8.25% - 8.35%	64,000.00	8.05% - 8.55%	74,000.00
Maturing within 1 year	8.20% - 8.75%	1,22,900.00	7.90% - 8.30%	1,20,000.00	7.90% - 9.70%	1,05,600.00
Total for repayable on maturity		**1,65,900.00**		**1,84,000.00**		**1,79,600.00**
2) Repayable in installments :						
i) Monthly -						
Maturing between 1 year to 3 years	8.91%	10,000.00	7.85%	10,000.00	-	-
Sub-Total		**10,000.00**		**10,000.00**		**-**
ii) Quarterly -						
Maturing between 3 years to 5 years	8.70% - 8.85%	27,857.14	7.90% - 8.30%	51,785.71	8.15% - 8.90%	15,000.00
Maturing between 1 year to 3 years	8.35% - 8.85%	2,09,166.67	7.90% - 8.35%	1,11,607.14	8.15% - 9.35%	76,130.95
Maturing within 1 year	8.35% - 8.85%	95,869.05	8.10% - 8.35%	79,404.76	8.15% - 9.65%	85,476.19
Sub-Total		**3,32,892.86**		**2,42,797.62**		**1,76,607.14**
iii) Half yearly -						
Maturing beyond 3 years to 5 years	8.55% - 10.50%	58,000.00	8.15%	1,00,000.00	9.05%	25,000.00
Maturing between 1 year to 3 years	7.45% - 10.50%	3,17,000.00	7.45% - 8.35%	2,25,000.00	8.30% - 9.70%	1,17,666.67
Maturing within 1 year	7.45% - 10.50%	1,55,000.00	7.45% - 8.50%	40,000.00	8.50% - 9.70%	74,333.33
Sub-Total		**5,30,000.00**		**3,65,000.00**		**2,17,000.00**
iv) Yearly -						
Maturing between 3 years to 5 years	8.65% - 8.75%	45,000.00	7.90%- 8.20%	40,000.00	9.30%- 9.70%	36,666.67
Maturing between 1 year to 3 years	8.35% - 9.00%	2,46,133.33	7.90%- 8.75%	1,15,166.67	8.45%- 9.70%	1,41,667.00
Maturing within 1 year	8.35%- 8.80%	44,033.33	8.05%- 8.75%	1,08,167.33	8.45%- 9.70%	48,333.33
Sub-Total		**3,35,166.67**		**2,63,334.00**		**2,26,667.00**
Total for repayable in installments		**12,08,059.52**		**8,81,131.62**		**6,20,274.14**
Total (1+2) (As per contractual terms)		**13,73,959.52**		**10,65,131.62**		**7,99,874.14**
Less Unamortized Finance Cost		405.76		984.74		2,502.41
Total Amortized Cost		**13,73,553.76**		**10,64,146.88**		**7,97,371.73**

The rates mentioned above are the applicable rates as at the year end date linked to MCLR (Marginal Cost of funds based Lending Rate) and Treasury bills plus spread.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Details of Secured term loans from banks in foreign currency (USD)

Rs. in lakhs

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
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	LIBOR plus spread 1.07% -2.20%	47,460.87
Maturing within 1 year	LIBOR plus spread 2.00% -2.20%	63,399.36	LIBOR plus spread 2.00% -2.20%	47,602.92	LIBOR plus spread 1.07% -2.20%	52,099.08
Total		**63,399.36**		**1,07,219.47**		**99,559.95**
Less Unamortized Finance Cost		(4.61)		10.09		8.86
Total Amortized Cost		**63,403.97**		**1,07,209.39**		**99,551.09**

Details of External Commercial Borrowings (USD & Euro)

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Maturing between 1 year to 3 years	LIBOR plus spread 1.10%	1,39,698.35	-	-	-	-
		1,39,698.35		**-**		**-**
Less Unamortized Finance Cost		2,301.58		-		-
		1,37,396.77		**-**		**-**

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Maturing between 3 years to 5 years	5.2%-9.25%	26,413.31	5.2%-6.50%	2,088.11	5.36%-6.50%	1,081.82
Maturing between 1 year to 3 years	5.2%-9.25%	2,13,893.72	5.2%-6.50%	30,194.02	5.36%-6.50%	31,220.80
Maturing within 1 year	5.2%-9.25%	1,94,427.46	5.2%-6.50%	43,444.22	5.36%-6.50%	49,501.87
		4,34,734.49		**75,726.36**		**81,804.49**
Less Unamortized Finance Cost		-		-		-
		4,34,734.49		**75,726.36**		**81,804.49**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing within 1 year	8.00% - 8.40%	5,813.54	7.76%	10,000.00	7.95%	7,400.00
Total		**5,813.54**		**10,000.00**		**7,400.00**
Less Unamortized Finance Cost		-		-		-
Total Amortized Cost		**5,813.54**		**10,000.00**		**7,400.00**

Details of Inter-corporate deposits (ICDs) :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing within 1 year	7.75% - 9.15%	92,650.00	6.50% - 8.65%	57,025.00	6.50% - 7.50%	55,200.00
Total		**92,650.00**		**57,025.00**		**55,200.00**
Less Unamortized Finance Cost		-		-		
Total Amortized Cost		**92,650.00**		**57,025.00**		**55,200.00**

Loans repayable on demand - Cash credit facilities with banks (Secured)

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing within 1 year	8.70%- 9.80%	22,600.50	8.05%- 8.30%	24,805.96	8.10% -12.35%	62,090.05
Total		**22,600.50**		**24,805.96**		**62,090.05**
Less Unamortized Finance Cost		-		-		-
Total Amortized Cost		**22,600.50**		**24,805.96**		**62,090.05**

18 DEPOSITS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At amortised cost			
Deposits (Unsecured)			
- Public deposits	5,66,718.41	3,12,480.07	4,36,368.10
Total	**5,66,718.41**	**3,12,480.07**	**4,36,368.10**

Note: There is no deposits measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing beyond 3 years	7.35% - 10.10%	64,702.42	7.35% - 8.80%	24,058.99	7.35% - 10.10%	31,748.40
Maturing between 1 year to 3 years	7.35% - 9.60%	3,67,398.25	7.30% - 10.10%	1,38,227.52	7.35% - 10.10%	1,91,170.44
Maturing within 1 year	7.30% - 10.10%	1,37,787.00	7.30% - 10.10%	1,51,450.62	7.30% - 10.60%	2,15,377.30
Total at face value		**5,69,887.68**		**3,13,737.13**		**4,38,296.14**
Less: Unamortised discounting charges		3,169.27		1,257.06		1,928.04
Total amortised cost		**5,66,718.41**		**3,12,480.07**		**4,36,368.10**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

19 SUBORDINATED LIABILITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
Subordinated redeemable non-convertible debentures - private placement	1,10,167.06	1,11,056.20	1,17,855.37
Subordinated redeemable non-convertible debentures - retail public issue	2,45,716.76	2,12,356.83	98,758.76
Total	**3,55,883.82**	**3,23,413.03**	**2,16,614.13**
Subordinated liabilities in India	3,55,883.82	3,23,413.03	2,16,614.13
Subordinated liabilities outside India	-	-	-
Total	**3,55,883.82**	**3,23,413.03**	**2,16,614.13**

Note: There is no Subordinated liabilities measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortised cost) - Subordinated redeemable non-convertible debentures:

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
A) Issued on private placement basis (wholesale) -						
Repayable on maturity :						
Maturing beyond 5 years	8.90% - 9.60%	39,000.00	8.90% - 9.70%	51,780.00	8.90% - 10.15%	58,780.00
Maturing between 3 years to 5 years	9.50% - 10.15%	19,780.00	9.80% - 10.50%	17,050.00	9.50% - 10.50%	37,270.00
Maturing between 1 year to 3 years	9.50% - 10.50%	37,270.00	9.50% - 10.02%	41,720.00	9.85% - 11.75%	15,480.00
Maturing within 1 year	9.85% - 10.02%	14,500.00	11.75%	980.00	10.50% - 12.00%	6,880.00
Sub-total at face value (A)		**1,10,550.00**		**1,11,530.00**		**1,18,410.00**
B) Issued on retail public issue -						
Repayable on maturity :						
Maturing beyond 5 years	7.75% - 9.50%	2,42,040.86	7.75% - 9.00%	2,09,587.35	8.44% - 9.00%	94,534.22
Maturing between 3 years to 5 years	8.44% - 8.80%	1,233.72	8.34% - 8.70%	5,465.78	8.34% - 8.70%	5,465.78
Maturing between 1 year to 3 years	8.34% - 8.70%	5,465.78	-	-	-	-
Sub-total at face value (B)		**2,48,740.36**		**2,15,053.13**		**1,00,000.00**
Total at face value (A+B)		**3,59,290.36**		**3,26,583.13**		**2,18,410.00**
Less: Unamortised discounting charges		3,406.55		3,170.10		1,795.87
Total amortised cost		**3,55,883.81**		**3,23,413.03**		**2,16,614.13**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

20 OTHER FINANCIAL LIABILITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Interest accrued but not due on borrowings	1,75,351.64	1,57,466.36	1,28,549.79
Unclaimed dividends	89.36	77.24	52.66
Unclaimed matured deposits and interest accrued thereon	504.63	460.20	376.37
Deposits / advances received against loan agreements	6,937.36	4,290.28	5,103.45
Insurance premium payable	1,073.79	1,665.36	2,413.93
Salary, Bonus and performance payable	390.90	1,806.45	262.30
Provision for expenses	7,650.56	9,463.11	8,276.63
Others	664.71	703.50	202.88
Total	**1,92,662.95**	**1,75,932.50**	**1,45,238.01**

21 PROVISIONS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Provision for employee benefits			
- Gratuity	3,140.89	2,161.02	555.16
- Leave encashment	5,401.91	3,487.54	2,132.28
- Bonus, incentives and performance pay	11,830.81	6,834.00	4,178.99
Provision for loan commitment	279.09	1,106.36	1,610.13
Total	**20,652.70**	**13,588.92**	**8,476.56**

22 OTHER NON-FINANCIAL LIABILITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Deferred subvention income	2,692.81	2,656.97	2,749.03
Statutory dues and taxes payable	5,177.28	3,632.80	3,715.80
Others	657.75	238.72	191.02
Total	**8,527.84**	**6,528.49**	**6,655.85**

23 EQUITY SHARE CAPITAL

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Authorised:			
70,00,00,000 (31 March 2018: 70,00,00,000 and 1 April 2017: 70,00,00,000) Equity shares of Rs.2/- each	14,000.00	14,000.00	14,000.00
50,00,000 (31 March 2018: 50,00,000 and 1April 2017: 50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00	5,000.00
Issued, Subscribed and paid-up:			
61,77,64,960 (31 March 2018: 61,77,64,960 and 1April 2017: 56,87,64,960) Equity shares of Rs.2/- each fully paid up	12,355.30	12,355.30	11,375.30
Less : 28,88,245 (31 March 2018: 32,87,993 and 1 April 2017: 37,23,298) Equity shares of Rs.2/- each fully paid up issued to ESOS Trust but not yet allotted to employees	57.76	65.76	74.47
Adjusted Issued, Subscribed and paid-up Share capital	**12,297.54**	**12,289.54**	**11,300.83**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs. in lakhs

		31 March 2019		31 March 2018		1 April 2017	
		No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares and amount outstanding:**						
	Issued, Subscribed and paid-up:						
	Balance at the beginning of the year	61,77,64,960	12,355.30	56,87,64,960	11,375.30	56,87,64,960	11,375.30
	Add : Fresh allotment of shares :						
	- Preferential allotment 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	61,77,64,960	12,355.30	56,87,64,960	11,375.30
	Less: Shares issued to ESOS Trust but not yet allotted to employees	28,88,245	57.76	32,87,993	65.76	37,23,298	74.47
	Adjusted Issued, Subscribed and paid-up Share capital	61,48,76,715	12,297.54	61,44,76,967	12,289.54	56,50,41,662	11,300.83
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	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	51.19%	51.19%	51.20%	51.20%
c)	**Shareholders holding more than 5 percent of the aggregate shares:**						
	Mahindra & Mahindra Limited	31,62,07,660	6,324.15	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	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.						

Other Equity

Description of the nature and purpose of Other Equity :

Statutory reserve

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Capital redemption reserve (CRR)

Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilised by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Debenture Redemption Reserve (DRR)

The Companies Act, 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

Rs. in lakhs

	31 March 2019	31 March 2018
Face value per share (Rupees)	2.00	2.00
Dividend percentage #	325%	200%
Dividend per share (Rupees)	6.50	4.00
Dividend on Equity shares	40,154.72	24,710.60
Estimated dividend distribution tax	7,631.31	4,667.83
Total Dividend including estimated dividend distribution tax	**47,786.03**	**29,378.43**

the proposed dividend of 325% (including special dividend of 125%) for the financial year ended 31 March 2019.

The dividends proposed for the financial year ended 31 March 2018 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant Annual General Meeting. Accordingly, the dividends proposed for the current financial year ended 31 March 2019 shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting.

24 INTEREST INCOME

Rs. in lakhs

		31 March 2019	31 March 2018
I)	**On financial instruments measured at Amortised cost**		
	Interest on loans	8,36,962.09	6,40,802.34
	Income from bill discounting	6,535.21	5,228.49
	Interest income from investments	16,158.19	10,523.82
	Interest on term deposits with banks	1,777.11	1,860.77
	Other interest income	16.78	-
II)	**On financial instruments measured at fair value through OCI**		
	Interest income from investments in debt instrument	6.40	-
Total		**8,61,455.78**	**6,58,415.42**

the proposed dividend of 325% (including special dividend of 125%) for the financial year ended 31 March 2019.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

25 FEES AND COMMISSION INCOME

Rs. in lakhs

	31 March 2019	31 March 2018
Service charges and other fees on loan transactions	5,659.43	4,014.89
Fees, commission / brokerage received from mutual fund distribution/other products	2,424.02	557.89
Collection fees related to transferred assets under securitisation transactions	608.31	167.08
Total	**8,691.76**	**4,739.86**

26 NET GAIN / (LOSS) ON FAIR VALUE CHANGES

Rs. in lakhs

		31 March 2019	31 March 2018
A)	Net gain / (loss) on financial instruments at FVTPL		
	i) On trading portfolio		
	- Investments	191.35	-
	- Derivatives	-	-
	- Others	-	-
	ii) On financial instruments designated at FVTPL	-	-
B)	Others - Mutual fund units	492.52	18.02
C)	Total Net gain / (loss) on financial instruments at FVTPL	**683.87**	**18.02**
	Fair value changes :		
	- Realised	-	-
	- Unrealised	683.87	18.02
D)	Total Net gain / (loss) on financial instruments at FVTPL (D = C)	683.87	18.02

27 OTHER INCOME

Rs. in lakhs

	31 March 2019	31 March 2018
Net gain on derecognition of property, plant and equipment	80.41	51.28
Net gain on sale investments measured at amortised cost	(119.90)	59.56
Dividend income from Equity investments in subsidiaries	2,007.23	1,631.99
Income from shared services	6,639.74	3,310.83
Others	82.83	119.87
Total	**8,690.31**	**5,173.53**

28 FINANCE COSTS

Rs. in lakhs

	31 March 2019	31 March 2018
On financial liabilities measured at Amortised cost		
Interest on deposits	35,708.17	34,845.17
Interest on borrowings	1,24,070.59	71,927.72
Interest on debt securities	1,99,789.70	1,69,335.17
Interest on subordinated liabilities	29,680.03	26,369.77
Net loss in fair value of derivative financial instruments	2,693.63	2,994.41
Other borrowing costs	2,514.04	2,689.32
Total	**3,94,456.16**	**3,08,161.56**

Note: Other than financial liabilities measured at amortised cost, there are no other financial liabilities measured at FVTPL.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Rs. in lakhs

	31 March 2019	31 March 2018
On financial instruments measured at Amortised cost		
Bad debts and write offs	1,76,376.70	1,02,158.82
Loans	(1,11,011.91)	(45,777.00)
Investments	(1,016.69)	936.85
Loan commitment	(827.27)	(503.77)
Trade receivables and other contracts	-	(0.80)
Total	**63,520.83**	**56,814.10**

Note: Other than financial instruments measured at amortised cost, there are no other financial instruments measured at FVOCI.

30 EMPLOYEE BENEFITS EXPENSES

Rs. in lakhs

	31 March 2019	31 March 2018
Salaries and wages	96,799.40	75,000.41
Contribution to provident funds and other funds	6,610.45	4,892.68
Share based payments to employees	2,255.02	714.72
Staff welfare expenses	3,347.04	2,638.78
Total	**1,09,011.91**	**83,246.59**

31 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Rs. in lakhs

	31 March 2019	31 March 2018
Depreciation on Property, Plant and Equipment	4,692.95	4,027.86
Amortization and impairment of intangible assets	1,329.57	391.35
Total	**6,022.52**	**4,419.21**

32 OTHER EXPENSES

Rs. in lakhs

	31 March 2019	31 March 2018
Rent	7,059.14	6,917.84
Rates and taxes, excluding taxes on income	104.44	(58.68)
Electricity charges	2,356.33	2,170.24
Repairs and maintenance	1,358.59	619.31
Communication Costs	2,886.56	3,073.52
Printing and Stationery	1,148.74	1,019.63
Advertisement and publicity	3,240.93	1,508.65
Directors' fees, allowances and expenses	368.18	318.67
Auditor's fees and expenses -		
- Audit fees	75.53	57.61
- Other services	81.39	31.44
- Reimbursement of expenses	1.02	0.50
Legal and professional charges	15,152.63	10,761.34
Insurance	2,819.22	1,875.09
Manpower outsourcing cost	3,024.39	1,590.24
Donations	2,760.70	2,579.80
CSR donations and expenses	167.32	148.03
Conveyance and travel expenses	12,402.56	10,575.39
Other expenditure	11,670.06	11,176.97
Total	**66,677.73**	**54,365.59**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

33 EXCEPTIONAL ITEMS

Rs. in lakhs

	31 March 2019	31 March 2018
Profit on sale of investments in shares of subsidiary company	-	6,497.18
Total	**-**	**6,497.18**

During the year ended 31 March 2018, 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.

34 EARNING PER SHARE (EPS)

Rs. in lakhs

	31 March 2019	31 March 2018
Profit for the year (Rs. in lakhs)	1,55,706.35	1,07,609.09
Weighted average number of Equity Shares used in computing basic EPS	61,46,21,661	58,10,96,549
Effect of potential dilutive Equity Shares	13,32,128	8,57,392
Weighted average number of Equity Shares used in computing diluted EPS	61,59,53,789	58,19,53,941
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	25.33	18.52
Diluted Earnings per share (Rs.)	25.28	18.49

35 ACCUMULATED OTHER COMPREHENSIVE INCOME

Rs. in lakhs

		31 March 2019	31 March 2018
A)	**Items that will not be reclassified to profit or loss**		
	- Net gain / (loss) on equity instruments through OCI	454.65	-
	Income tax impact thereon	(158.87)	-
Sub total (A)		**295.78**	**-**
B)	**Items that will be reclassified to profit or loss**		
	- Net gain / (loss) on debt instruments through OCI	788.52	-
	- Income tax impact thereon	(275.54)	-
Sub total (B)		**512.98**	**-**
Other Comprehensive Income (A + B)		**808.76**	**-**

36 EMPLOYEE STOCK OPTION PLAN

The Company had allotted 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on 3 February 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 27,42,055 equity shares to employees up to 31 March 2019 (31 March 2018: 23,42,307 equity shares), of which 3,99,748 equity shares (31 March 2018: 4,35,305 equity shares) were issued during the current year.

a) The terms and conditions of the Employees stock option scheme 2010 are as under :

Rs. in lakhs

Particulars	Terms and conditions
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 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 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

Notes forming part of the Financial Statements

for the year ended 31 March 2019

b) Options granted during the year:

During the year, the Company has granted 21,94,249 (31 March 2018: 62,130) stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Grant dated 24 October 2018	Grant dated 24 January 2018
Exercise price (Rs.)	2.00	2.00
No. of years vesting	5	5
Fair value of option (Rs.)	355.34	495.92

The key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

	As at 31 March 2019	As at 31 March 2018
Variables#	Grant dated 24 October 2018	Grant dated 24 January 2018
1) Risk free interest rate	7.77%	7.16%
2) Expected life	4.51 years	4.50 years
3) Expected volatility	37.61%	37.61%
4) Dividend yield	1.07%	0.47%
5) Price of the underlying share in the market at the time of option grant (Rs.)	374.35	508.00

the values mentioned against each of the variables are based on the weighted average % of vesting.

c) Summary of stock options:

Particulars	As at 31 March 2019		As at 31 March 2018	
	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	10,83,987	2.00	14,67,709	2.00
Options granted during the year	21,94,249	2.00	62,130	2.00
Options forfeited / lapsed during the year	9,684	2.00	10,547	2.00
Options expired during the year	1,888	2.00	-	-
Options exercised during the year	3,99,748	2.00	4,35,305	2.00
Options outstanding at the end of the year	28,66,916	2.00	10,83,987	2.00
Options vested but not exercised at the end of the year	1,76,151	2.00	1,89,612	2.00

d) Information in respect of options outstanding :

Exercise price	As at 31 March 2019		As at 31 March 2018	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Rs.2.00	28,66,916	62 months	10,83,987	48 months

e) Average share price at recognised stock exchange on the date of exercise of the option is as under:

Date of Exercise	Year ended 31 March 2019	Year ended 31 March 2018	
	Weighted average share price (Rs.)	Date of exercise	Weighted average share price (Rs.)
27 April 2018 to 22 March 2019	441.05	28 April 2017 to 23 March 2018	433.84

Notes forming part of the Financial Statements

for the year ended 31 March 2019

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102. Consequently, Rs.2,255.02 lakhs (31 March 2018: Rs.714.72 lakhs) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs.27.40 lakhs (31 March 2018 : 22.66 lakhs) in respect of options granted to employees of the Company and excludes net recovery of Rs.100.36 lakhs (31 March 2018 : Rs.177.29 lakhs) from its subsidiaries for options granted to their employees.

37 EMPLOYEE BENEFITS

General description of defined benefit plans

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering qualifying 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 makes annual contribution to the Gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity fund.

Post retirement medical

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatality -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Life expectancy -

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

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars		Funded Plan Gratuity		
		Year ended 31 March		
		2019	2018	2017
I.	**Amounts recognised in the Statement of Profit & Loss**			
	Current service cost	979.82	720.38	363.90
	Net Interest cost	148.59	40.86	(10.51)
	Adjustment due to change in opening balance of Plan assets	(238.81)	(380.05)	156.76
	Total expenses included in employee benefits expense	**889.60**	**381.19**	**510.15**
II.	**Amount recognised in Other Comprehensive income**			
	Remeasurement (gains)/losses:			
	a) Actuarial (gains)/losses arising from changes in -			
	- financial assumptions	(1,324.60)	(1,889.57)	(675.34)
	- experience adjustments	-	-	-
	b) Return on plan assets, excluding amount included in net interest expense/ (income)	-	-	-
	Total amount recognised in other comprehensive income	**(1,324.60)**	**(1,889.57)**	**(675.34)**
III.	**Changes in the defined benefit obligation**			
	Opening defined benefit obligation	5,177.73	2,736.45	1,944.96
	Add/(less) on account of business combination/transfers			
	Current service cost	979.82	720.38	363.90
	Past service cost			
	Interest expense	400.24	201.40	155.59
	Remeasurement (gains)/losses arising from changes in -			
	- demographic assumptions	35.99	-	-
	- financial assumptions	46.94	1,270.39	170.65
	- experience adjustments	990.02	458.64	338.58
	Benefits paid	(243.03)	(209.53)	(237.23)
	Closing defined benefit obligation	**7,387.71**	**5,177.73**	**2,736.45**
IV.	**Change in the fair value of plan assets during the year**			
	Opening Fair value of plan assets	3,016.71	2,181.29	1,919.57
	Interest income	-	-	-
	Expected return on plan assets	-	-	-
	Contributions by employer	1,234.34	664.90	342.19
	Adjustment due to change in opening balance of Plan assets	238.80	380.05	156.76
	Actual Benefits paid	(243.03)	(209.53)	(237.23)
	Closing Fair value of plan assets	**4,246.82**	**3,016.71**	**2,181.29**
V.	**Net defined benefit obligation**			
	Defined benefit obligation	7,387.71	5,177.73	2,736.45
	Fair value of plan assets	4,246.82	3,016.71	2,181.29
	Surplus/(Deficit)	3,140.89	2,161.02	555.16
	Current portion of the above	799.78	718.56	257.39
	Non current portion of the above	2,341.11	1,442.46	297.77

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Actuarial assumptions and Sensitivity

Particulars	Funded Plan Gratuity		
	Year ended 31 March		
	2019	2018	2017
I. Actuarial assumptions			
Discount Rate (p.a.)	7.67%	7.73%	7.36%
Attrition rate	19.00 for age upto 35, 3.00 for age 36-45, 11 for 46 and above	21.56 for age upto 35, 2.68 for age 36-45, 11 for 46 and above	19.52 for age upto 35, 2.42 for age 36-45, 11 for 46 and above
Expected rate of return on plan assets (p.a.)		-	-
Rate of Salary increase (p.a.)	7.00%	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
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:			
One percentage point increase in discount rate	(1,248.37)	(68.61)	(18.16)
One percentage point decrease in discount rate	1,226.74	69.76	47.43
One percentage point increase in Salary growth rate	1,222.10	63.51	38.46
One percentage point decrease in Salary growth rate	(1,264.06)	(62.64)	(9.90)
III. Maturity profile of defined benefit obligation			
Within 1 year	1,067.10	533.16	397.49
Between 2 and 5 years	4,050.08	2,997.37	2,001.91

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

The plan assets have been primarily invested in government securities and corporate bonds.

The Company's contribution to Gratuity aggregating Rs.889.60 Lakhs (31 March 2018: Rs.381.19 lakhs) has been recognised in Statement of Profit and Loss under the head Employee Benefits Expense.

38 FRESH ISSUE OF EQUITY SHARE CAPITAL

During the year ended 31 March 2018, the Company had raised funds amounting to Rs. 211100.00 lakhs through allotment of fresh equity shares. 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, following capital issuances were made.

a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs. 2.00 each, at a price of Rs.422.00 each, for cash, including a premium of Rs.420.00 per equity share, aggregating to Rs.105500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;

b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs. 2.00 each, at a price of Rs.440.00 each, for cash, including a premium of Rs.438.00 per equity share, aggregating to Rs.105600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized the entire proceeds (net of issue related expenses) from issue of equity shares through QIP for the purposes as stated in its 'Placement Document'.

The share issue expenses of Rs.1,310.13 lakhs has been adjusted against securities premium reserve as per the accounting policy. These equity shares were allotted on 7 December 2017.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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.

There was no fresh issuance of equity share capital during the current financial year.

39 FUNDS RAISED BY ISSUE OF DEBT INSTRUMENTS THROUGH PUBLIC ISSUE

During the year ended 31 March 2019, the Company has raised an amount of Rs. 2,14,699.47 lakhs (31 March 2018: Rs. 1,15,053.13 lakhs) by way of Public Issuance of Secured Redeemable Non-Convertible Debentures (NCD's) and Unsecured Subordinated Redeemable Non-Convertible Debentures of the face value of Rs.1,000.00 each. The NCD's issued during the current year were allotted on 18 January 2019 and those issued during the previous financial year were allotted on 24 July 2017 and these were listed on the BSE. The entire amount of proceeds from these issuances were used for the purposes as stated in its 'Placement Document' and there was no unutilised amount pertaining to these issuances. The issue expenses of Rs.2100.00 lakhs (31 March 2018: Rs. 1215.07 lakhs) has been adjusted against underlying NCD liabilities for amortisation at effective interest rate over the tenor of respective NCDs as per the accounting policy. The details are as follows.

Proceeds from issue of NCDs:

Rs. in lakhs

Sr. No.	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
i)	Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	33,687.23	1,15,053.13
ii)	Secured Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	1,81,012.24	-
	Total	**2,14,699.47**	**1,15,053.13**
	Issue expenses [adjusted against underlying NCD liabilities for amortisation at effective interest rate over the tenor of respective NCDs]	2,100.00	1,215.07

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.14,667.61 lakhs (31 March 2018: Rs.5,053.12 Lakhs) to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2019, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

40 CAPITAL MANAGEMENT

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term/long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Regulatory capital

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Tier - I capital	10,02,787.58	8,69,344.14	5,77,990.84
Tier - II capital	3,08,102.15	2,90,064.82	1,88,054.84
Total Capital	13,10,889.73	11,59,408.96	7,66,045.68
Aggregate of Risk Weighted Assets	64,59,392.68	51,11,461.38	42,40,349.27
Tier - I capital ratio	15.5%	17.0%	13.6%
Total Capital ratio	20.3%	22.7%	18.1%

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned Fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier II capital" includes the following -

(a) preference shares other than those which are compulsorily convertible into equity;

(b) revaluation reserves at discounted rate of fifty five percent;

(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets

(d) hybrid debt capital instruments; and

(e) subordinated debt to he extent the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio."

41 LEASES

In the cases where assets are given on operating lease (as lessor) -

Key terms are as below :

i) New vehicles to retail customers for a maximum period of 48 months with a minimum holding period of 24 months.

ii) Used and refurbuished vehicles to travel operators / taxi aggregators with a initial agreement validity period of 36 months to 48 months and provision for extention for such period and on such terms and conditions as may be agreed by both the parties. The lease agreement also provides for minimum lock in period 6 months from the date of execution and cancellation with 3 months' notice from either parties. The consideration payable by the lessee is either minimum commitment charges or variable rental charges based on usage, make/model of the vehicle and certain other terms and conditions forming part of the lease agreement.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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		As At 31 March 2019	As At 31 March 2018	As At 1 April 2017
i)	**New vehicles to retail customers on operating lease -**			
	Not later than one year	357.77	3.87	-
	Later than one year but not later than five years	1,253.64	2.39	-
	Later than five years		-	-
		1,611.41	**6.26**	**-**
ii)	**Used and refurbished vehicles to travel operators / taxi aggregators -**			
	Not later than one year	37.55	2.53	-
	Later than one year but not later than five years	29.07	-	-
	Later than five years		-	-
		66.62	**2.53**	**-**

Since there is no contingent rent applicable in respect of these lease arrangements, the Company has not recognised any income as contingent income during the year.

42 OPERATING SEGMENTS

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31 March 2019 or 31 March 2018.

43 FRAUDS REPORTED DURING THE YEAR

There were 123 cases (31 March 2018: 143 cases, 31 March 2017: 176 cases) of frauds amounting to Rs.768.18 lakhs (31 March 2018: Rs.230.08 lakhs, 31 March 2017: Rs 397.06 lakhs) reported during the year. The Company has recovered an amount of Rs.76.20 lakhs (31 March 2018: 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 on merit basis.

44 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
i)	**Contingent liabilities**			
	Claims against the Company not acknowledged as debts	22,174.97	14,952.43	15,803.21
	Guarantees	51,236.91	23,249.37	21,037.84
		73,411.88	**38,201.80**	**36,841.05**
ii)	**Commitments**			
	Estimated amount of contracts remaining to be executed on capital account and not provided for	500.03	791.64	469.77
	Other commitments (loan sanctioned but not disbursed)	34,199.41	87,026.20	90,179.37
		34,699.44	**87,817.84**	**90,649.14**
		1,08,111.32	**1,26,019.64**	**1,27,490.19**

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

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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.

Recent clarification on applicability of allowances for provident fund contributions under Employees Provident Fund Act, 1952

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

45 TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitisation transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitisation transactions" under Note no.17.

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Securitisations -			
Carrying amount of transferred assets measured at amortised cost	4,31,200.15	79,074.47	89,086.46
Carrying amount of associated liabilities	4,34,734.49	75,726.36	81,804.49
Fair value of transferred assets (A)	3,62,188.41	78,440.23	1,02,595.03
Fair value of associated liabilities (B)	4,13,225.89	72,721.89	78,948.26
Net position (A-B)	(51,037.48)	5,718.34	23,646.77

46 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year ended 31 March 2019, the Company has incurred an expenditure of Rs.2,502.95 lakhs (31 March 2018 : Rs. 2,557.55 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.168.56 lakhs (31 March 2018: Rs. 145.99 lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs.2,681.34 lakhs (31 March 2018: Rs. 2,706.75 lakhs).

Notes forming part of the Financial Statements

for the year ended 31 March 2019

b) Amount spent by the Company during the year :

Rs. in lakhs

Particulars		For the year ended 31 March 2019			For the year ended 31 March 2018		
		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	2,687.30	-	2,687.30	2,715.79	-	2,715.79

The above expenditure includes Rs.15.79 lakhs (31 March 2018: 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.

47 During the year ended 31 March 2019, the Company had made a contribution of Rs.240.00 lakhs (31 March 2018: Nil) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of Section 182 of the Companies Act, 2013.

48 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.

49 RECONCILIATION OF MOVEMENT IN BORROWINGS TO CASH FLOWS FROM FINANCING ACTIVITIES

Rs. in lakhs

Particulars	1 April 2018	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	31 March 2019
Debt securities	20,34,509.13	2,00,429.64	-	(3,000.85)	22,31,937.92
Borrowings (Other than debt securities)	13,38,913.59	7,88,705.24	826.29	1,707.91	21,30,153.03
Deposits	3,12,480.07	2,56,150.55	-	(1,912.21)	5,66,718.41
Subordinated liabilities	3,23,413.03	32,707.23	-	(236.44)	3,55,883.82
Total	**40,09,315.82**	**12,77,992.66**	**826.29**	**(3,441.59)**	**52,84,693.18**

Rs. in lakhs

Particulars	1 April 2017	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	31 March 2018
Debt securities	17,70,165.32	2,64,150.76	-	193.05	20,34,509.13
Borrowings (Other than debt securities)	11,03,417.36	2,35,928.78	1,083.90	(1,516.45)	13,38,913.59
Deposits	4,36,368.10	(1,24,559.01)	-	670.98	3,12,480.07
Subordinated liabilities	2,16,614.13	1,08,173.13	-	(1,374.23)	3,23,413.03
Total	**35,26,564.91**	**4,83,693.66**	**1,083.90**	**(2,026.65)**	**40,09,315.82**

50 FINANCIAL RISK MANAGEMENT FRAMEWORK

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk.The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

50.1 MARKET RISK

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

a) Pricing Risk

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 3,177 lakhs (31st March 2018 : Rs 36 lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. Company manages its foreign currency risk by entering into forward contract and cross currency swaps.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows :

Rs. in lakhs

	US Dollar	Euro	Total
As at 31 March 2019			
Financial Assets	-	-	-
Financial Liabilities	82,052.52	1,18,748.22	2,00,800.74
As at 31 March 2018			
Financial Assets	-	-	-
Financial Liabilities	1,07,209.39	-	1,07,209.39
As at 1 April 2017			
Financial Assets	-	-	-
Financial Liabilities	99,551.09	-	99,551.09

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

Rs. in lakhs

	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2019	INR/EUR	(+/-) 0.31%	(+/-) 371.85
	INR/USD	(+/-) 0.50%	(+/-) 407.98
Year ended 31 March 2018	INR/EUR	-	-
	INR/USD	(+/-) 0.02%	(+/-) 26.66

Notes forming part of the Financial Statements

for the year ended 31 March 2019

c) Interest Rate Risk

The company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Interest Rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs. in lakhs

	Currency	Increase / decrease in basis points	Effect on profit before tax
Year ended 31 March 2019	INR	150	19,232.85
Year ended 31 March 2018	INR	100	9,552.39

d) Off-setting of balances

The table below summarises the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet :

Financial assets subject to offsetting

Rs. in lakhs

	Offsetting recognised on the balance sheet		
	Gross assets before offset	Finanical liabilities netted	Assets recognised in balance sheet
Loan assets			
At 31 March' 2019	61,35,483.82	10,521.02	61,24,962.80
At 31 March' 2018	48,61,920.60	7,219.44	48,54,701.16
At 1 April' 2017	40,64,042.08	4,038.81	40,60,003.27

Financial liabilities subject to offsetting

Rs. in lakhs

	Offsetting recognised on the balance sheet		
	Gross liabilities before offset	Finanical liabilities netted	Liabilities recognised in balance sheet
Other financial liabilities			
At 31 March' 2019	2,03,183.97	10,521.02	1,92,662.95
At 31 March' 2018	1,83,151.94	7,219.44	1,75,932.50
At 1 April' 2017	1,49,276.82	4,038.81	1,45,238.01

Notes forming part of the Financial Statements

for the year ended 31 March 2019

50.2 CREDIT RISK MANAGEMENT

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of Retail loan assets			
Neither Past due nor impaired	45,73,022.06	34,93,415.60	27,16,011.15
Past Due but not impaired			
30 days past due	3,99,846.71	3,70,115.57	3,73,394.30
31-90 days past due	5,17,380.10	4,66,067.48	3,92,567.70
Impaired (more than 90 days)	3,83,898.47	4,87,361.73	6,69,236.75
Total Gross carrying value as at reporting date	**58,74,147.34**	**48,16,960.38**	**41,51,209.91**

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of SME loan assets			
Neither Past due nor impaired	1,90,390.41	1,02,745.76	56,983.37
Past Due but not impaired			
30 days past due	38,294.97	70,999.70	58,581.82
31-90 days past due	3,247.19	5,775.43	5,664.15
Impaired (more than 90 days)	17,655.41	11,560.77	8,815.46
Total Gross carrying value as at reporting date	**2,49,587.98**	**1,91,081.66**	**1,30,044.81**

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of Trade Advances			
Less than 60 days past due	1,78,777.59	1,37,961.15	1,11,573.03
61-90 days past due	3,134.21	2,057.60	5,033.05
Impaired (more than 90 days)	5,518.76	3,708.27	4,973.25
Total Gross carrying value as at reporting date	**1,87,430.56**	**1,43,727.01**	**1,21,579.34**

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of Financial Investments measured at amortised cost			
Neither Past due nor impaired	1,20,477.05	2,04,843.85	1,20,198.83
Past Due but not impaired			
30 days past due	-	-	-
31-90 days past due	-	-	-
Impaired (more than 90 days)	-	-	-
Total Gross carrying value as at reporting date	**1,20,477.05**	**2,04,843.85**	**1,20,198.83**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarliy based on the Months Past Due status.

Stage 1 : 0-30 days past due
Stage 2 : 31-90 days past due
Stage 3 : More than 90 days past due

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

(i) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(ii) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(iii) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are discounted at portfolio EIR rate for arriving loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro-economic factor.

(iv) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percenatge to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.
- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;
- undrawn loan committments: as the present value of the difference between the contractual cash flows that are due to the Company if the committment is drawn down and the cash flows that the Company expects to receive.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

(v) Forward Looking Information

Historical PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable. Agriculture (real change % p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year. In case of SME and Bills Discounting portfolio, Real GDP (% change p.a.) is used as the macroeconomic variable.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook.

(vi) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variery of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases where Company suspects fraud and legal proceedings are initated.

(vii) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(viii) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit.The upside and downside % change has been derived using historical standard deviation from the base sceanrio based on previous 8 years change in the variable.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		10	85	5
Agriculture (% real change p.a)	2019	6.0	3.6	1.2
	2020	5.8	3.4	1.0
	2021	5.9	3.5	1.1
	2022	6.1	3.7	1.3
	2023	5.5	3.1	0.7
Real GDP (% change p.a)	2019	8.6	7.7	6.8
	2020	8.3	7.4	6.5
	2021	8.5	7.6	6.7
	2022	8.7	7.8	6.9
	2023	8.3	7.4	6.5

Impairment loss

The expected credit loss allowance provision for Retail Loans is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2019	49,72,868.77	5,17,380.10	3,83,898.47	**58,74,147.34**
Expected credit loss rate	1.03%	11.01%	16.81%	
Carrying amount as at 31 March 2019 (net of impairment provision)	49,21,882.98	4,60,420.12	3,19,347.75	**57,01,650.84**
Gross Balance as at 31 March 2018	38,63,531.17	4,66,067.48	4,87,361.73	**48,16,960.38**
Expected credit loss rate	1.26%	16.00%	32.68%	
Carrying amount as at 31 March 2018 (net of impairment provision)	38,14,930.21	3,91,519.76	3,28,094.37	**45,34,544.34**
Gross Balance as at 1 April 2017	30,89,405.45	3,92,567.70	6,69,236.75	**41,51,209.91**
Expected credit loss rate	1.31%	6.95%	38.88%	
Carrying amount as at 1 April 2017 (net of impairment provision)	30,48,807.43	3,65,273.84	4,09,053.76	**38,23,135.02**

The expected credit loss allowance provision for SME Loans is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2019	2,28,685.38	3,247.19	17,655.41	2,49,587.98
Expected credit loss rate	0.12%	2.61%	38.96%	
Carrying amount as at 31 March 2019 (net of impairment provision)	2,28,406	3,163	10,777	2,42,345
Gross Balance as at 31 March 2018	1,73,745.46	5,775.43	11,560.77	1,91,081.66
Expected credit loss rate	1.77%	7.79%	59.48%	
Carrying amount as at 31 March 2018 (net of impairment provision)	1,70,666.51	5,325.44	4,684.42	1,80,676.37
Gross Balance as at 1 April 2017	1,15,565.19	5,664.15	8,815.46	1,30,044.81
Expected credit loss rate	1.89%	12.17%	70.97%	
Carrying amount as at 1 April 2017 (net of impairment provision)	1,13,379.94	4,974.62	2,559.26	1,20,913.81

The expected credit loss allowance provision for **Trade Advances** is determined as follows:

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs. in lakhs

	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2019	1,78,777.59	3,134.21	5,518.76	1,87,430.56
Expected credit loss rate	0.40%	7.33%	100.00%	
Carrying amount as at 31 March 2019 (net of impairment provision)	1,78,062.48	2,904.49	-	1,80,966.97
Gross Balance as at 31 March 2018	1,37,961.15	2,057.60	3,708.27	1,43,727.01
Expected credit loss rate	0.38%	7.67%	100.00%	
Carrying amount as at 31 March 2018 (net of impairment provision)	1,37,433.56	1,899.78	-	1,39,333.34
Gross Balance as at 1 April 2017	1,11,573.03	5,033.05	4,973.25	1,21,579.34
Expected credit loss rate	0.38%	7.67%	100.00%	
Carrying amount as at 1 April 2017 (net of impairment provision)	1,11,146.20	4,647.01	-	1,15,793.21

The expected credit loss allowance provision for Financial Investments measured at amortised cost is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2019	1,20,477.05	-	-	1,20,477.05
Expected credit loss rate	1.03%			
Carrying amount as at 31 March 2019 (net of impairment provision)	1,20,194.53			1,20,194.53
Gross Balance as at 31 March 2018	2,04,843.85	-	-	2,04,843.85
Expected credit loss rate	1.26%			
Carrying amount as at 31 March 2018 (net of impairment provision)	2,03,544.65	-	-	2,03,544.65
Gross Balance as at 1 April 2017	1,20,198.83	-	-	1,20,198.83
Expected credit loss rate	1.31%			
Carrying amount as at 1 April 2017 (net of impairment provision)	1,19,836.47	-	-	1,19,836.47

Level of Assessment - Aggregation Criteria

The company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information. Considering the economic and risk characterstics, pricing range, sector concentration (e.g. vehicle loans in unorganised sectors) the company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	**30,89,405.45**	**3,92,567.70**	**6,69,236.75**	**41,51,209.90**
- Transfers to Stage 1	1,51,507.81	(91,518.16)	(59,989.65)	-
- Transfers to Stage 2	(3,29,527.30)	4,01,346.90	(71,819.60)	-
- Transfers to Stage 3	(1,44,592.64)	(76,339.72)	2,20,932.36	-
- Loans that have been derecognised during the period	(3,52,481.09)	(56,951.88)	(1,27,014.14)	(5,36,447.10)
New loans originated during the year	24,22,540.46	74,334.15	31,297.86	25,28,172.47
Write-offs	(238.50)	(646.37)	(80,704.87)	(81,589.74)
Remeasurement of net exposure	(9,73,083.02)	(1,76,725.14)	(94,576.99)	(12,44,385.15)
Gross carrying amount balance as at 31 March 2018	**38,63,531.16**	**4,66,067.48**	**4,87,361.73**	**48,16,960.37**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,37,506.90	(1,04,222.42)	(33,284.47)	-
- Transfers to Stage 2	(3,54,349.96)	3,80,486.46	(26,136.50)	-
- Transfers to Stage 3	(1,18,290.12)	(70,194.12)	1,88,484.25	-
- Loans that have been derecognised during the period	(4,32,819.07)	(75,231.15)	(1,09,024.24)	(6,17,074.46)
New loans originated during the year	29,47,806.74	1,00,031.11	44,312.98	30,92,150.83
Write-offs	(138.14)	(1,198.79)	(1,16,927.08)	(1,18,264.01)
Remeasurement of net exposure	(10,70,378.74)	(1,78,358.47)	(50,888.18)	(12,99,625.39)
Gross carrying amount balance as at 31 March 2019	**49,72,868.77**	**5,17,380.10**	**3,83,898.47**	**58,74,147.34**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**40,598.03**	**27,293.86**	**2,60,183.00**	**3,28,074.89**
- Transfers to Stage 1	29,685.46	(6,362.94)	(23,322.52)	-
- Transfers to Stage 2	(4,330.12)	32,251.84	(27,921.71)	-
- Transfers to Stage 3	(1,900.01)	(5,307.63)	7,207.64	-
- Loans that have been derecognised during the period	(4,631.74)	(3,959.67)	(49,380.01)	(57,971.42)
New loans originated during the year	30,473.16	11,889.78	10,227.98	52,590.92
Write-offs	(3.13)	(44.94)	(31,376.09)	(31,424.17)
Net remeasurement of loss allowance	(41,290.68)	18,787.42	13,649.08	(8,854.19)
ECL allowance balance as at 31 March 2018	**48,600.95**	**74,547.72**	**1,59,267.36**	**2,82,416.03**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	27,547.63	(16,670.43)	(10,877.20)	-
- Transfers to Stage 2	(4,457.51)	12,998.79	(8,541.28)	-
- Transfers to Stage 3	(1,488.02)	(11,227.58)	12,715.60	-
- Loans that have been derecognised during the period	(5,444.61)	(12,033.26)	(35,628.57)	(53,106.44)
New loans originated during the year	30,222.17	11,012.74	13,263.87	54,498.78
Write-offs	(1.74)	(191.75)	(88,849.18)	(89,042.67)
Net remeasurement of loss allowance	(43,993.08)	(1,476.25)	23,200.12	(22,269.21)
ECL allowance balance as at 31 March 2019	**50,985.79**	**56,959.98**	**64,550.72**	**1,72,496.50**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2019 and that were still subject to enforcement activity was Rs 1,18,264.00 lakhs (31 March 2018 : Rs 63,647.58 lakhs).

The decrease in ECL of the portfolio was on account of better recoveries during the year and appropriation of ECL provision of written off assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	**1,15,565.19**	**5,664.15**	**8,815.46**	**1,30,044.81**
- Transfers to Stage 1	3,303.49	(3,066.58)	(236.91)	-
- Transfers to Stage 2	(3,766.97)	3,766.97	-	-
- Transfers to Stage 3	(1,716.36)	(1,383.00)	3,099.36	-
- Loans that have been derecognised during the period	(16,382.95)	(309.25)	(1,449.85)	(18,142.05)
New loans originated during the year	1,10,650.87	2,068.95	3,347.21	1,16,067.04
Write-offs	-	-	-	-
Net remeasurement of exposure	(33,907.81)	(965.81)	(2,014.51)	(36,888.13)
Gross carrying amount balance as at 31 March 2018	1,73,745.46	5,775.43	11,560.77	1,91,081.66
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	4,801.12	(2,331.50)	(2,469.61)	-
- Transfers to Stage 2	(385.03)	390.68	(5.65)	-
- Transfers to Stage 3	(6,576.32)	(1,451.36)	8,027.68	-
- Loans that have been derecognised during the period	(57,140.10)	(999.69)	(655.30)	(58,795.09)
New loans originated during the year	1,94,780.53	2,916.76	5,613.06	2,03,310.35
Write-offs	(163.80)	(685.88)	(3,324.28)	(4,173.97)
Net remeasurement of exposure	(80,376.47)	(367.25)	(1,091.26)	(81,834.98)
Gross carrying amount balance as at 31 March 2019	**2,28,685.38**	**3,247.19**	**17,655.41**	**2,49,587.98**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**2,185.25**	**689.54**	**6,256.21**	**9,130.99**
- Transfers to Stage 1	462.39	(284.27)	(178.11)	-
- Transfers to Stage 2	(75.99)	75.99	-	-
- Transfers to Stage 3	(46.71)	(226.68)	273.39	-
- Loans that have been derecognised during the period	(183.53)	(28.37)	(960.43)	(1,172.33)
New loans originated during the year	2,743.09	162.76	2,596.86	5,502.71
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(2,005.54)	61.02	(1,111.56)	(3,056.08)
ECL allowance balance as at 31 March 2018	**3,078.96**	**449.99**	**6,876.35**	**10,405.29**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	2,085.40	(191.27)	(1,894.12)	-
- Transfers to Stage 2	(7.86)	9.07	(1.21)	-
- Transfers to Stage 3	(148.56)	(154.92)	303.48	-
- Loans that have been derecognised during the period	5.79	(32.16)	(435.44)	(461.80)
New loans originated during the year	181.34	72.21	3,067.73	3,321.29
Write-offs	(0.01)	(42.60)	(2,025.69)	(2,068.29)
Net remeasurement of loss allowance	(4,915.42)	(25.72)	987.66	(3,953.48)
ECL allowance balance as at 31 March 2019	**279.65**	**84.59**	**6,878.76**	**7,243.00**

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2019 and that were still subject to enforcement activity was Rs 4,051.38 lakhs (31 March 2018 :Nil).

The decrease in ECL of the portfolio was on account of better recoveries during the year and appropriation of ECL provision of written off assets.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

An analysis of changes in the outstanding exposure and the corresponding ECLs in relation to other undrawn commitments is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2017	90,179.37	-	-	90,179.37
New Exposures	87,026.20	-	-	87,026.20
Exposure derecognised or matured/ lapsed (excluding write-offs)	(90,179.37)	-	-	(90,179.37)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing balance of outstanding exposure as at 31 March 2018	**87,026.20**	**-**	**-**	**87,026.20**
New Exposures	34,199.41	-	-	34,199.41
Exposure derecognised or matured/ lapsed (excluding write-offs)	(87,026.20)	-	-	(87,026.20)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
		-	-	-
Closing balance of outstanding exposure as at 31 March 2019	**34,199.41**	**-**	**-**	**34,199.41**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**1,610.13**	**-**	**-**	**1,610.13**
New Exposures	1,106.36	-	-	1,106.36
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,610.13)	-	-	(1,610.13)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2018	**1,106.36**	**-**	**-**	**1,106.36**
New Exposures	279.09	-	-	279.09
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,106.36)	-	-	(1,106.36)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2019	**279.09**	**-**	**-**	**279.09**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortised cost is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	**1,20,198.83**	**-**	**-**	**1,20,198.83**
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(30,275.01)	-	-	(30,275.01)
New Investments originated during the year	1,19,863.44	-	-	1,19,863.44
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(4,943.41)	-	-	(4,943.41)
Gross carrying amount balance as at 31 March 2018	**2,04,843.85**	**-**	**-**	**2,04,843.85**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(58,415.02)	-	-	(58,415.02)
New Investments originated during the year	31,115.10	-	-	31,115.10
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(57,066.88)	-	-	(57,066.88)
Gross carrying amount balance as at 31 March 2019	**1,20,477.05**	**-**	**-**	**1,20,477.05**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**362.36**	**-**	**-**	**362.36**
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(101.53)	-	-	(101.53)
New Investments originated during the year	1,112.98	-	-	1,112.98
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(74.62)	-	-	(74.62)
ECL allowance balance as at 31 March 2018	**1,299.20**	**-**	**-**	**1,299.20**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(330.19)	-	-	(330.19)
New Investments originated during the year	88.31	-	-	88.31
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(774.80)	-	-	(774.80)
ECL allowance balance as at 31 March 2019	**282.52**	**-**	**-**	**282.52**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31 March 2019 and that were still subject to enforcement activity was nil (31 March 2018 : nil).

The decrease in ECL of the portfolio was on account of decrease in the size of the portfolio.

Significant changes in the gross carrying value that contributed to change in loss allowance

The company mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail automobile loans. The Company manages concentration of risk primarily by geographical region in India.The following tables show the geographical concentrations of trade advances and loans:

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Concentration by Geographical region in India:			
North	27,53,110.79	15,35,445.13	12,36,280.01
East	9,22,383.13	7,00,198.29	5,36,522.39
West	13,99,335.58	17,85,662.88	16,18,683.01
South	12,36,436.38	11,30,563.17	10,11,448.38
Total Carrying Value	**63,11,265.88**	**51,51,869.47**	**44,02,933.78**

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking pari-passu and charge created by way of hypothecation on the receivables of the other company.

Quantitative Information of Collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for retail loans is derived by writing down the asset cost at origination by 20% p.a on reducing balance basis. And the value of the collateral of Stage 3 retail loans is based on the Indian Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held.

Gross value of total secured loans to value of collateral

Rs. in lakhs

Loan To Value	Gross Value of Secured Retail loans			Gross Value of Secured SME loans		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
Upto 50%	5,67,301.57	10,22,228.98	8,17,976.99	64,170.17	50,263.38	32,396.28
51 - 70%	8,62,247.22	5,30,130.53	4,75,870.70	13,990.99	7,506.91	5,821.95
71 - 100%	32,56,690.19	18,53,105.46	13,58,022.34	4,988.59	4,923.44	4,441.61
Above 100%	11,78,033.03	14,09,216.27	14,97,227.74	33,898.27	33,142.91	25,249.63
	58,64,272.01	**48,14,681.23**	**41,49,097.77**	**1,17,048.03**	**95,836.63**	**67,909.47**

Gross value of credit impaired loans to value of collateral

Rs. in lakhs

Loan To Value	Gross Value of Retail loans in stage 3			Gross Value of SME loans in stage 3		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
Upto 50%	123,005.62	238,974.28	122,405.06	7,820.98	5,091.70	3,641.03
51 - 70%	98,687.85	97,559.35	54,655.99	1,009.71	2,424.18	3,001.51
71 - 100%	108,463.11	61,417.02	116,567.30	1,889.09	635.17	566.50
Above 100%	53,741.89	89,411.08	375,608.40	6,935.63	3,409.72	1,606.42
	383,898.47	**487,361.73**	**669,236.75**	**17,655.41**	**11,560.77**	**8,815.46**

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

Fair value of collateral held against Credit Impaired assets

Rs. in lakhs

31-Mar-19	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	3,83,898.47	2,69,751.57	-	-	-	(33,156.49)	2,36,595.08	1,47,303.39	64,550.72
SME Loans	17,655.41	2,110.00	9,393.69	17,066.17	-	(17,643.57)	10,926.29	6,729.12	6,878.76

Rs. in lakhs

31-Mar-18	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	4,87,361.73	2,68,270.00	-	-	-	-	2,68,270.00	2,19,091.73	1,59,267.36
SME Loans	11,560.77	10,984.00	16,404.68	14,854.40	2,483.00	(36,136.00)	8,590.08	2,970.69	6,876.35

Rs. in lakhs

01-Apr-17	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	6,69,236.75	6,30,198.39	-	-	-	(1,81,936.00)	4,48,262.39	2,20,974.36	2,60,183.00
SME Loans	8,815.46	1,768.75	82,859.20	4,083.82	235.00	(81,723.00)	7,223.77	1,591.70	6,256.21

Notes forming part of the Financial Statements

for the year ended 31 March 2019

50.3 LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

a) Maturity profile of non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2019				
Trade Payable :	1,01,365.00	-	-	-
Debt Securities :				
- Principal	9,90,938.45	7,68,136.12	1,92,096.94	2,86,415.30
- Interest	1,39,737.70	1,51,381.08	80,187.55	75,044.51
Borrowings (Other than Debt Securities) :				
- Principal	7,96,693.23	11,71,392.07	1,64,770.45	0.00
- Interest	1,49,581.56	1,38,536.45	7,594.16	0.00
Deposit :				
- Principal	1,37,787.00	3,67,398.25	64,702.42	0.00
- Interest	34,180.33	78,489.98	18,944.05	0.00
Subordinated liabilities :				
- Principal	14,500.00	42,735.78	21,013.72	2,81,040.86
- Interest	29,181.27	58,861.91	52,095.23	1,22,841.52
Other financial liabilities :	1,62,144.54	28,054.83	1,607.48	749.98
Total	**25,56,109.09**	**28,04,986.48**	**6,03,012.00**	**7,66,092.17**
31 March 2018				
Trade Payable :	1,05,538.96	-	-	-
Debt Securities :				
- Principal	9,26,550.00	8,91,860.00	51,700.00	1,79,500.00
- Interest	1,39,326.64	1,74,802.74	43,084.81	43,306.44
Borrowings (Other than Debt Securities) :				
- Principal	5,40,450.20	6,05,584.38	1,93,873.83	0.00
- Interest	78,824.37	85,608.65	16,991.83	0.00
Deposit :				
- Principal	1,51,450.62	1,38,227.52	24,058.99	0.00
- Interest	31,984.92	28,060.93	7,172.25	0.00
Subordinated liabilities :				
- Principal	980.00	41,720.00	22,515.78	2,61,367.35
- Interest	25,774.99	55,645.59	48,794.69	1,22,417.15
Other financial liabilities :	1,38,430.46	35,870.45	1,318.72	467.23
Total	**21,39,311.17**	**20,57,380.26**	**4,09,510.89**	**6,07,058.17**
1 April 2017				
Trade Payable :	80,917.05	-	-	-
Debt Securities :				
- Principal	6,08,880.00	8,55,350.00	1,32,780.00	1,89,200.00
- Interest	23,156.21	1,88,916.74	44,118.42	1,44,515.34
Borrowings (Other than Debt Securities) :				
- Principal	5,40,033.86	4,88,146.29	77,748.49	0.00
- Interest	72,910.71	56,561.01	4,812.51	0.00
Deposit :				
- Principal	2,15,377.30	1,91,170.44	31,748.40	0.00
- Interest	34,220.27	40,483.58	13,692.40	0.00
Subordinated liabilities :				
- Principal	6,880.00	15,480.00	42,735.78	1,53,314.22
- Interest	20,206.29	38,751.81	33,433.54	60,421.30
Other financial liabilities :	1,03,080.65	40,565.73	1,519.29	210.39
Total	**17,05,662.33**	**19,15,425.60**	**3,82,588.83**	**5,47,661.26**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

b) Maturity profile of derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
31 March 2019				
Gross settled:				
Foreign exchange forward contracts				
- Payable	13.62	2564.11	-	-
- Receivable	963.09	-	-	-
Interest Rate swaps				
- Payable	-	32.52	-	-
- Receivable	-	90.93	-	-
Currency swaps				
- Payable	-	5090.76	-	-
- Receivable	-	-	-	-
Total	**976.71**	**7778.32**	**-**	**-**
31 March 2018				
Gross settled:				
Foreign exchange forward contracts				
- Payable	5.67	623.51	-	-
- Receivable	14.22	8.81	-	-
Interest Rate swaps				
- Payable	-	23.52	-	-
- Receivable	16.57	-	-	-
Currency swaps				
- Payable	2053.94	-	-	-
- Receivable	-	-	-	-
Total	**2090.40**	**655.84**	**-**	**-**
1 April 2017				
Gross settled:				
Foreign exchange forward contracts				
- Payable	2129.22	-	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	2.44	-	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	257.01	361.22	-	-
- Receivable	-	-	-	-
Total	**2388.67**	**361.22**	**-**	**-**

50.4

a) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in lakhs

	Financial assets/ financial liabilities	Fair Value					Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
		Financial assets / financial liabilities	Category	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017					
1)	Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	(1,258.33)	(544.52)	(2,131.66)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2)	Currency options	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	(5,437.81)	(2,030.39)	(618.23)	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3)	Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	62,349.01	726.27	27,708.25	Level 1	Quoted market price			
4)	Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	1,154.65	700.00	-	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the Company discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
5)	Investment in convertible debentures	Financial Assets	Financial instrument measured at FVOCI	1,088.52	-	-	Level 3				
6)	Investment in Other financial instruments -CP & CD	Financial Assets	Financial instrument measured at FVTPL	1,05,980.47	-	-	Level 1	Quoted market price			

The Company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in lakhs

Particulars	Unquoted Equity investment	Convertible debentures	Total
31 March 2019			
Opening balance	700.00	-	700.00
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	454.65	788.52	1,243.17
Fair value of -			
Purchases made during the year	-	300.00	300.00
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	**1,154.65**	**1,088.52**	**2,243.17**
31 March 2018			
Opening balance	-	-	-
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	-	-	-
Fair value of -			
Purchases made during the year	700.00	-	700.00
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	**700.00**	**-**	**700.00**

c) Equity Investments designated at Fair value through Other Comprehensive Income

The Company has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring. And accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Equity investment in Orizonte Business Solutions Limited			
Fair Value of Investments	1154.65	700.00	-
Dividend income on investments held	-	-	-

There are no disposal of investment during the year ended 31 March 2019 and 2018 respectively.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

d) Financial Instruments measured at amortised cost

Rs. in lakhs

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	50,167.74	50,167.74	50,167.74		
b) Bank balances other than cash and cash equivalent	45,681.43	45,681.43	45,681.43		
c) Trade Receivables	519.19	519.19		519.19	
d) Loans and advances to customers	61,24,962.80	60,94,529.46			60,94,529.46
e) Financial investments - at amortised cost	1,20,194.53	1,23,733.97	74,461.59	49,272.38	
f) Other financial assets	16,895.13	16,895.13		16,895.13	
Total	**63,58,420.82**	**63,31,526.92**	**1,70,310.76**	**66,686.70**	**60,94,529.46**
Financial liabilities					
a) Trade Payables	1,01,365.00	1,01,365.00		1,01,365.00	
b) Debt securities	22,31,937.92	22,42,711.51	19,85,466.88	2,57,244.63	
c) Borrowings other than debt securities	21,30,153.03	21,08,644.43		21,08,644.43	
d) Deposits	5,66,718.41	5,82,144.94		5,82,144.94	
e) Subordinated Liabilities	3,55,883.82	3,81,699.51	3,81,699.51		
f) Other financial liability	1,92,662.95	1,92,662.95		1,92,662.95	
Total	**55,78,721.13**	**56,09,228.34**	**23,67,166.39**	**32,42,061.95**	**-**
As at 31 March 2018					
Financial assets					
a) Cash and cash equivalent	27,190.38	27,190.38	27,190.38		
b) Bank balances other than cash and cash equivalent	13,921.71	13,921.71	13,921.71		
c) Trade Receivables	369.47	369.47		369.47	
d) Loans and advances to customers	48,54,701.16	48,86,293.07			48,86,293.07
e) Financial investments - at amortised cost	2,03,544.65	2,06,404.62	73,805.33	1,32,599.29	
f) Other financial assets	9,453.44	9,453.44		9,453.44	
Total	**51,09,180.81**	**51,43,632.69**	**1,14,917.42**	**1,42,422.20**	**48,86,293.07**
Financial liabilities					
a) Trade Payables	1,05,538.96	1,05,538.96		1,05,538.96	
b) Debt securities	20,34,509.13	21,70,992.11	17,54,147.39	4,16,844.72	
c) Borrowings other than debt securities	13,38,913.59	13,39,039.56		13,39,039.56	
d) Deposits	3,12,480.07	3,07,551.38		3,07,551.38	
e) Subordinated Liabilities	3,23,413.03	3,47,454.63	3,47,454.63		
f) Other financial liability	1,75,932.50	1,75,932.50		1,75,932.50	
Total	**42,90,787.28**	**44,46,509.14**	**21,01,602.02**	**23,44,907.12**	**-**
As at 1 April 2017					
Financial assets					
a) Cash and cash equivalent	41,145.40	41,145.40	41,145.40		
b) Bank balances other than cash and cash equivalent	16,661.10	16,661.10	16,661.10		
c) Trade Receivables	208.51	208.51		208.51	
d) Loans and advances to customers	40,60,003.27	40,86,700.60			40,86,700.60
e) Financial investments - at amortised cost	1,19,836.47	1,24,578.38	75,632.25	48,946.13	
f) Other financial assets	17,785.18	17,785.18		17,785.18	
Total	**42,55,639.93**	**42,87,079.17**	**1,33,438.75**	**66,939.82**	**40,86,700.60**
Financial liabilities					
a) Trade Payables	80,917.05	80,917.05		80,917.05	
b) Debt securities	17,70,165.32	18,87,007.08	15,29,051.69	3,57,955.39	
c) Borrowings other than debt securities	11,03,417.36	11,03,063.55		11,03,063.55	
d) Deposits	4,36,368.10	4,42,759.01		4,42,759.01	
e) Subordinated Liabilities	2,16,614.13	2,38,654.31	2,38,654.31		
f) Other financial liability	1,45,238.01	1,45,238.01		1,45,238.01	
Total	**37,52,719.97**	**38,97,639.01**	**17,67,706.00**	**21,29,933.01**	-

There were no transfers between Level 1 and Level 2 during the year.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments

For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public

The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cummulative/ non-cummulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

51 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in lakhs

	31 March 2019			31 March 2018			01 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Cash and cash equivalents	50,167.74	-	50,167.74	27,190.38	-	27,190.38	41,145.40	-	41,145.40
Bank balance	45,681.43	-	45,681.43	13,921.71	-	13,921.71	16,661.10	-	16,661.10
Derivative financial instruments	1,006.39	-	1,006.39	36.69	-	36.69	-	-	-
Trade receivables	519.19	-	519.19	369.47	-	369.47	208.51	-	208.51
Loans	26,67,650.59	34,57,312.21	61,24,962.80	20,24,607.74	28,30,093.42	48,54,701.16	19,98,152.74	20,61,850.53	40,60,003.27
Investments	2,18,775.01	1,60,395.36	3,79,170.37	1,11,625.42	1,61,786.00	2,73,411.42	61,158.94	1,37,266.67	1,98,425.61
Other financial assets	6,878.75	10,016.38	16,895.13	6,902.91	2,550.53	9,453.44	15,564.14	2,221.04	17,785.18
Current tax assets (Net)	-	30,210.00	30,210.00	-	21,680.73	21,680.73	-	17,333.28	17,333.28
Deferred tax Assets (Net)	-	37,172.53	37,172.53	-	62,744.82	62,744.82	-	66,844.85	66,844.85
Property, plant and equipment	-	13,250.02	13,250.02	-	11,242.43	11,242.43	-	10,843.54	10,843.54
Capital work-in-progress	-	-	-	-	-	-	-	49.09	49.09
Intangible assets under development	-	-	-	-	-	-	-	-	-
Other Intangible assets	-	3,056.15	3,056.15	-	723.97	723.97	-	307.93	307.93
Other non-financial assets	4,499.38	1,207.45	5,706.83	3,361.49	436.66	3,798.15	1,944.15	296.91	2,241.06
Total Assets	**29,95,178.48**	**37,12,620.10**	**67,07,798.58**	**21,88,015.81**	**30,91,258.56**	**52,79,274.37**	**21,34,834.98**	**22,97,013.84**	**44,31,848.82**
Liabilities									
Financial Liabilities			-			-			-
Derivative financial instruments	45.20	7,657.33	7,702.53	2,027.76	583.84	2,611.60	2,388.67	361.22	2,749.89
Trade Payables			-			-			-
i) total outstanding dues of micro enterprises and small enterprises			-			-			-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,01,365.00	-	1,01,365.00	1,05,538.96	-	1,05,538.96	80,917.05	-	80,917.05
Debt Securities	9,88,467.80	12,43,470.12	22,31,937.92	9,17,968.64	11,16,540.49	20,34,509.13	5,99,879.25	11,70,286.07	17,70,165.32
Borrowings (Other than Debt Securities)	7,96,574.47	13,33,578.56	21,30,153.03	5,30,072.38	8,08,841.21	13,38,913.59	5,38,807.58	5,64,609.78	11,03,417.36
Deposits	1,37,020.74	4,29,697.67	5,66,718.41	1,50,843.80	1,61,636.27	3,12,480.07	2,14,429.87	2,21,938.23	4,36,368.10
Subordinated Liabilities	14,362.52	3,41,521.30	3,55,883.82	970.50	3,22,442.53	3,23,413.03	6,823.45	2,09,790.68	2,16,614.13
Other financial liabilities	1,62,299.91	30,363.03	1,92,662.94	1,38,274.87	37,657.63	1,75,932.50	1,11,800.65	33,437.36	1,45,238.01
Non-Financial Liabilities									
Current tax liabilities (Net)	1,392.09	-	1,392.09	3,566.72	-	3,566.72	5.63	-	5.63
Provisions	12,722.49	7,930.21	20,652.70	8,119.45	5,469.47	13,588.92	6,052.97	2,423.59	8,476.56
Other non-financial liabilities	6,974.15	1,553.69	8,527.84	4,544.14	1,984.35	6,528.49	4,120.12	2,535.73	6,655.85
Total Liabilities	**22,21,224.37**	**33,95,771.91**	**56,16,996.28**	**18,61,927.22**	**24,55,155.79**	**43,17,083.01**	**15,65,225.24**	**22,05,382.66**	**37,70,607.90**
Net	7,73,954.11	3,16,848.19	10,90,802.30	3,26,088.59	6,36,102.76	9,62,191.35	5,69,609.74	91,631.18	6,61,240.92
Other undrawn commitments	34,199.41	-	34,199.41	87,026.20	-	87,026.20	90,179.37	-	90,179.37
Total commitments	34,199.41	-	34,199.41	87,026.20	-	87,026.20	90,179.37	-	90,179.37

Notes forming part of the Financial Statements

for the year ended 31 March 2019

52 RELATED PARTY DISCLOSURES:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	Holding Company	Mahindra & Mahindra Limited
b)	Subsidiary Companies:	Mahindra Insurance Brokers Limited
	(entities on whom control is exercised)	Mahindra Rural Housing Finance Limited
		Mahindra Asset Management Co.Pvt. Ltd.
		Mahindra Trustee Co. Pvt. Ltd.
		Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust
c)	Fellow Subsidiaries:	Mahindra USA, Inc
	(entities with whom the Company has transactions)	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.
		Bristlecone India Limited
		Mahindra Water Utilities Limited
		Orizonte Business Solutions Limited
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Agri Solutions Limited
		Mahindra Intertrade Limited
		New Democratic Electoral Trust
d)	Associate:	Mahindra Finance USA, Inc
e)	Associates of Holding Company:	Tech Mahindra Limited
		Swaraj Engines Ltd.
f)	Key Management Personnel:	Mr. Ramesh Iyer
g)	Relatives of Key Management Personnel (where there are transactions)	Ms. Janaki Iyer
		Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramaniam

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Loan income												
- 2 x 2 Logistics Private Limited	-	-	-	-	-	86.34	-	-	-	-	-	-
Subvention / Disposal loss income												
- Mahindra & Mahindra Limited	5,848.41	6,771.00	-	-	-	-	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	-	-	9.24	1.51	-	-	-	-	-	-
Interest income												
- Mahindra Rural Housing Finance Limited	-	-	37.97	77.00	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	0.66	0.97	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	9.68	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	7.10	-	-	-	-	-	-	-	-	-
Income from sharing services												
- Mahindra Rural Housing Finance Limited	-	-	744.98	740.77	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	272.88	309.08	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	48.04	60.17	-	-	-	-	-	-	-	-
Dividend Income												
- Mahindra Rural Housing Finance Limited	-	-	1,636.09	1,248.61	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	371.13	383.38	-	-	-	-	-	-	-	-
Interest expense												
- Mahindra & Mahindra Limited	3,524.01	1,060.53	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	552.53	1,025.79	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	2,112.45	1,162.07	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	45.62	-	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	731.87	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	35.12	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	2.20	-	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	4.28	4.78	-	-
- Others	-	-	-	-	-	-	-	-	-	-	16.41	14.56
Other expenses												
- Mahindra & Mahindra Limited	2,865.67	2,684.84	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	6,971.18	3,212.27	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	19.96	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	1,402.17	980.63	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	124.38	109.52	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	188.00	178.38	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	943.39	131.63	-	-	-	-	-	-
- Mahindra Retail Pvt Limited	-	-	-	-	642.91	0.56	-	-	-	-	-	-
- Others	-	-	-	-	202.39	67.89	-	-	-	-	-	-

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: (Continued)

Rs. in lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Donations												
- New Democratic Electoral Trust	-	-	-	-	240.00	-	-	-	-	-	-	-
Remuneration												
- Mr Ramesh Iyer		-		-		-		-	728.80	608.30		-
Purchase of fixed assets												
- Mahindra & Mahindra Limited	275.91	180.61	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	10.27	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	11.97	63.40	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	118.00	-	-	-	-	-	-	-
- Others	-	-	-	-	-	6.91	-	-	-	-	-	-
Sale of fixed assets												
- Mahindra Rural Housing Finance Limited	-	-	2.51	-	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Limited	-	21.14	-	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	8.94	49.55	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	300.34	-	-	-	-	-	-	-
Investments made												
- Mahindra Rural Housing Finance Limited	-	-	15,000.00	13,000.00	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	4,000.00	2,900.00	-	-	-	-	-	-	-	-
- Mahindra Finance USA, Inc	-	-	-	-	-	-	963.21	1,662.44	-	-	-	-
- Orizonte Business Solutions Limited	-	-	-	-	-	700.00	-	-	-	-	-	-
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	-	-	2,075.00	3,650.00	-	-	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	40.39	61.48	-	-
- Others	-	-	-	-	-	-	-	-	-	-	243.06	193.61
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	-	-	5,725.00	8,315.00	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	61.48	55.01	-	-
- Others	-	-	-	-	-	-	-	-	-	-	193.61	180.74
Dividend paid												
- Mahindra & Mahindra Limited	12,648.31	6,988.98	-	-	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	-	-	129.64	88.80	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	31.12	17.84	-	-

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: (Continued)

Rs. in lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	70,000.00	40,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	10,175.00	8,970.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	40,000.00	10,000.00	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	30,000.00	-	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	1,000.00	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	350.00	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	1,100.00	-	-	-	-	-	-	-

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Inter corporate deposits repaid / matured												
- Mahindra & Mahindra Limited	70,000.00	25,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	11,900.00	7,145.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	10,000.00	30,000.00	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	20,000.00	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	100.00	-	-	-	-	-	-	-
Subordinated debt repaid												
- Mahindra Rural Housing Finance Limited	-	-	700.00	-	-	-	-	-	-	-	-	-
Inter corporate deposits given												
- Mahindra First Choice Services Limited	-	-	-	-	700.00	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	1,000.00	-	-	-	-	-	-	-	-	-
Inter corporate deposits refunded												
- Mahindra First Choice Services Limited	-	-	-	-	700.00	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	1,000.00	-	-	-	-	-	-	-	-	-
Issue of Share Capital (incl Securities premium)												
- Mahindra & Mahindra Limited		1,05,500.00		-		-		-		-		-

Key Management Personnel as defined in Ind AS 24

iii) Balances as at the end of the year:

Rs. in lakhs

Particulars	Holding Company			Subsidiary Companies			Fellow Subsidiaries / Associate of Holding Company			Associate Companies			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balances as at the end of the period																		
Receivables																		
- Mahindra & Mahindra Limited	2744.91	1,544.96	-		-	-		-	-		-	-		-	-		-	-
- Mahindra Rural Housing Finance Limited		-	-	82.64	47.28	95.91		-	-		-	-		-	-		-	-
- Mahindra Asset Management Co. Ltd.		-	-	3.08	4.62	7.18		-	-		-	-		-	-		-	-
- NBS International Limited		-	-		-	-	26.11	-	78.07		-	-		-	-		-	-
- 2 x 2 Logistics Private Limited		-	-		-	-	135.09	-	2,114.46		-	-		-	-		-	-
Loan given (including interest accrued but not due)																		
- Mahindra Construction Co. Ltd.		-	-		-	-	334.33	334.33	334.33		-	-		-	-		-	-
Inter corporate deposits given (including interest accrued but not due)																		
- Mahindra Construction Co. Ltd.		-	-		-	-	113.38	113.38	113.38		-	-		-	-		-	-
Investments																		
- Mahindra Rural Housing Finance Limited		-	-	51,252.22	36,252.22	23,252.22	-	-	-	-	-	-		-	-		-	-
- Mahindra Insurance Brokers Limited		-	-	45.16	45.16	47.98	-	-	-	-	-	-		-	-		-	-
- Mahindra Asset Management Co. Ltd.		-	-	16,000.00	12,000.00	9,100.00	-	-	-	-	-	-		-	-		-	-
- Mahindra Trustee Co. Pvt. Ltd.		-	-	50.00	50.00	50.00	-	-	-	-	-	-		-	-		-	-
- Mahindra Finance USA, Inc.		-	-	-	-	-	-	-	-	21,054.81	20,091.60	18,429.16		-	-		-	-
- New Democratic Electoral Trust		-	-	-	-	-	1.00	1.00	-	-	-	-		-	-		-	-
- Orizonte Business Solutions Limited		-	-	-	-	-	700.00	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	-	-	-	2,815.15	1,483.26	952.54		-	-		-	-		-	-		-	-
- Mahindra First Choice Wheels Limited	-	-	-		-	-	239.58	339.52	283.38		-	-		-	-		-	-
- Tech Mahindra Limited	-	-	-		-	-		-	96.26		-	-		-	-		-	-
- Mahindra USA, Inc.	-	-	-		-	-	58.60	192.38	10.60		-	-		-	-		-	-
- Mahindra Integrated Business Solutions Limited	-	-	-		-	-	53.94	21.17	0.40									
- Others	-	-	-		-	-	96.13	40.06	9.86		-	-		-	-		-	-
Inter corporate deposits taken (including interest accrued but not due)																		
- Mahindra & Mahindra Limited	41718.79	40,388.84	25,260.01		-	-	-	-	-		-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	316.23	2,035.25	201.09	-	-	-		-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	-	41,642.19	10,375.48	30,171.61		-	-	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	-	10,066.88	-	-		-	-	-	-	-	-	-	
- Swaraj Engines Limited	-	-	-	-	-	-	1,041.05	-	-		-	-	-	-	-	-	-	
- Mahindra Water Utilities Limited	-	-	-	-	-	-	351.98	-	-		-	-	-	-	-	-	-	
- Mahindra Intertrade Limited	-	-	-	-	-	-	1,029.78	-	-		-	-	-	-	-	-	-	
Fixed deposits (including interest accrued but not due)																		
- Mahindra Insurance Brokers Limited		-	-	4,001.72	8,042.61	13,957.65		-	-		-	-		-	-		-	-
- Mr. Ramesh Iyer		-	-		-	-		-	-		-	-	41.83	63.30	57.72		-	-
- Others		-	-		-	-		-	-		-	-		-	-	252.13	201.03	187.87

Notes forming part of the Financial Statements

for the year ended 31 March 2019

iv) Details of related party transactions with Key Management Personnel (KMP) are as under :

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. The Company considers its Managing Director to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Rs. in lakhs

Nature of transactions	31 March 2019	31 March 2018
Name of the KMP - Mr. Ramesh Iyer		
Gross Salary including perquisites	446.15	345.35
Commission	116.69	97.65
Stock Option	139.91	142.98
Others Contribution to Funds	26.05	22.32
	728.80	**608.30**

v) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2019

Particulars	Relation	Balance as on 1 April 2018	Advances / Investments	Repayments/ Sale	Balance as on 31 March 2019
(A) Loans and advances					
Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
Mahindra Retail Pvt Ltd	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	-	-	-	-
		-	**-**	**-**	**-**
(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	45.16	-	-	45.16
Mahindra Rural Housing Finance Ltd.	Subsidiary	36,252.22	15,000.00	-	51,252.22
Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	12,000.00	4,000.00	-	16,000.00
Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	50.00	-	-	50.00
Mahindra Finance USA, LLC	Joint Venture	20,091.60	963.21	-	21,054.81
Orizonte Business Solutions Limited	Fellow subsidiary	700.00	-	-	700.00
		69,138.98	**19,963.21**	**-**	**89,102.19**
Total		**69,838.98**	**19,963.21**	**700.00**	**89,102.19**

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 forming part of the Financial Statements

for the year ended 31 March 2019

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

Notes forming part of the Financial Statements

for the year ended 31 March 2019

53 FIRST TIME ADOPTION OF IND AS

This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018 to comply with Ind AS.

i) Comparative Balance sheet as at 1 April 2017 and 31 March 2018

Rs. in lakhs

Particulars	Notes	As at 31 March 2017			As at 31 March 2018		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
Financial Assets							
a) Cash and cash equivalents		41,145.40	-	41,145.40	27,190.38	-	27,190.38
b) Bank balance other than (a) above		16,661.10	-	16,661.10	13,921.71	-	13,921.71
c) Derivative financial instruments	6	694.78	(694.78)	-	6,000.35	(5,963.66)	36.69
d) Receivables				-			-
i) Trade receivables		208.51	-	208.51	369.47	-	369.47
ii) Other receivables		-	-	-	-	-	-
e) Loans	1a, 2, 3	40,10,940.64	49,062.63	40,60,003.27	47,81,373.73	73,327.43	48,54,701.16
f) Investments	1a, 2, 5	1,98,306.88	118.73	1,98,425.61	2,73,989.56	(578.14)	2,73,411.42
g) Other financial assets	1b	17,747.21	37.97	17,785.18	9,453.44	-	9,453.44
		42,85,704.52	**48,524.55**	**43,34,229.07**	**51,12,298.64**	**66,785.63**	**51,79,084.27**
Non-financial Assets							
a) Current tax assets (Net)		17,333.28	-	17,333.28	21,680.73	-	21,680.73
b) Deferred tax Assets (Net)	8	73,166.69	(6,321.84)	66,844.85	79,393.23	(16,648.41)	62,744.82
c) Property, plant and equipment		10,843.54	-	10,843.54	11,242.43	-	11,242.43
d) Capital work-in-progress		49.09	-	49.09	-	-	-
e) Intangible assets		-	-	-	-	-	-
f) Other non-financial assets	1b	2,821.58	(580.52)	2,241.06	4,274.97	(476.82)	3,798.15
		1,04,214.18	**(6,902.36)**	**97,311.82**	**1,16,591.36**	**(17,125.23)**	**99,466.13**
Total Assets		**43,89,918.70**	**41,622.19**	**44,31,540.89**	**52,28,890.00**	**49,660.40**	**52,78,550.40**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities							
a) Derivative financial instruments	6	3,309.55	(559.66)	2,749.89	7,813.52	(5,201.92)	2,611.60
b) Payables		80,917.05	-	80,917.05	1,05,538.96	-	1,05,538.96
c) Debt Securities	1b	17,73,006.41	(2,841.09)	17,70,165.32	20,37,157.17	(2,648.04)	20,34,509.13
d) Borrowings (Other than Debt Securities)	3	10,24,124.14	79,293.22	11,03,417.36	12,64,182.05	74,731.54	13,38,913.59
e) Deposits	1b	4,38,296.14	(1,928.04)	4,36,368.10	3,13,737.13	(1,257.06)	3,12,480.07
f) Subordinated Liabilities	1b	2,18,410.00	(1,795.87)	2,16,614.13	3,26,583.13	(3,170.10)	3,23,413.03
g) Other financial liabilities	1a, 1b, 3	1,53,039.30	(7,801.29)	1,45,238.01	1,88,092.81	(12,160.31)	1,75,932.50
		36,91,102.59	**64,367.27**	**37,55,469.86**	**42,43,104.77**	**50,294.11**	**42,93,398.88**
Non-financial Liabilities							
a) Current tax liabilities (Net)		5.63	-	5.63	2,923.66	643.06	3,566.72
b) Provisions	2	23,102.68	(14,626.12)	8,476.56	31,905.56	(18,316.64)	13,588.92
c) Other non-financial liabilities	1a, 3	28,291.31	(21,635.46)	6,655.85	21,371.26	(14,842.77)	6,528.49
		51,399.62	**(36,261.58)**	**15,138.04**	**56,200.48**	**(32,516.35)**	**23,684.13**
EQUITY							
a) Equity Share capital		11,300.83	-	11,300.83	12,289.54	-	12,289.54
b) Other Equity	1,2,3,5, 6,7,8	6,36,423.59	13,516.50	6,49,940.09	9,18,019.18	31,882.64	9,49,901.82
Total Liabilities and Equity		**43,90,226.63**	**41,622.19**	**44,31,848.82**	**52,29,613.97**	**49,660.40**	**52,79,274.37**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

ii) Comparative Statement of profit and loss for the year ended 31 March 2018

Rs. in lakhs

Particulars		Notes	Previous GAAP	Adjustments	Ind AS
	Revenue from operations				
i)	Interest income	1a	6,73,454.10	(15,038.68)	6,58,415.42
ii)	Dividend income		170.58	-	170.58
iii)	Rental income		2.69	-	2.69
iv)	Fees and commission Income	1a	27,778.46	(23,038.60)	4,739.86
v)	Net gain on fair value changes	5	-	18.02	18.02
vi)	Net gain on derecognition of financial instruments under amortised cost category	3	14,032.87	(14,032.87)	-
	Total Revenue from operations		**7,15,438.70**	**(52,092.13)**	**6,63,346.57**
	Other income	6	5,173.53	-	5,173.53
	Total income		7,20,612.23	(52,092.13)	6,68,520.10
	Expenses				
i)	Finance costs	1b, 6	3,00,039.88	8,121.68	3,08,161.56
ii)	Fees and commission expense	1a	23,173.95	(21,846.07)	1,327.88
iii)	Impairment on financial instruments	2	1,22,659.47	(65,845.37)	56,814.10
iv)	Employee benefits expenses	4, 7	85,176.48	(1,929.89)	83,246.59
v)	Depreciation, amortization and impairment		4,419.21	-	4,419.21
vi)	Others expenses		54,365.59	-	54,365.59
	Total expenses		**5,89,834.58**	**(81,499.65)**	**5,08,334.93**
	Profit / (loss) before exceptional items and tax		**1,30,777.65**	**29,407.52**	**1,60,185.17**
	Exceptional items		6,497.18	-	6,497.18
	Profit/(loss) before tax		**1,37,274.83**	**29,407.52**	**1,66,682.35**
	Tax expense :				
	(i) Current tax		54,312.94	643.06	54,956.00
	(ii) Deferred tax	6	(6,226.54)	10,343.80	4,117.26
	Profit (loss) for the year		**48,086.40**	**10,986.86**	**59,073.26**
	Other Comprehensive Income (OCI)		**89,188.43**	**18,420.66**	**1,07,609.09**
	(i) Items that will not be reclassified to profit or loss (net of taxes)	4	-	(1,229.29)	(1,229.29)
	(ii) Items that will be reclassified to profit or loss (net of taxes)		-	-	-
	Other Comprehensive Income		-	(1,229.29)	(1,229.29)
	Total Comprehensive Income for the year		**89,188.43**	**17,191.37**	**1,06,379.80**

iii) Reconciliations between Ind-AS and Previous GAAP for equity and profit or loss are given below.

a) Profit reconciliation

Rs. in lakhs

Particulars		Notes	Year ended 31 March 2018
Profit after tax as reported under Previous GAAP			**89,188.43**
Adjustments :			
a)	Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR		
	i) Financial assets	1a	5,290.14
	ii) Financial liabilities	1b	(3,064.53)
b)	Income accrued on Stage III (Impaired) assets	2	(34,965.00)
c)	Impact on application of Expected Credit Loss method for loan loss provisions	2	65,845.37
d)	Impact on recognition of securitised loan portfolio (de-recognised in Previous GAAP)	3	(5,019.75)
e)	Reclassification of actuarial loss to Other Comprehensive Income	4	1,889.58
f)	Others	5, 6, 7	(568.29)
g)	Tax impact on above adjustments	8	(10,986.86)
Profit after tax as per Ind AS			1,07,609.09
Other Comprehensive Income / (loss) (net of tax)		4	(1,229.29)
Total Comprehensive Income as per Ind AS			**1,06,379.80**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

b) Equity reconciliation

Rs. in lakhs

Particulars	Notes	As at 31 March 2018	As at 1 April 2017
Equity as reported under Previous GAAP		**9,30,308.72**	**6,47,724.42**
Adjustments :			
a) Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR			
i) Financial assets	1a	24,127.14	18,836.99
ii) Financial liabilities	1b	(90.89)	2,973.64
b) Income accrued on Stage III (Impaired) assets	2	88,361.00	1,23,326.00
c) Impact on application of Expected Credit Loss method for loan loss provisions	2	(69,900.10)	(1,35,745.47)
d) Impact on recognition of securitised loan portfolio (de-recognised in Previous GAAP)	3	3,900.34	8,920.10
e) Reclassification of actuarial loss to Other Comprehensive Income	4	1,889.58	-
f) Reinstatement of securities premium	1b	2,831.25	1,653.42
g) Others	5, 6, 7	(697.69)	(126.33)
h) Tax impact on above adjustments	8	(17,308.70)	(6,321.84)
		9,63,420.65	**6,61,240.92**
Other Comprehensive Income / (loss) (net of tax)	4	(1,229.29)	-
Equity tax as per Ind AS		**9,62,191.36**	**6,61,240.92**

iv) Material adjustments to the Statement of cash flows for the year ended 31 March 2018

Rs. in lakhs

	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities	(7,84,076.92)	73,489.79	(7,10,587.13)
Net cash flows from investing activities	21,104.02	-	21,104.02
Net cash flows from financing activities	7,49,017.88	(73,489.79)	6,75,528.09
Net increase/(decrease) in cash and cash equivalents	**(13,955.02)**	**-**	**(13,955.02)**
Cash and cash equivalents at the beginning of the year	41,145.40	-	41,145.40
Cash and cash equivalents at the end of the year	**27,190.38**	**-**	**27,190.38**

The material adjustment to the Statement of cash flows under Ind AS is primarily on account of reclassification of payments made to Special Purpose Vehices under securitization transactions from Loans and advances (forming part of operating activities) under Previous GAAP to borrowings (forming part of financing activities) under Ind AS.

Material adjustments on adoption of Ind AS are explained below:

1 *Interest income and expense measured using effective interest method*

a) Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method. Under previous GAAP, interest income on non performing assets (i.e. loans that are 90 days past due) was not accrued. Under Ind AS interest income on such loans are recognised on their net carrying amount.

b) Under Previous GAAP, the transaction costs related to borrowings including fixed deposits accepted were recognised upfront in the Statement of profit and loss/ securities premium. Under Ind AS, such costs are amortised over the contractual term of the borrowing and recognised as interest expense using effective interest method in the Statement of profit and loss.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

2 *Impairment Allowance for expected credit loss*
Under Previous GAAP, the provisioning on overdue assets was as per management estimates, subject to the minimum provision required as per Master Direction- Non Banking Financial Company - Systematically Important Non Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Under Ind AS, impairment allowance is calculated as per expected credit loss method.

3 *Impact on derecognition of loans*
Under Previous GAAP, financial assets were derecognized if the control criteria is met in accordance with relevant RBI guidelines. Under Ind AS, financial assets are derecognised only when the Company transfers substantially all the risks and rewards related to the cash flows.

4 *Reclassification of actuarial loss / (gain), arising out of employee benefit schemes, to Other Comprehensive Income (OCI)*
Actuarial gain and losses are recognised in other comprehensive income under Ind AS. Under Previous GAAP, these were recognised in Statement of profit and loss.

5 *Net gain on fair value changes*
Under Previous GAAP, investment in Mutual Funds was carried at lower of cost or net realisable value. Under Ind AS, these investments are measured at FVTPL.

6 *Derivatives*
Under Previous GAAP, the forward contract premium was amortised over the term of the contract. Under Ind AS, such contracts are measured at FVTPL.

7 *Employee stock option scheme*
Under Previous GAAP, the cost of Employee Stock Options was recognised at intrinsic value. Under Ind AS, the same is recognised on the basis of fair value.

8 *Deferred tax adjustments*
Deferred tax effect of all adjustments has been recognised on transition date and during the year ended 31 March 2018.

54 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 2019		As at 31 March 2018	
		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	20,65,266.41	-	17,30,584.04	-
	- Unsecured	21,515.42	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	13,80,336.19	-	10,67,484.65	-
	(d) Inter-corporate loans and Other Borrowings	96,166.87	-	57,876.07	-
	(e) Commercial Paper	2,57,244.63	-	4,16,844.72	-
	(f) Public Deposits	5,68,523.11	-	3,00,435.07	-
	(g) Fixed Deposits accepted from Corporates	27,295.47	-	33,494.28	-

Notes forming part of the Financial Statements

for the year ended 31 March 2019

Rs. in lakhs

Sr. No.	Particulars	As at 31 March 2019		As at 31 March 2018	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	(h) FCNR Loans	63,424.85	-	1,07,250.89	-
	(i) External Commercial Borrowings	1,38,084.98	-	-	-
	(j) Associated liabilities in respect of securitisation transactions	4,35,362.66	-	75,851.99	-
	(k) Subordinate debt (including NCDs issued through Public issue)	3,78,369.51	-	3,42,152.38	-
	(l) Other Short Term Loans and credit facilities from banks	28,454.72	-	34,808.09	-
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	5,68,523.11	-	3,00,435.07	-

		As at 31 March 2019	As at 31 March 2018
		Amount Outstanding	Amount Outstanding
Asset side:			
3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		
	(a) Secured	-	-
	(b) Unsecured	3,20,688.21	2,34,153.97
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	18.85	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	26,319.22	24,820.23
	(b) Loans other than (a) above	57,78,455.71	45,96,095.94
5)	**Break-up of Investments :**		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	3,662.07	10,145.53
	(iii) Units of mutual funds	62,148.40	525.71
	(iv) Government Securities	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2019

		As at 31 March 2019	As at 31 March 2018
		Amount Outstanding	Amount Outstanding
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	46,910.08	-
(vi)	Commercial Papers	81,065.33	30,050.68
(vii)	Investments in Pass Through Certificates under securitization transactions	20,509.33	70,203.51
Long Term Investments :			
1.	Quoted :		
(i)	Shares : (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	2474.37	6121.88
(iii)	Units of mutual funds	200.61	201.09
(iv)	Government Securities	70922.15	70945.35
2.	Unquoted :		
(i)	Shares : (a) Equity	89557.84	69139.98
	(b) Preference	-	-
(ii)	Debentures and Bonds	1,088.52	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Investments in Pass Through Certificates under securitization transactions	631.67	15,377.69

6) Borrower group-wise classification assets financed as in (3) and (4) above :

Rs. in lakhs

Category	As at 31 March 2019 Amount net of provisions			As at 31 March 2018 Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	58,04,774.93	3,20,707.06	61,25,481.99	46,20,916.17	2,34,154.46	48,55,070.63
Total	**58,04,774.93**	**3,20,707.06**	**61,25,481.99**	**46,20,916.17**	**2,34,154.46**	**48,55,070.63**

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 2019		As at 31 March 2018	
	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	67,347.38	67,347.38	49,047.38	49,047.38
(b) Companies in the same group	22,210.46	22,210.46	20,792.60	20,792.60
(c) Other related parties	-	-	-	-
2. Other than related parties	2,89,895.05	2,89,612.53	2,04,870.65	2,03,571.44
Total	**3,79,452.89**	**3,79,170.37**	**2,74,710.63**	**2,73,411.42**

Notes forming part of the Financial Statements

for the year ended 31 March 2019

8) Other information:

Rs. in lakhs

Particulars		As at 31 March 2019 Amount	As at 31 March 2018 Amount
i)	**Gross Non-Performing Assets :**		
	(a) Related parties	473.39	473.39
	(b) Other than related parties	4,06,583.29	5,02,224.31
ii)	**Net Non-Performing Assets :**		
	(a) Related parties	-	-
	(b) Other than related parties	3,29,070.49	3,31,090.28
iii)	**Assets acquired in satisfaction of debt :**	-	-

55 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

I) Capital

Rs. in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
CRAR (%)	20.3%	22.7%
CRAR-Tier I Capital (%)	15.5%	17.0%
CRAR-Tier II Capital (%)	4.8%	5.7%
Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs)	33,687.23	1,15,053.13
Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Rs. in lakhs

Particulars		As at 31 March 2019	As at 31 March 2018
Value of Investments			
(i)	**Gross Value of Investments**		
	(a) In India	3,58,398.08	2,54,619.03
	(b) Outside India	21,054.81	20,091.60
(ii)	**Provisions for Depreciation**		
	(a) In India	282.52	1,299.21
	(b) Outside India	-	-
(iii)	**Net Value of Investments**		
	(a) In India	3,58,115.56	2,53,319.82
	(b) Outside India	21,054.81	20,091.60
Movement of provisions held towards depreciation on investments.			
(i)	Opening balance	1,299.21	-
(ii)	Add : Provisions made during the year	-	1,299.21
(iii)	Less : Write-off / write-back of excess provisions during the year	(1,016.69)	-
(iv)	**Closing balance**	282.52	1,299.21

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars		As at 31 March 2019	As at 31 March 2018
(i)	The notional principal of swap agreements	2,02,969.68	1,11,084.53
(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	-	-
(v)	The fair value of the swap book (Asset / (Liability))	(6,696.14)	(2,574.91)

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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

Sr. No.	Particulars	As at 31 March 2019		As at 31 March 2018	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	**Derivatives (Notional Principal Amount)**				
	- For hedging		2,02,969.68		1,11,084.53
ii)	**Marked to Market Positions [1]**				
	(a) Asset (+) Estimated gain	917.97	88.42	21.83	14.86
	(b) Liability (-) Estimated loss	(7,670.52)	(32.01)	(2,588.63)	(22.97)
iii)	**Credit Exposure [2]**	-	-	-	-
iv)	**Unhedged Exposures**	-	-	-	-

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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

Particulars			As at 31 March 2019	As at 31 March 2018
1)	No of SPVs sponsored by the NBFC for securitisation transactions		19	14
2)	Total amount of securitised assets as per books of the SPVs sponsored		4,34,734.49	75,726.36
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	51,128.05	22,336.29
		Others	-	-
	b)	**On-balance sheet exposures**		
		First loss	-	-
		Cash collateral term deposits with banks	24,538.60	3,200.00
		Others		
		Retained interest in pass through certificates (excluding accrued interest)	3.43	36.12
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	53,652.25	15,046.45
		(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	-	-
		(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 forming part of the Financial Statements

for the year ended 31 March 2019

c) Details of Assignment transactions undertaken by NBFCs

Rs. in lakhs

Particulars		As at 31 March 2019	As at 31 March 2018
(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		As at 31 March 2019	As at 31 March 2018
(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;	90,646.36	69,139.98
(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	**90,646.36**	**69,139.98**

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2018-19, 41% (31 March 2018: 43%) of the financing was towards parent company products.

Notes forming part of the Financial Statements

for the year ended 31 March 2019

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 2019, the amount of unsecured advances stood at Rs. 3,29,945.84 Lakhs (31 March 2018: Rs.2,41,498.29 Lakhs).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(refer note 52)

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating -

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 2.7 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 forming part of the Financial Statements

for the year ended 31 March 2019

X) Provisions and Contingencies

Rs. in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	(1,016.69)	936.85
Provision towards non-performing assets	(1,11,011.91)	(45,777.00)
Provision made towards Income tax	57,024.06	54,312.94
Other Provision and Contingencies (with details)	(827.27)	(504.57)
Provision for diminution in the fair value of restructured advances	-	-
Provision for Standard Assets	-	-

Draw Down from Reserves

Year ended March 31, 2019 : Nil

Year ended March 31, 2018 : Nil

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Rs. in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Total Deposits of twenty largest depositors	40,098.03	35,682.31
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	6.7%	10.6%

b) Concentration of Advances

Rs. in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Total Advances to twenty largest borrowers	86,229.26	57,414.60
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.4%	1.1%

c) Concentration of Exposures

Rs. in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to twenty largest borrowers / customers	86,229.26	57,414.60
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.4%	1.1%

d) Concentration of NPAs

Rs. in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Total Exposure to top four NPA accounts	8,870.67	7,090.54

Notes forming part of the Financial Statements

for the year ended 31 March 2019

e) Sector-wise NPAs

Rs. in lakhs

Particulars		As at 31 March 2019 Percentage of NPAs to Total Advances in that sector	As at 31 March 2018 Percentage of NPAs to Total Advances in that sector
i)	Agriculture & allied activities	8.9%	11.3%
ii)	Auto loans	6.0%	10.1%
iii)	MSME	5.2%	3.0%
iv)	Corporate borrowers	3.7%	12.1%
v)	Unsecured personal loans	1.6%	9.8%
vi)	Other personal loans	-	-
vii)	Services	-	-

f) Movement of NPAs

Rs. in lakhs

Particulars		As at 31 March 2019	As at 31 March 2018
i)	Net NPAs to Net Advances (%)	5.3%	6.6%
ii)	Movement of NPAs (Gross)		
	(a) Opening balance	5,02,697.70	6,83,105.86
	(b) Additions during the year	1,96,269.02	1,62,085.29
	(c) Reductions during the year	(2,91,910.04)	(3,42,493.45)
	(d) Closing balance	4,07,056.68	5,02,697.70
iii)	Movement of Net NPAs		
	(a) Opening balance	3,31,090.28	4,09,379.67
	(b) Additions during the year	1,40,920.06	1,29,241.91
	(c) Reductions during the year	(1,42,939.85)	(2,07,531.30)
	(d) Closing balance	3,29,070.49	3,31,090.28
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,71,607.42	2,73,726.19
	(b) Provisions made during the year	55,348.96	32,843.38
	(c) Write-off / write-back of excess provisions	(1,48,970.19)	(1,34,962.15)
	(d) Closing balance	77,986.19	1,71,607.42

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in lakhs

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets	
			As at 31 March 2019	As at 31 March 2018
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	3,60,470.90	3,40,939.06

XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored -

Domestic	Overseas
N/A	N/A

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2019

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 up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	10,294.70	12,280.52	10,181.56	37,170.58	67,093.38	3,65,355.07	64,342.60	-	5,66,718.41
Advances	6,77,857.57	2,53,427.37	2,17,580.89	5,17,840.42	10,00,944.34	27,56,627.06	6,98,528.03	2,157.12	61,24,962.80
Reserves & surplus	-	-	-	-	-	-	-	10,78,504.75	10,78,504.75
Investments	76,100.26	7,198.15	1,10,825.62	18,529.85	6,121.13	7,795.30	5,446.76	1,47,153.30	3,79,170.37
Borrowings	1,51,738.31	2,29,814.73	1,47,144.48	4,64,617.25	7,42,686.06	18,48,990.24	3,68,974.44	5,63,208.52	45,17,174.03
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	16,208.14	47,195.83	1,37,396.77	-	-	2,00,800.74

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 up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	12,382.82	15,606.32	13,259.49	46,520.72	63,074.45	1,37,673.68	23,962.59	-	3,12,480.07
Advances	3,78,589.03	2,06,219.81	1,86,963.09	4,45,677.93	8,07,157.88	21,02,695.50	5,00,312.32	2,27,085.60	48,54,701.16
Reserves & surplus	-	-	-	-	-	-	-	9,49,901.82	9,49,901.82
Investments	14,993.86	11,185.30	15,573.02	26,642.16	43,231.08	26,039.04	6,832.87	1,28,914.09	2,73,411.42
Borrowings	1,92,399.99	2,47,164.07	3,07,632.61	1,46,479.35	5,07,732.58	14,83,513.40	2,67,406.02	4,37,288.26	35,89,616.28
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	23,960.84	-	23,642.08	59,616.55	-	-	1,07,219.47

XV) Disclosure of complaints

Customer complaints

Rs. in lakhs

		Year ended 31 March 2019	Year ended 31 March 2018
(a)	No. of complaints pending at the beginning of the year	315	2
(b)	No. of complaints received during the year	3,041	2,136
(c)	No. of complaints redressed during the year	2,675	1,823
(d)	No. of complaints pending at the end of the year	681	315

Notes forming part of the Financial Statements

for the year ended 31 March 2019

56 EVENTS AFTER THE REPORTING DATE

The dividends proposed for the current financial year ended 31 March 2019 shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting and hence has been treated as a non adjusting event (refer note no. 23). There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 56

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]	**C.B. Bhave** Director [DIN: 00059856]
Rama Bijapurkar Director [DIN: 00001835]	**Milind Sarwate** Director [DIN: 00109854]	**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

Mumbai
24 April 2019

Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited
Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income) , consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 of such subsidiaries and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 associate as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

Impairment Loss Allowance on Loans and related commitments

Refer Notes 2.12 and 51.2 to the Consolidated Financial Statements

The key audit matter	How the matter was addressed in our audit
Impairment loss allowance of Rs. 223,548 lakhs as at 31 March 2019 and expense for Rs. (107,524) lakhs is recognized in the statement of profit and loss against loans and related commitments outstanding as at 31 March 2019. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: • Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data • Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors and the timing of cash flows • Criteria selected to identify significant increase in credit risk	We performed the following key audit procedures: • Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes. • Evaluated whether the methodology applied is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.

The key audit matter	How the matter was addressed in our audit
Estimates, by their nature, give rise to a higher risk of material misstatement due to error or fraud. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.	• Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with the recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of management overlays with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum. **Disclosures:** Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient

Transition date accounting policies due to adoption of Ind-AS

Refer to the accounting policies in the Consolidated Financial Statements: Significant Accounting Policies- Basis of preparation and Notes 2.7 and 50 to the Consolidated Financial Statements.

Key audit matter description	How the matter was addressed in our audit
Effective 1 April 2018, the Holding Company adopted the Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Holding Company upon transition: - Classification and measurement of financial assets and financial liabilities - Measurement of impairment loss allowance - Accounting for securitization and assignment transactions - Accounting for loan fees and costs - Accounting for employee stock options The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption of Indian Accounting Standards prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	We performed the following key audit procedures: • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind-AS 101. • Confirmed the approvals of Audit Committee for the choices and exemptions made by the Holding Company for compliance/acceptability under Ind-AS 101. • Evaluated management's transition date choices and exemptions for compliance under Ind-AS 101. • Assessed the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations • Assessed areas of significant estimates and management judgment in line with principles under Ind-AS.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company 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.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of

our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

  We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of 4 subsidiaries, whose financial statements/financial information reflect total assets of Rs. 57,051 lakhs as at 31 March 2019, total revenues of Rs.35,542 lakhs and net cash flows amounting to Rs. (530 lakhs) for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

(b) The financial statements/financial information of a subsidiary, whose financial statements/financial information reflect total assets of Rs 1063 lakhs as at 31 March 2019, total revenues of Rs. Nil and net cash flows amounting to Rs.0.50 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements, have not been audited either by us or by other auditors. The Consolidated Financial Statements also include the Group's share of net profit (and other comprehensive income) of Rs. 4693 lakhs for the year ended 31 March 2019, as considered in the Consolidated Financial Statements, in respect of an associate, whose financial statements/ financial information have not been audited by us or by other auditors. These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary

and associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associate, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

Our opinion 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 the Management

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associate as were audited by other auditors, as noted in the 'Other Matters' 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) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies and its associate company in India is disqualified as on 31 March 2019 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 with reference to financial statements of the Holding Company, its subsidiary companies and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 reports of the other auditors on separate financial statements of the subsidiaries and associate, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group and its associate. Refer Note 43 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 47 to the consolidated financial statements in respect of such items as it relates to the Group and its associate.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate company incorporated in India during the year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Place : Mumbai
Date : 24 April 2019

Annexure A to the Independent Auditor's Report - 31 March 2019

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 2019, we have audited the internal financial controls with respect to consolidated financial statements 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 with reference to consolidated financial statements based on the internal control 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements.

Meaning of internal financial controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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

Mumbai
24 April 2019

Consolidated Balance Sheet

as at 31 March 2019

Rs. in lakhs

Particulars	Note	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
ASSETS				
Financial Assets				
a) Cash and cash equivalents	3	53,722.32	33,868.66	43,153.50
b) Bank balance other than (a) above	4	45,681.43	13,921.71	16,661.10
c) Derivative financial instruments	5	1,006.39	36.69	-
d) Receivables				
i) Trade receivables	6	5,360.31	5,644.11	1,878.14
ii) Other receivables		-	-	-
e) Loans	7	68,93,899.97	54,54,973.09	45,22,366.73
f) Investments	8	3,32,735.30	2,37,793.57	1,76,587.06
g) Other financial assets	9	21,207.08	13,277.10	21,209.16
		73,53,612.80	**57,59,514.93**	**47,81,855.69**
Non-financial Assets				
a) Current tax assets (Net)		31,212.81	21,385.49	17,387.72
b) Deferred tax Assets (Net)	10	44,969.75	71,851.76	74,102.22
c) Property, plant and equipment	11	16,818.54	13,739.60	12,931.37
d) Capital work-in-progress		-	-	49.09
e) Intangible assets under development		79.41	45.60	58.21
f) Other intangible assets	12	3,326.44	925.93	403.76
g) Other non-financial assets	13	7,577.16	5,550.27	3,150.17
		1,03,984.11	**1,13,498.65**	**1,08,082.54**
Total Assets		**74,57,596.91**	**58,73,013.58**	**48,89,938.23**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
a) Derivative financial instruments	14	7,702.53	2,611.60	2,749.89
b) Payables	15			
I) Trade Payables				
i) total outstanding dues of micro enterprises and small enterprises		23.72	27.42	9.79
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,11,406.58	1,13,109.19	1,22,478.58
II) Other Payables				
i) total outstanding dues of micro enterprises and small enterprises		253.29	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,164.54	683.31	221.94
c) Debt Securities	16	24,71,588.50	21,94,435.96	18,32,946.25
d) Borrowings (Other than Debt Securities)	17	24,63,272.12	16,52,724.46	13,88,573.14
e) Deposits	18	5,63,093.41	3,05,205.07	4,24,428.10
f) Subordinated Liabilities	19	3,82,208.09	3,46,249.80	2,30,007.63
g) Other financial liabilities	20	2,84,074.55	2,26,665.40	1,58,442.27
		62,86,787.33	**48,41,712.22**	**41,59,857.59**
Non-Financial Liabilities				
a) Current tax liabilities (Net)		1,392.09	3,566.72	139.61
b) Provisions	21	25,493.93	19,543.07	11,978.93
c) Other non-financial liabilities	22	9,170.85	8,181.35	7,192.45
		36,056.87	**31,291.14**	**19,310.99**
EQUITY	23			
a) Equity Share capital		12,297.54	12,289.54	11,300.83
b) Other Equity		11,14,604.29	9,73,210.90	6,89,712.72
Equity attributable to owners of the Company		11,26,901.83	9,85,500.44	7,01,013.55
Non-controlling interests		7,850.88	14,509.78	9,756.10
		11,34,752.71	10,00,010.22	7,10,769.65
Total Liabilities and Equity		**74,57,596.91**	**58,73,013.58**	**48,89,938.23**

Summary of significant accounting policies

The accompanying notes form an integral part of the consolidated 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]
C.B. Bhave Director [DIN: 00059856]
Rama Bijapurkar Director [DIN: 00001835]
Milind Sarwate Director [DIN: 00109854]
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

Mumbai
24 April 2019

Consolidated Statement of profit and loss

for year ended 31 March 2019

Rs. in lakhs

Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations			
i) Interest income	24	9,96,952.90	7,60,541.44
ii) Dividend income		1,524.27	170.67
iii) Rental income		71.45	2.69
iv) Fees and commission Income	25	11,638.82	6,232.97
v) Net gain on fair value changes	26	761.75	36.51
vi) Sale of services	27	26,220.90	21,400.81
I Total Revenue from operations		**10,37,170.09**	**7,88,385.09**
II Other income	28	5,915.38	2,832.41
III Total income (I+II)		**10,43,085.47**	**7,91,217.50**
Expenses			
i) Finance costs	29	4,43,227.98	3,43,619.15
ii) Fees and commission expense		12,968.10	6,791.82
iii) Impairment on financial instruments	30	71,710.83	67,685.93
iv) Employee benefits expenses	31	1,47,794.76	1,13,661.49
v) Depreciation, amortization and impairment	32	7,553.32	5,521.15
vi) Others expenses	33	80,447.20	66,526.75
IV Total expenses (IV)		**7,63,702.19**	**6,03,806.29**
V Profit before exceptional items and tax (III-IV)		**2,79,383.28**	**1,87,411.21**
VI Exceptional items		-	-
Share of Profit/(Loss) of Associates		4,692.88	3,068.63
VII Profit before tax (V -VI)		**2,84,076.16**	**1,90,479.84**
VIII Tax expense :			
(i) Current tax		71,136.53	66,520.75
(ii) Deferred tax		26,211.44	2,330.37
		97,347.97	**68,851.12**
IX Profit for the year (VII-VIII)		**1,86,728.19**	**1,21,628.72**
X Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) on defined benefit plans		(1,481.98)	(2,110.08)
- Net gain / (loss) on equity instruments through OCI		454.65	-
(ii) Income tax impact thereon		353.97	722.98
Subtotal (A)		**(673.36)**	**(1,387.10)**
(B) (i) Items that will be reclassified to profit or loss			
- Net gain / (loss) on debt instruments through OCI		788.52	-
(ii) Income tax impact thereon		(275.54)	-
Subtotal (B)		**512.98**	**-**
Other Comprehensive Income (A + B)		**(160.38)**	**(1,387.10)**
XI Total Comprehensive Income for the year (IX+X)		**1,86,567.81**	**1,20,241.62**
Profit for the year attributable to:			
Owners of the Company		1,82,729.83	1,18,518.52
Non-controlling interests		3,998.36	3,110.20
		1,86,728.19	**1,21,628.72**
Other Comprehensive Income for the year attributable to:			
Owners of the Company		(146.27)	(1,358.09)
Non-controlling interests		(14.11)	(29.01)
		(160.38)	**(1,387.10)**
Total Comprehensive Income for the year attributable to:			
Owners of the Company		1,82,583.56	1,17,160.43
Non-controlling interests		3,984.25	3,081.19
		1,86,567.81	**1,20,241.62**
XII Earnings per equity share (Face value Rs.2/- per equity share)			
Basic (Rupees)		29.73	20.40
Diluted (Rupees)		29.67	20.37
Summary of significant accounting policies			

The accompanying notes form an integral part of the consolidated 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]
C.B. Bhave Director [DIN: 00059856]
Rama Bijapurkar Director [DIN: 00001835]
Milind Sarwate Director [DIN: 00109854]
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

Mumbai
24 April 2019

Consolidated Statement of Changes in Equity

for year ended 31 March 2019

A. Equity Share Capital

Rs. in lakhs

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2017	**11,300.83**
Changes during the year:	
i) Fresh allotment of shares :	
- Preferential issue to Mahindra & Mahindra Limited (the Holding Company)	500.00
- Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP)	480.00
ii) Allotment of shares by ESOS Trust to employees	8.71
Balance as at 31 March 2018	12,289.54
Balance as at 1 April 2018	**12,289.54**
Changes during the year:	
i) Fresh allotment of shares	-
ii) Allotment of shares by ESOS Trust to employees	8.00
Balance as at 31 March 2019	**12,297.54**

B. Other Equity

Rs. in lakhs

	Reserves and Surplus								Item of Other Comprehensive Income				Total Other Equity	Non-controlling Interests	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Any other reserve	Retained earnings or Profit & loss account	Debt instruments through OCI	Equity instruments through OCI	Financial liability at FVTPL	Foreign Currency Translation Reserve			
Balance as at 1 April 2017	**1,27,679.93**	**5,000.00**	**2,04,217.02**	**56,887.20**	**2,649.86**	**2,379.75**	**-**	**2,90,898.96**	**-**	**-**	**-**	**-**	**6,89,712.72**	**9,756.10**	**6,99,468.82**
Profit for the period								1,18,518.52					1,18,518.52	3,110.20	1,21,628.72
Other Comprehensive Income								(1,358.09)					(1,358.09)	(29.01)	(1,387.10)
Total Comprehensive Income	-	-	-	-	-	-	-	1,17,160.43	-	-	-	-	1,17,160.43	3,081.19	1,20,241.62
Dividend paid on equity shares (including tax thereon)								(16,340.77)					(16,340.77)		(16,340.77)
Securities premium on fresh issue of equity share capital			2,10,120.00										2,10,120.00		2,10,120.00
Expenses incurred in respect of issue of equity shares			(1,310.13)					-					(1,310.13)		(1,310.13)
Expenses incurred in respect of issue of debt securities			-										-		-
Transfers to Securities premium on exercise of employee stock options			1,119.26			(1,119.26)							-		-
Share based payment expense						967.12							967.12		967.12
Translation difference in respect of profit from foreign Associate												50.63	50.63		50.63
Transfers to Statutory reserves	22,426.08							(22,426.08)					-		-
Transfers to General reserves				8,840.42				(8,840.42)					-		-
Transfers to Debenture redemption reserves					5,053.12			(5,053.12)					-		-
Profit on sale of equity shares of subsidiaries								5,073.72					5,073.72		5,073.72
Gross obligation								(31,678.03)					(31,678.03)		(31,678.03)
ESOP tax adjustment								-					-		-
Rounding off								-					-		-
Transaction with non-controlling interest and changes in Group's Interest								(544.80)					(544.80)	1,672.50	1,127.70
Balance as at 31 March 2018	**1,50,106.01**	**5,000.00**	**4,14,146.15**	**65,727.62**	**7,702.98**	**2,227.61**	**-**	**3,28,249.89**	**-**	**-**	**-**	**50.63**	**9,73,210.89**	**14,509.79**	**9,87,720.68**

Consolidated Statement of Changes in Equity

for year ended 31 March 2019

Rs. in lakhs

	Reserves and Surplus								Item of Other Comprehensive Income				Total Other Equity	Non-controlling Interests	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Any other reserve	Retained earnings or Profit & loss account	Debt instruments through OCI	Equity instruments through OCI	Financial liability at FVTPL	Foreign Currency Translation Reserve			
Balance as at 1 April 2018	**1,50,106.01**	**5,000.00**	**4,14,146.15**	**65,727.62**	**7,702.98**	**2,227.61**	**-**	**3,28,249.89**	**-**	**-**	**-**	**50.63**	**9,73,210.89**	**14,509.79**	**9,87,720.68**
Profit for the period								1,82,729.83					1,82,729.83	3,998.36	1,86,728.19
Other Comprehensive Income								(955.02)	512.98	295.78		2,398.77	2,252.51	(14.11)	2,238.40
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,81,774.81**	**512.98**	**295.78**	**-**	**2,398.77**	**1,84,982.34**	**3,984.25**	**1,88,966.59**
Dividend paid on equity shares (including tax thereon)								(29,661.39)					(29,661.39)		(29,661.39)
Expenses incurred in respect of issue of equity shares								(10.41)					(10.41)		(10.41)
Transfers to Securities premium on exercise of employee stock options			1,066.44			(1,066.44)							-		-
Employee stock options expired				4.91		(4.91)							-		-
Share based payment expense			-			2,503.52							2,503.52		2,503.52
Translation difference in respect of profit from foreign Associate													-		-
Transfers to Statutory reserves	38,517.00							(38,517.00)					-		-
Transfers to General reserves				15,571.00				(15,571.00)					-		-
Transfers to Debenture redemption reserves					14,667.61			(14,667.61)					-		-
Profit on sale of equity shares of subsidiaries													-		-
Changes in Group's Interest														233.60	233.60
Gross obligation at fair value to acquire non-controlling interest								(15,865.28)					(15,865.28)		(15,865.28)
Transaction with non-controlling interest	(558.77)			3.39				-					(555.38)	(10,876.76)	(11,432.14)
Balance as at 31 March 2019	**1,88,064.24**	**5,000.00**	**4,15,212.59**	**81,306.92**	**22,370.59**	**3,659.78**	**-**	**3,95,732.01**	**512.98**	**295.78**	**-**	**2,449.40**	**11,14,604.29**	**7,850.88**	**11,22,455.17**

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

Mumbai
24 April 2019

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]

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

Milind Sarwate
Director
[DIN: 00109854]

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 Statement of Cash Flows

for year ended 31 March 2019

Rs. in lakhs

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
A) CASH FLOW FROM OPERATING ACTIVITIES			
Profit before exceptional items and taxes		2,79,383.28	1,87,411.21
Adjustments to reconcile profit before tax to net cash flows:			
Add: Non-cash expenses			
Depreciation, amortization and impairment		7,553.34	5,521.15
Provision for diminution in value of investments		-	-
Impairment on financial instruments		(1,04,665.86)	(34,578.67)
Bad debts and write offs		1,76,376.70	1,02,158.82
Net loss in fair value of derivative financial instruments		2,693.63	2,994.41
Unreaslised foreign exchange gain/loss		826.29	1,083.90
Remeasurement gain / (loss) on defined benefit plans		(4.03)	(7.67)
Share based payments to employees		2,430.56	812.49
Gross obligation on fair value change		-	0.00
		85,210.63	**77,984.42**
Less: Income considered separately			
Net gain on fair value changes		(710.34)	(36.03)
Income from investing activities		(19,226.46)	(13,404.64)
Dividend income		(1,511.34)	(170.67)
Net gain on derecognition of property, plant and equipment		(67.82)	(51.10)
Net gain on sale of investments		56.72	(114.84)
		(21,459.24)	**(13,777.27)**
Operating profit before working capital changes	**I**	**3,43,134.67**	**2,51,618.36**
Changes in -			
Loans		(15,03,646.33)	(10,60,375.94)
Trade receivables		(4,024.30)	(5,845.28)
Interest accrued on other deposits		311.77	(31.38)
Other financial assets		(3,649.28)	(2,536.56)
Other financial liabilities		33,244.22	(1,296.96)
Other non-financial assets		(2,451.62)	(2,189.69)
Trade Payables		215.15	33,512.53
Other non-financial liabilities		2,253.25	810.64
Derivative financial instruments		1,427.65	(3,170.12)
Provisions		7,780.20	4,985.51
Cash used in operations	**II**	**(14,68,539.29)**	**(10,36,137.24)**
Income taxes paid (net of refunds)		(82,389.37)	(66,450.30)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(12,07,793.99)**	**(8,50,969.18)**
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, plant and equipment and intangible assets		(13,550.99)	(7,050.39)
Proceeds from sale of Property, plant and equipment		213.35	167.30
Purchase of investments at amortised cost		(44,869.94)	(1,48,613.19)
Proceeds from sale of investments at amortised cost		1,24,063.95	1,28,936.63
Purchase of investments at FVOCI		(300.00)	(709.60)
Purchase of investments at FVTPL		(34,76,945.36)	(5,51,824.94)
Proceeds from sale of investments at FVTPL		33,06,075.83	5,75,244.18
Purchase of investments at cost		(963.21)	(0.00)
Proceeds from term deposits with banks (net)		(37,802.46)	12,051.81
Dividend income received		3,648.21	1,891.46
Interest income received on investments measured at amortised cost, FVOCI, FVTPL and at cost		19,138.27	14,242.83
Increase in Earmarked balances with banks		(12.54)	(23.26)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(1,21,304.89)**	**24,312.84**

Consolidated Statement of Cash Flows

for year ended 31 March 2019

Rs. in lakhs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares (net of issue expenses)	(10.93)	2,08,073.53
Expenses incurred on issuance of Non-convertible debentures	(2,143.51)	(1,858.14)
Proceeds from borrowings through Debt Securities	34,80,912.24	26,04,811.18
Repayment of borrowings through Debt Securities	(32,01,672.60)	(22,44,160.42)
Proceeds from Borrowings (Other than Debt Securities)	31,52,262.34	33,50,311.17
Repayment of Borrowings (Other than Debt Securities)	(23,41,343.42)	(30,48,443.20)
Proceeds from borrowings through Subordinated Liabilities	37,187.23	1,24,553.13
Repayment of borrowings through Subordinated Liabilities	(1,680.00)	(6,880.00)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	(2,205.46)	(37,284.09)
Increase / (decrease) in Fixed deposits (net)	2,59,800.55	(1,19,894.01)
Dividend paid (including tax on dividend)	(32,153.90)	(18,357.66)
Proceeds from sale of investments measured at cost (in equity shares of Mahindra Insurance Brokers Limited)	-	6,500.00
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**13,48,952.54**	**8,17,371.49**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**19,853.66**	**(9,284.85)**
Cash and Cash Equivalents at the beginning of the year	**33,868.66**	**43,153.50**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 3)	**53,722.32**	**33,868.66**

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

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

Mumbai
24 April 2019

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]
C.B. Bhave Director [DIN: 00059856]
Rama Bijapurkar Director [DIN: 00001835]
Milind Sarwate Director [DIN: 00109854]
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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited ('the Company'), is a public limited company, headquartered in Mumbai, India and incorporated under the provisions of the Companies Act, 1956. The Company is a 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 Equity shares of the Company are listed on the National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai 400001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

The consolidated financial statements of Mahindra & Mahindra Financial Services Limited and its subsidiaries ('the Group') and its associate have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act.

The Group's consolidated financial statements upto and for the year ended 31 March 2018 were 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, 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), 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 NBFCs and similar norms prescribed by National Housing Bank (NHB) for Housing Finance Companies and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable, collectively referred as "Previous GAAP". Any application guidance/ clarifications/ directions issued by NHB or other regulators are implemented as and when they are issued/ applicable.

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2018. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Group is provided in Note 50.

These consolidated financial statements were approved by the Company's Board of Directors and authorised for issue on 24 April 2019.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the functional currency of the Company and its subsidiaries. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and associate.

Subsidiaries

Subsidiaries are entities over which the Group has control. Subsidiaries are consolidated on a line-by-line basis from the date the control is transferred to the Group. They are deconsolidated from the date that control ceases. Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted as equity transactions. The carrying amount of the Company's interests and the non-controlling interests ("NCI") are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

directly in equity and attributed to owners of the Company.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Associates

Associates are the entities over which the Group has significant influence. Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

2.5 Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.6 Use of estimates and judgements and Estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

Effective Interest Rate (EIR) Method

The Group recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Group's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk

- The segmentation of financial assets when their ECL is assessed on a collective basis

- Development of ECL model, including the various formulae and the choice of inputs

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

It has been the Group's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 51)

Provisions and other contingent liabilities

The reliable measure of the amounts pertaining to litigations and the regulatory proceedings in the ordinary course of the Group's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

2.7 First-time adoption of Ind AS – mandatory exemptions and optional exemptions

Overall principle :

The Group has prepared the opening balance sheet as per Ind AS as of 1 April 2017 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Group as discussed below:

Deemed cost for property, plant and equipment and intangible assets -

The Group has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that Previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

De-recognition of financial assets and financial liabilities related to securitisation transactions -

The Group has not elected the exemption of applying the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date. The Group has applied de-recognition requirements of financial assets and financial liabilities retrospectively effective from 1 February 2013 as the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions were obtained at the time of initial accounting for those transactions.

Share-based payments -

The Group has availed the exemption of not applying Ind AS 102 Share-based Payment to options already vested as on the transition date.

Leases -

The Group has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on date of transition to Ind AS.

Currency translation reserve -

The Group has opted to reset the balance in Foreign Currency Translation Reserve on transition date to zero.

2.8 Revenue recognition :

a) Recognition of interest income

Effective Interest Rate (EIR) method -

Interest income is recognised in Statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

Interest income

The Group calculates interest income related to financing business by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Additional interest 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.

b) Rental Income

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.

c) Fee and commission income :

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

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

d) Sale of services:

Income from sale of services are recognised on rendering of such services.

Brokerage Income, Handling Charges & Broker Retainer Fees is recognised for net of Goods and Service Tax (GST) amount on rendering of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier. The revenue from rendering of consultancy services is recognised in proportion to the stage of completion of the transaction at the reporting date.

Investment Management Fees are recognised on an accrual basis and are billed to each mutual fund scheme in accordance with the terms of the Scheme Information Document of each Scheme managed by the Group. Portfolio Management Fees and Fees for Advisory Services is 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.

Trustee fees are recognised as revenue when the trustee services are performed for the schemes of Mahindra Mutual Fund.

e) Dividend and interest income on investments:

- Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- Interest income from on investments is recognised when it is certain that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.9 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

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 separately under Other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

The estimated useful lives used for computation of depreciation are as follows:

Buildings	60 years
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	4 years to 10 years
Vehicles under lease	8 years
Leasehold premises	over the period of lease

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (caculated as the differnce between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

2.10 Intangible assets :

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

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortisation is calcualted using the straight line method to write down the cost of intangible assets over their estimated useful lives.

2.11 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

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated.

2.12 Financial instruments :

a) Recognition and initial measurement -

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

b) Classification and subsequent measurement-

Financial assets -

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

Amortised cost -

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Group measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

FVOCI - debt instruments -

The Group measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -

The Group subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

All financial asset not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Financial assets: Subsequent measurement and gains and losses -

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Group makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

c) Financial liabilities and equity instruments:

Classification as debt or equity -

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Group are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

d) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 - Revenue.

e) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

g) Derivative financial instruments

The Group enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in Statement of profit and loss.

i) Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

The Group recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information. (Refer note 50)

The Group recognises lifetime ECL for trade and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

j) Collateral repossessed -

Based on operational requirements, the Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalisation at their fair market value.

In the normal course of business, the Group does not physically repossess assets/properties or other assets in its retail portfolio, but engages external agents to recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the assets / properties under legal repossession processes are not recorded on the balance sheet.

k) Write offs -

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Group determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

2.13 Employee benefits:

a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund and ESIC -

Group's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss.

c) Gratuity -

The Group's liability towards gratuity schemes is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

d) Superannuation fund -

The Group 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 Group has no obligation to the scheme beyond its contributions.

e) Leave encashment / compensated absences / sick leave -

The Group provides for the encashment / availment of leave with pay subject to certain

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

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.

f) Employee stock options :

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock option at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.14 Finance costs :

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost - bank term loans, non-convertible debentures, fixed deposits mobilised, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.15 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

a) Current tax :

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax :

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.16 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

2.17 Impairment of assets other than financial assets :

The Group reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

2.18 Provisions :

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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.

2.19 Gross obligation value of written put options to Non-controlling Interest (NCI) :

For the written put options held by the Group for acquiring remaining interest in its subsidiary, gross obligation is recognised by debit to Other Equity for the expected amount payable in case of exercise of the put by the NCI.

2.20 Leases :

Where the Group 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.

Where the Group is the lessor -

The Group 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 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.22 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 Group'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.

2.23 Standards issued but not yet effective :

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Standards) Amendment Rules, 2019, notifying Ind AS 116, Leases and consequential amendments to various Ind AS standards. The amendments are effective from accounting periods beginning from 1 April 2019.

Ind AS 116 Leases

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes

Recognition of income tax consequences of dividends:

Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in the Statement of profit and loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Group is currently assessing the impact of application of this amendment on the consolidated financial statements.

Ind AS 19, Employee Benefits

Clarifies that when a plan amendment, curtailment or settlement occurs:

The updated actuarial assumptions used in remeasuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in OCI. The Group is currently assessing the impact of application of this amendment on the consolidated financial statements.

Ind AS 109, Financial Instruments

Prepayment Features with Negative Compensation:

It allows particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortised cost or at FVOCI (subject to the business model assessment). Before the amendments, these instruments were measured at FVTPL because the SPPI criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so.

The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or less than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination.

The Group is currently assessing the impact of application of this amendment on the consolidated financial statements.

Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements

Clarifies that when an entity obtains control of a business that is a joint operation, then the acquirer would re-measure its previously held interest in that business. Such a transaction would be considered as a business combination achieved in stages and accounted for on that basis.

If a party that participates in a joint operation, but does not have joint control, obtains joint control over the joint operation (constituting a business): Clarifies that it would not be required to re-measure its previously held interests in the joint operation.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

3 CASH AND CASH EQUIVALENTS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Cash on hand	4,366.26	1,755.07	2,426.03
Cheques and drafts on hand	1,601.77	1,264.80	1,258.49
Balances with banks in current accounts	47,754.29	30,823.79	39,468.98
Term deposits with original maturity up to 3 months	-	25.00	-
	53,722.32	**33,868.66**	**43,153.50**

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Earmarked balances with banks -			
- Unclaimed dividend accounts	89.78	77.24	53.98
Term deposits with maturity less than 12 months -			
- Free	15,001.00	9,844.77	1,862.00
- Under lien#	30,590.65	3,999.70	14,745.12
	45,681.43	**13,921.71**	**16,661.10**

Details of Term deposits

Rs. in lakhs

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
Particulars	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total
For Statutory Liquidity Ratio	5,517.23	7,500.00	13,017.23	-	766.00	766.00	5,563.00	766.00	6,329.00
For securitization transactions	24,538.61	-	24,538.61	3,162.88	37.12	3,200.00	8,766.12	10,048.94	18,815.06
Legal deposits	9.81	71.50	81.31	9.82	71.50	81.32	3.00	77.00	80.00
For towards Constituent Subsidiary General Ledger (CSGL) account	500.00	-	500.00	802.00	-	802.00	413.00	99.00	512.00
Collateral deposits with banks for Aadhaar authentication	25.00	-	25.00	25.00	-	25.00	-	-	-
Total	**30,590.65**	**7,571.50**	**38,162.15**	**3,999.70**	**874.62**	**4,874.32**	**14,745.12**	**10,990.94**	**25,736.06**

5 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in lakhs

		31 March 2019		31 March 2018		1 April 2017	
		Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
i)	Currency derivatives :						
	Forward contracts	59,659.22	917.97	1,614.70	21.83	-	-
	Options	-	88.42	-	14.86	-	-
Total derivative financial instruments		**59,659.22**	**1,006.39**	**1,614.70**	**36.69**	**-**	**-**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

6 RECEIVABLES

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
a)	**Trade receivables**			
i)	Secured, considered good	-	-	-
ii)	Unsecured, considered good :	4,802.35	5,539.35	1,859.19
iii)	Significant increase in credit risk	557.96	133.26	62.54
	Less : Impairment loss allowance	-	28.50	43.59
		557.96	**104.76**	**18.95**
iv)	Credit impaired :			
	- Trade receivable	483.14	373.39	374.19
	Less : Impairment loss allowance	483.14	373.39	374.19
		-	**-**	**-**
		5,360.31	**5,644.11**	**1,878.14**

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

7 LOANS

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
A)	**Loans (at amortised cost) :**			
	Retail loans	58,74,147.34	48,16,960.38	41,51,209.91
	Small and Medium Enterprise (SME) financing	1,88,053.12	1,36,049.28	91,477.49
	Loans under housing finance business	8,04,874.76	6,31,216.88	4,85,186.23
	Bills of exchange	61,534.86	55,032.38	38,567.32
	Trade Advances	1,87,430.56	1,43,727.01	1,21,579.34
	Inter corporate deposits to related parties	100.00	100.00	100.00
	Other loans and advances	12.27	20.26	17.96
	Retained interest under assignment transactions	-	147.11	161.21
	Total (Gross)	**71,16,152.91**	**57,83,253.30**	**48,88,299.46**
	Less : Impairment loss allowance	(2,22,252.94)	(3,28,280.21)	(3,65,932.73)
	Total (Net)	**68,93,899.97**	**54,54,973.09**	**45,22,366.73**
B)	i) Secured by tangible assets	67,86,072.79	55,41,644.08	47,01,701.25
	ii) Secured by intangible assets	-	-	-
	iii) Covered by bank / Government guarantees	-	-	-
	iv) Unsecured	3,30,080.12	2,41,609.22	1,86,598.21
	Total (Gross)	**71,16,152.91**	**57,83,253.30**	**48,88,299.46**
	Less : Impairment loss allowance	(2,22,252.94)	(3,28,280.21)	(3,65,932.73)
	Total (Net)	**68,93,899.97**	**54,54,973.09**	**45,22,366.73**
C)	**i) Loans in India**			
	a) Public Sector	-	-	-
	b) Others	71,16,152.91	57,83,253.30	48,88,299.46
	Total (Gross)	**71,16,152.91**	**57,83,253.30**	**48,88,299.46**
	Less : Impairment loss allowance	(2,22,252.94)	(3,28,280.21)	(3,65,932.73)
	Total (Net) - C (i)	**68,93,899.97**	**54,54,973.09**	**45,22,366.73**
	ii) Loans outside India	-	-	-
	Less : Impairment loss allowance	-	-	-
	Total (Net) - C (ii)	**-**	**-**	**-**
	Total (Net) - C (i+ii)	**68,93,899.97**	**54,54,973.09**	**45,22,366.73**

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

8 INVESTMENTS

Rs. in lakhs

Investments	31 March 2019						31 March 2018						1 April 2017					
	Amortised cost	At Fair Value			Others (at cost)	Total	Amortised cost	At Fair Value			Others (at cost)	Total	Amortised cost	At Fair Value			Others (at cost)	Total
		Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total		
Units of mutual funds		-	63,412.44	63,412.44	-	63,412.44		-	1,399.11	1,399.11	-	1,399.11	-	-	29,392.07	29,392.07	-	29,392.07
Commercial papers	21,994.94		59,070.39	59,070.39		81,065.33	30,050.68					30,050.68	20,858.36					20,858.36
Certificate of deposits			46,910.08	46,910.08		46,910.08												
Government securities	70,922.15	-	-	-		70,922.15	70,945.35					70,945.35	70,890.34	-	-	-	-	70,890.34
Debt securities -				-														
i) Secured redeemable non-convertible debentures	6,200.00	-	-	-	-	6,200.00	16,475.00	-	-	-	-	16,475.00	16,750.01	-	-	-	-	16,750.01
ii) Investments in Pass Through Certificates under securitization transactions	21,359.96	-	-	-	-	21,359.96	86,672.82	-	-	-	-	86,672.82	11,000.12	-	-	-	-	11,000.12
iii) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited		1,088.52	-	1,088.52	-	1,088.52		-	-	-	-	-	-	-	-	-	-	-
Equity instruments of other entities -																		
Equity investment in Orizonte Business Solutions Limited	-	1,154.65	-	1,154.65	-	1,154.65	-	700.00	-	700.00	-	700.00	-	-	-	-	-	-
Equity investment in MF Utilities Limited	-	9.60		9.60	-	9.60	-	9.60		9.60	-	9.60	-	-	-	-	-	-
New Democratic Electoral Trust		-	-	-	1.00	1.00		-	-	-	1.00	1.00	-	-	-	-	1.00	1.00
Equity instruments of associates -																		
49% Ownership in Mahindra Finance USA, LLC					40,894.08	40,894.08					32,839.22	32,839.22					28,057.52	28,057.52
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)																		
Total - Gross (A)	**1,20,477.05**	**2,252.77**	**1,69,392.91**	**1,71,645.68**	**40,895.08**	**3,33,017.81**	**2,04,143.85**	**709.60**	**1,399.11**	**2,108.71**	**32,840.22**	**2,39,092.78**	**1,19,498.83**	**-**	**29,392.07**	**29,392.07**	**28,058.52**	**1,76,949.42**
i) Investments outside India	-	-	-	-	40,894.08	40,894.08	-	-	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	1,20,477.05	2,252.77	1,69,392.91	1,71,645.68	1.00	4,63,769.41	2,04,143.85	709.60	1,399.11	2,108.71	32,840.22	2,39,092.78	1,19,498.83	-	29,392.07	29,392.07	28,058.52	1,76,949.42
Total - Gross (B)	**1,20,477.05**	**2,252.77**	**1,69,392.91**	**1,71,645.68**	**40,895.08**	**3,33,017.81**	**2,04,143.85**	**709.60**	**1,399.11**	**2,108.71**	**32,840.22**	**2,39,092.78**	**1,19,498.83**	**-**	**29,392.07**	**29,392.07**	**28,058.52**	**1,76,949.42**
Less : Allowance for Impairment loss (C)	(282.52)	-	-	-	-	(282.52)	(1,299.21)	-	-	-	-	(1,299.21)	(362.36)	-	-	-	-	(362.36)
Total - Net D (A-C)	**1,20,194.53**	**2,252.77**	**1,69,392.91**	**1,71,645.68**	**40,895.08**	**3,32,735.29**	**2,02,844.64**	**709.60**	**1,399.11**	**2,108.71**	**32,840.22**	**2,37,793.57**	**1,19,861.19**	**-**	**29,392.07**	**29,392.07**	**28,058.52**	**1,76,587.06**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

9 OTHER FINANCIAL ASSETS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Interest accrued on investments	1,564.09	1,409.63	1,394.61
Interest accrued on other deposits	946.97	1,247.76	1,180.35
Security Deposits	3,487.02	3,124.05	2,932.66
Term deposits with banks (remaining maturity more than 12 months)			
- Free	3,281.49	4,073.38	3,195.15
- Under lien	7,571.50	874.62	10,990.94
Others	4,356.01	2,547.66	1,515.45
	21,207.08	**13,277.10**	**21,209.16**

10 DEFERRED TAX ASSETS (NET)

Rs. in lakhs

	Balance as at 1 April 2017	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2018	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2019
Tax effect of items constituting deferred tax liabilities :									
- Share based payments	(28.40)	(674.66)	-	-	(703.06)	(470.85)	-	-	(1,173.91)
- Application of EIR on financial assets & liabilities	(3,777.75)	(125.77)	-	-	(3,903.52)	(4,058.68)	-	-	(7,962.20)
- FVTPL financial asset	(3.04)	(6.33)	-	-	(9.37)	(238.98)	-	-	(248.35)
- Others	(1,772.91)	1,456.88	(643.06)	-	(959.09)	(580.61)	(749.03)	-	(2,288.73)
	(5,582.10)	**650.12**	**(643.06)**	**-**	**(5,575.04)**	**(5,349.12)**	**(749.03)**	**-**	**(11,673.19)**
Tax effect of items constituting deferred tax assets :									
- Provision for employee benefits	1,069.97	637.92	-	722.98	2,430.87	129.74	-	512.84	3,073.45
- Derivatives	319.15	1,811.45	-	-	2,130.60	1,909.02	-	-	4,039.62
- Depreciation on fixed assets	93.30	97.43	-	-	190.73	108.52	-	-	299.25
- Allowance for ECL	72,438.45	(6,774.05)	-	-	65,664.40	(24,462.72)	-	-	41,201.68
- Others	5,763.45	1,246.76	-	-	7,010.21	1,453.14	-	(434.41)	8,028.94
	79,684.32	**(2,980.49)**	**-**	**722.98**	**77,426.81**	**(20,862.30)**	**-**	**78.43**	**56,642.94**
Net deferred tax assets	**74,102.22**	**(2,330.37)**	**643.06**	**722.98**	**71,851.77**	**(26,211.43)**	**(749.03)**	**78.43**	**44,969.75**

Income tax recognised in Statement of profit and loss

Rs. in lakhs

	31 March 2019	31 March 2018
Current tax:		
In respect of current year	70,650.28	66,400.76
In respect of prior years	486.26	119.99
	71,136.54	**66,520.75**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	26,211.43	1,681.39
In respect of prior years	-	648.98
	26,211.43	**2,330.37**
Total Income tax recognised in Statement of profit and loss	**97,347.97**	**68,851.12**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Income tax recognised in Other Comprehensive Income

Rs. in lakhs

	31 March 2019	31 March 2018
Deferred tax related to items recognised in Other Comprehensive Income during the year :		
Net fair value gains on investments in debt instruments at FVTPL		
Remeasurement of defined employee benefits	512.84	722.98
Net gain / (loss) on equity instruments through OCI	(158.87)	-
Net gain / (loss) on debt instruments through OCI	(275.54)	-
Total Income tax recognised in Other Comprehensive Income	**78.43**	**722.98**

Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:

Rs. in lakhs

	As at 31 March 2019	As at 31 March 2018
Profit before tax	2,79,383.28	1,87,411.21
Applicable income tax rate	34.944%	34.608%
Expected income tax expense	97,627.69	64,859.27
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	(1,233.25)	(621.94)
Effect of expenses / provisions not deductible in determining taxable profit	(843.59)	1,469.35
Effect of tax incentives and concessions	251.54	(1,289.57)
Effect of differential tax rate	(626.56)	130.56
Adjustment related to tax of prior years	486.26	119.99
Tax not recognised	1,380.24	1,295.97
Others	305.64	2,887.49
Reported income tax expense	**97,347.97**	**68,851.12**

Unused tax losses - Revenue in nature

Rs. in lakhs

	As at 31 March 2019	As at 31 March 2018
Expiry period		
Upto five years	448.46	4.63
More than five years	9,164.18	5,932.05
No Expiry date	181.03	118.95
Total	**9,793.67**	**6,055.63**

Aggregate amount of temporary differences associated with investment in subsidiaries for which deferred tax liability has not been recognised

Rs. in lakhs

	As at 31 March 2019	As at 31 March 2018
Undistributed earnings	**86,971.06**	**53,457.99**

11 PROPERTY, PLANT AND EQUIPMENTS

Rs. in lakhs

Particulars	Land	Building - Freehold	Building - Leasehold	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Total
GROSS CARRYING AMOUNT									
Balance as at 1 April 2017	-	132.04		8,025.07	8,163.97	9,358.95	7,131.87	-	32,811.90
Additions during the year	81.40	-		2,436.76	726.70	993.26	1,733.60	13.75	5,985.47
Disposals / deductions during the year	-	-		374.74	77.91	279.81	780.84	-	1,513.30
Balance as at 31 March 2018	**81.40**	**132.04**		**10,087.09**	**8,812.76**	**10,072.40**	**8,084.63**	**13.75**	**37,284.07**
Balance as at 1 April 2018	81.40	132.04		10,087.09	8,812.76	10,072.40	8,084.63	13.75	37,284.07
Additions during the year			177.81	2,596.37	1,293.37	1,705.21	2,307.36	1,216.43	9,296.55
Disposals / deductions during the year				196.68	134.02	373.40	971.52		1,675.62
Balance as at 31 March 2019	**81.40**	**132.04**	**177.81**	**12,486.78**	**9,972.11**	**11,404.21**	**9,420.47**	**1,230.18**	**44,905.00**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES									
Balance as at 1 April 2017	-	23.58		5,546.32	4,564.18	5,666.98	4,079.47	-	19,880.53
Additions during the year	-	2.20		1,442.40	918.34	1,447.53	1,249.82	0.74	5,061.03
Disposals / deductions during the year	-	-		372.54	61.33	268.70	694.52	-	1,397.09
Balance as at 31 March 2018	**-**	**25.78**	**-**	**6,616.18**	**5,421.19**	**6,845.81**	**4,634.77**	**0.74**	**23,544.47**
Balance as at 1 April 2018	-	25.78	-	6,616.18	5,421.19	6,845.81	4,634.77	0.74	23,544.47
Additions during the year	-	2.22	10.05	1,968.43	1,062.60	1,514.67	1,461.64	44.79	6,064.40
Disposals / deductions during the year	-	-		194.64	114.32	363.63	849.82	-	1,522.41
Balance as at 31 March 2019	**-**	**28.00**	**10.05**	**8,389.97**	**6,369.47**	**7,996.85**	**5,246.59**	**45.53**	**28,086.46**
NET CARRYING AMOUNT									
As at 1 April 2017	-	108.46	-	2,478.75	3,599.79	3,691.97	3,052.40	-	12,931.37
As at 31 March 2018	81.40	106.26	-	3,470.91	3,391.57	3,226.59	3,449.86	13.01	13,739.60
As at 31 March 2019	81.40	104.04	167.76	4,096.81	3,602.64	3,407.36	4,173.88	1,184.65	16,818.54

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

12 INTANGIBLE ASSETS

Rs. in lakhs

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2017	3,015.78
Additions during the year	982.30
Deductions during the year	-
Balance as at 31 March 2018	**3,998.08**
Balance as at 1 April 2018	3,998.08
Additions during the year	3,889.64
Deductions during the year	
Balance as at 31 March 2019	**7,887.72**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2017	2,612.02
Additions during the year	460.13
Deductions during the year	-
Balance as at 31 March 2018	**3,072.15**
Balance as at 1 April 2018	3,072.15
Additions during the year	1,489.13
Deductions during the year	-
Balance as at 31 March 2019	**4,561.28**
NET CARRYING AMOUNT	
As at 1 April 2017	**403.76**
As at 31 March 2018	**925.93**
As at 31 March 2019	**3,326.44**

13 OTHER NON-FINANCIAL ASSETS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Capital advances	896.25	537.13	401.52
Prepaid expenses	3,188.81	2,824.99	1,816.98
Balances with Government Authorities	1,224.00	405.33	49.61
Unamortised placement and arrangement fees paid on borrowing instruments	401.48	0.01	0.00
Insurance advances	185.59	479.44	181.93
Others	1,681.03	1,303.37	700.13
	7,577.16	**5,550.27**	**3,150.17**

14 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in lakhs

		31 March 2019		31 March 2018		1 April 2017	
		Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
i)	Currency derivatives :						
	Forward contracts	20,231.96	2,176.30	59,469.83	566.35	18,339.39	2,129.22
	Options	1,23,078.50	5,526.23	50,000.00	2,045.25	84,467.50	620.67
Total derivative financial instruments			**7,702.53**		**2,611.60**		**2,749.89**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

15 PAYABLES

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
I)	**Trade Payables**			
	i) total outstanding dues of micro enterprises and small enterprises	23.72	27.42	9.79
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,11,406.58	1,13,109.19	1,22,478.58
II)	**Other Payables**			
	i) total outstanding dues of micro enterprises and small enterprises	253.29	-	-
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,164.54	683.31	221.94
		1,14,848.13	**1,13,819.93**	**1,22,710.31**

Micro, Small and Medium 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), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
a)	Dues remaining unpaid to any supplier at the year end			
	- Principal	23.72	27.42	9.79
	- Interest on the above	-		
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year			
	- Principal paid beyond the appointed date	-		
	- Interest paid in terms of Section 16 of the MSMED Act	-		
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-		
d)	Amount of interest accrued and remaining unpaid	-		
e)	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	-		
		23.72	**27.42**	**9.79**

16 DEBT SECURITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
Non-convertible debentures (Secured)	21,50,047.33	17,37,133.45	14,55,235.63
Non-convertible debentures (Unsecured)	19,893.55	-	-
Commercial Papers (Unsecured)	3,01,647.62	4,57,302.51	3,77,710.62
Total (A+B)	**24,71,588.50**	**21,94,435.96**	**18,32,946.25**
Debt securities in India	24,71,588.50	21,94,435.96	18,32,946.25
Debt securities outside India	-	-	-
Total	**24,71,588.50**	**21,94,435.96**	**18,32,946.25**

Note: There is no debt security measured at FVTPL or designated at FVTPL.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The Secured Non-convertible debentures are secured by paripassu charges on office premises, PPE, book debts and exclusive charges on receivables under loan contracts to the extend of 100% of outstanding secured debentures.

Details of Non-convertible debentures (Secured) :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate Range	Amount	Interest Rate Range	Amount	Interest Rate Range	Amount
A) Issued on private placement basis (wholesale) -						
Repayable on maturity :						
Maturing beyond 5 years	8.30% - 9.18%	1,84,010.00	8.27% - 9.00%	1,86,500.00	8.70% - 9.00%	1,90,200.00
Maturing between 3 years to 5 years	7.82% - 9.25%	1,44,500.00	7.50% - 8.95%	84,700.00	7.50% - 8.82%	1,54,130.00
Maturing between 1 year to 3 years	7.35% - 9.75 %	8,85,300.00	7.29% - 9.45 %	9,66,210.00	7.43% - 10.25%	8,79,350.00
Maturing within 1 year	7.29%- 9.45%	7,66,000.00	7.53% - 10.25%	5,11,550.00	7.38% - 9.45%	2,43,380.00
Sub-total at face value (A)		**19,79,810.00**		**17,48,960.00**		**14,67,060.00**
B) Issued on retail public issue -						
Repayable on maturity :						
Maturing beyond 5 years	9.20%- 9.30%	86,915.30		-		-
Maturing between 3 years to 5 years	9.00%- 9.15%	94,096.94		-		-
Sub-total at face value (B)		**1,81,012.24**		**-**		**-**
Total at face value (A+B)		**21,60,822.24**		**17,48,960.00**		**14,67,060.00**
Less: Unamortised discounting charges		10,774.91		11,826.55		11,824.37
Total amortised cost		**21,50,047.33**		**17,37,133.45**		**14,55,235.63**

Details of Non-convertible debentures (Unsecured) :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate Range	Amount	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :						
Maturing beyond 5 years	8.53%	20,000.00		-		-
Total at face value		**20,000.00**		**-**		**-**
Less: Unamortised discounting charges		106.45		-		-
Total amortised cost		**19,893.55**		**-**		**-**

Details of Commercial Papers (Unsecured) :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate Range	Amount	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :						
Maturing within 1 year	7.70% - 9.05%	3,10,000.00	7.20% - 7.90%	4,63,500.00	6.65% - 7.31%	3,85,500.00
Total at face value		**3,10,000.00**		**4,63,500.00**		**3,85,500.00**
Less: Unamortised discounting charges		8,352.38		6,197.49		7,789.38
Total amortised cost		**3,01,647.62**		**4,57,302.51**		**3,77,710.62**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

17 BORROWINGS (OTHER THAN DEBT SECURITIES)

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
a) Term loans			
i) Secured -			
- from banks	16,82,292.65	13,62,852.44	10,43,042.21
- from banks in foreign currency	63,403.97	1,07,209.39	99,551.09
- External Commercial Borrowings	1,37,396.77	-	-
- Associated liabilities in respect of securitisation transactions	4,34,734.49	75,726.36	81,804.49
- from other parties	3,180.20	7,651.19	13,706.00
ii) Unsecured -			
- from banks	5,813.54	10,000.00	7,400.00
- from other parties	-	-	-
b) Loans from corporates			
Unsecured -			
- Inter-corporate deposits (ICDs)	1,13,850.00	60,000.00	65,000.00
c) Loans repayable on demand			
i) Secured -			
- Cash credit facilities with banks	22,600.50	29,285.08	78,069.35
ii) Unsecured -			
- from banks	-	-	-
- from other parties	-	-	-
d) Other loans and advances			
Unsecured -			
- Inter-corporate deposits (ICDs) other than related parties	-	-	-
Total (A+B)	**24,63,272.12**	**16,52,724.46**	**13,88,573.14**
Borrowings in India	23,25,875.35	16,52,724.46	13,88,573.14
Borrowings outside India	1,37,396.77	-	-
Total	**24,63,272.12**	**16,52,724.46**	**13,88,573.14**

Note: There is no Borrowing designated at FVTPL

The term loans are secured by exclusive charges on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans.

The borrowings have not been guaranteed by directors or others. Also the Group has not defaulted in repayment of principal and interest.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Details of term loans from banks (Secured)

Rs. in lakhs

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
1) Repayable on maturity :						
Maturing between 3 years to 5 years	7.90% -9.50%	25,000.00	-	40,000.00	8.40% - 8.75%	25,000.00
Maturing between 1 year to 3 years	8.20% - 9.50%	1,00,500.00	7.90% - 8.75%	1,17,500.00	8.05% - 8.55%	1,04,000.00
Maturing within 1 year	8.20% -9.50%	1,66,400.00	7.85% -8.75%	1,35,000.00	7.90% - 9.70%	1,61,050.00
Total for repayable on maturity		**2,91,900.00**		**2,92,500.00**		**2,90,050.00**
2) Repayable in installments :						
i) Monthly -						
Maturing between 1 year to 3 years	9%	10,000.00	7.85%	10,000.00	-	-
Sub-Total	**-**	**10,000.00**	**-**	**10,000.00**	**-**	**-**
ii) Quarterly -						
Maturing between 3 years to 5 years	8.70% - 8.85%	28,968.25	7.90% - 8.35%	55,952.38	8.15% - 8.90%	18,055.56
Maturing between 1 year to 3 years	8.35% - 8.85%	2,21,666.67	7.90% - 8.35%	1,22,162.70	8.15% - 9.35%	84,464.29
Maturing within 1 year	8.35% - 8.85%	1,05,313.49	8.10% - 8.35%	86,071.43	8.15% - 9.65%	89,774.44
Sub-Total	**-**	**3,55,948.41**	**-**	**2,64,186.52**	**-**	**1,92,294.28**
iii) Half yearly -						
Maturing beyond 3 years to 5 years	8.55% - 10.50%	63,000.00	8.15%- 8.45%	1,18,333.33	9.05%	31,666.67
Maturing between 1 year to 3 years	7.45% - 10.50%	3,33,666.67	7.45% - 8.45%	2,35,000.00	8.30% - 9.70%	1,27,666.67
Maturing within 1 year	7.45% - 10.50%	1,61,666.67	7.45% - 8.50%	43,333.33	8.50% - 9.70%	81,000.00
Sub-Total		**5,58,333.34**		**3,96,666.66**		**2,40,333.34**
iv) Yearly -						
Maturing between 3 years to 5 years	8.20%- 9.70%	73,050.00	7.90%- 8.45%	79,650.00	9.30%- 9.70%	67,966.67
Maturing between 1 year to 3 years	8.20%- 9.70%	3,18,133.33	7.90%- 9.34%	1,86,866.67	8.45%- 9.70%	1,97,517.00
Maturing within 1 year	8.20%- 9.34%	75,333.33	8.05%- 9.34%	1,33,967.33	8.45%- 9.70%	57,383.33
Sub-Total		**4,66,516.67**		**4,00,484.00**		**3,22,867.00**
Total for repayable in installments		**13,90,798.41**		**10,71,337.18**		**7,55,494.62**
Total (1+2) (As per contractual terms)		**16,82,698.41**		**13,63,837.18**		**10,45,544.62**
Less Unamortized Finance Cost		405.76		984.74		2,502.40
Total Amortized Cost		**16,82,292.65**		**13,62,852.44**		**10,43,042.22**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Details of Secured term loans from banks in foreign currency

Rs. in lakhs

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
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	LIBOR plus spread 1.07% -2.20%	47,460.87
Maturing within 1 year	LIBOR plus spread 2.00% -2.20%	63,399.36	LIBOR plus spread 2.00% -2.20%	47,602.92	LIBOR plus spread 1.07% -2.20%	52,099.08
Total		**63,399.36**		**1,07,219.47**		**99,559.95**
Less Unamortized Finance Cost		(4.61)		10.09		8.86
Total Amortized Cost		**63,403.97**		**1,07,209.39**		**99,551.09**

Details of External Commercial Borrowings (USD & Euro)

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Maturing between 1 year to 3 years	LIBOR plus spread 1.10%	1,39,698.35	-	-	-	-
		1,39,698.35		**-**		**-**
Less Unamortized Finance Cost		2,301.58		-		-
		1,37,396.77		**-**		**-**

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Maturing between 3 years to 5 years	5.2%-9.25%	26,413.31	5.2%-6.50%	2,088.11	5.36%-6.50%	1,081.82
Maturing between 1 year to 3 years	5.2%-9.25%	2,13,893.72	5.2%-6.50%	30,194.02	5.36%-6.50%	31,220.80
Maturing within 1 year	5.2%-9.25%	1,94,427.46	5.2%-6.50%	43,444.22	5.36%-6.50%	49,501.87
		4,34,734.49		**75,726.36**		**81,804.49**
Less Unamortized Finance Cost		-		-		-
		4,34,734.49		**75,726.36**		**81,804.49**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Details of Secured term loans from NHB

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

Rs. in lakhs

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
2) Repayable in installments :						
i) Quarterly -						
Maturing between 3 years to 5 years	-	-	8.80%	378.00	7.65%-9.30%	2,054.80
Maturing between 1 year to 3 years	9.30%-9.55%	973.80	7.95%-9.05%	3,637.20	7.65%-9.05%	6,339.39
Maturing within 1 year	9.05%-9.65%	2,206.40	7.95%-9.05%	3,635.99	7.65%-9.70%	5,311.81
Total		**3,180.20**		**7,651.19**		**13,706.00**
Less Unamortized Finance Cost		-		-		-
Total Amortized Cost		**3,180.20**		**7,651.19**		**13,706.00**

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing within 1 year	8.00% - 8.40%	5,813.54	7.76%	10,000.00	7.95%	7,400.00
Total		**5,813.54**		**10,000.00**		**7,400.00**
Less Unamortized Finance Cost		-		-		-
Total Amortized Cost		**5,813.54**		**10,000.00**		**7,400.00**

Details of Inter-corporate deposits (ICDs) :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing between 1 year to 3 years				-	9.80%	200.00
Maturing within 1 year	7.75% - 9.40%	1,13,850.00	6.50% - 8.65%	60,000.00	6.50% - 9.80%	64,800.00
Total		**1,13,850.00**		**60,000.00**		**65,000.00**
Less Unamortized Finance Cost		-		-		
Total Amortized Cost		**1,13,850.00**		**60,000.00**		**65,000.00**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Loans repayable on demand - Cash credit facilities with banks (Secured)

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing within 1 year	8.70%-9.80%	22,600.50	7.90%-10.25%	29,285.08	7.90%-10.50%	78,069.35
Total		**22,600.50**		**29,285.08**		**78,069.35**
Less Unamortized Finance Cost		-		-		-
Total Amortized Cost		**22,600.50**		**29,285.08**		**78,069.35**

18 DEPOSITS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At amortised cost			
Deposits (Unsecured)			
- Public deposits	5,63,093.41	3,05,205.07	4,24,428.10
Total	**5,63,093.41**	**3,05,205.07**	**4,24,428.10**

Note: There is no other deposit measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits :

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :						
Maturing beyond 3 years	7.35% - 10.10%	64,702.42	7.35% - 8.80%	24,058.99	7.35% - 10.10%	31,748.40
Maturing between 1 year to 3 years	7.35% - 9.60%	3,65,323.25	7.30% - 10.10%	1,36,677.52	7.35% - 10.10%	1,87,545.44
Maturing within 1 year	7.30% - 10.10%	1,36,237.00	7.30% - 10.10%	1,45,725.62	7.30% - 10.60%	2,07,062.30
Total at face value		**5,66,262.68**		**3,06,462.13**		**4,26,356.14**
Less: Unamortised discounting charges		3,169.27		1,257.06		1,928.04
Total amortised cost		**5,63,093.41**		**3,05,205.07**		**4,24,428.10**

19 SUBORDINATED LIABILITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
Subordinated redeemable non-convertible debentures - private placement	1,36,491.33	1,33,892.97	1,31,248.87
Subordinated redeemable non-convertible debentures - retail public issue	2,45,716.76	2,12,356.83	98,758.76
Total	**3,82,208.09**	**3,46,249.80**	**2,30,007.63**
Subordinated liabilities in India	3,82,208.09	3,46,249.80	2,30,007.63
Subordinated liabilities outside India	-	-	-
Total	**3,82,208.09**	**3,46,249.80**	**2,30,007.63**

Note: There is no Subordinated liability measured at FVTPL or designated at FVTPL.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Details of Subordinated liabilities (at Amortised cost) - Subordinated redeemable non-convertible debentures:

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest Rate range	Amount	Interest Rate range	Amount	Interest Rate range	Amount
A) Issued on private placement basis (wholesale) -						
Repayable on maturity :						
Maturing beyond 5 years	8.40% - 9.60%	65,500.00	8.40% - 9.70%	74,780.00	8.40% - 10.15%	72,280.00
Maturing between 3 years to 5 years	9.50% - 10.15%	19,780.00	9.80% - 10.50%	17,050.00	9.50% - 10.50%	37,270.00
Maturing between 1 year to 3 years	9.50% - 10.50%	37,270.00	9.50% - 10.02%	41,720.00	9.85% - 11.75%	15,480.00
Maturing within 1 year	9.85% - 10.02%	14,500.00	11.00%	980.00	10.50% - 12.00%	6,880.00
Sub-total at face value (A)		**1,37,050.00**		**1,34,530.00**		**1,31,910.00**
B) Issued on retail public issue -						
Repayable on maturity :						
Maturing beyond 5 years	7.75% - 9.50%	2,42,040.86	7.75% - 9.00%	2,09,587.35	8.44% - 9.00%	94,534.22
Maturing between 3 years to 5 years	8.44% - 8.80%	1,233.72	8.34% - 8.70%	5,465.78	8.34% - 8.70%	5,465.78
Maturing between 1 year to 3 years	8.34% - 8.70%	5,465.78				
Sub-total at face value (B)		**2,48,740.36**		**2,15,053.13**		**1,00,000.00**
Total at face value (A+B)		**3,85,790.36**		**3,49,583.13**		**2,31,910.00**
Less: Unamortised discounting charges		3,582.27		3,333.34		1,902.37
Total amortised cost		**3,82,208.09**		**3,46,249.79**		**2,30,007.63**

20 OTHER FINANCIAL LIABILITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Interest accrued but not due on borrowings	1,90,089.74	1,63,545.44	1,29,594.27
Unclaimed dividends	89.36	77.24	52.66
Unclaimed matured deposits and interest accrued thereon	504.63	460.20	376.37
Deposits / advances received against loan agreements	6,937.36	4,290.28	5,103.45
Amount received in advance from ESOS trust	-	130.15	138.86
Insurance premium payable	2,974.74	3,954.71	4,096.85
Salary, Bonus and performance payable	5,263.32	2,264.68	674.64
Provision for expenses	7,835.53	9,627.13	8,347.70
Gross obligation at fair value to acquire non-controling interest	68,595.10	41,653.82	9,975.79
Others	1,784.77	661.75	81.68
Total	**2,84,074.55**	**2,26,665.40**	**1,58,442.27**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

21 PROVISIONS

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Provision for employee benefits			
- Gratuity	3,594.94	2,500.67	673.85
- Leave encashment	7,056.12	4,477.97	2,673.34
- Bonus, incentives and performance pay	13,920.97	10,144.61	6,469.15
Provision for loan commitment	921.90	2,419.82	2,162.59
Total	**25,493.93**	**19,543.07**	**11,978.93**

22 OTHER NON-FINANCIAL LIABILITIES

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Deferred subvention income	2,692.81	2,656.97	2,749.03
Statutory dues and taxes payable	5,820.29	5,285.66	4,252.40
Others	657.75	238.72	191.02
Total	**9,170.85**	**8,181.35**	**7,192.45**

23 EQUITY SHARE CAPITAL

Rs. in lakhs

	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Authorised:			
70,00,00,000 (31 March 2018: 70,00,00,000 and 1 April 2017: 70,00,00,000) Equity shares of Rs.2/- each	14,000.00	14,000.00	14,000.00
50,00,000 (31 March 2018: 50,00,000 and 1April 2017: 50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00	5,000.00
Issued, Subscribed and paid-up:			
61,77,64,960 (31 March 2018: 61,77,64,960 and 1April 2017: 56,87,64,960) Equity shares of Rs.2/- each fully paid up	12,355.30	12,355.30	11,375.30
Less : 28,88,245 (31 March 2018: 32,87,993 and 1 April 2017: 37,23,298) Equity shares of Rs.2/- each fully paid up issued to ESOS	57.76	65.76	74.47
Adjusted Issued, Subscribed and paid-up Share capital	**12,297.54**	**12,289.54**	**11,300.83**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

23 EQUITY SHARE CAPITAL (CONTINUED)

		31 March 2019		31 March 2018		1 April 2017	
		No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares and amount outstanding:**						
	Issued, Subscribed and paid-up:						
	Balance at the beginning of the year	**61,77,64,960**	**12,355.30**	**56,87,64,960**	**11,375.30**	**56,87,64,960.00**	**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**	**61,77,64,960**	**12,355.30**	**56,87,64,960.00**	**11,375.30**
	Less: Shares issued to ESOS Trust but not yet allotted to employees	28,88,245	57.76	32,87,993	65.76	37,23,298	74.47
	Adjusted Issued, Subscribed and paid-up Share capital	**61,48,76,715**	**12,297.54**	**61,44,76,967**	**12,289.54**	**56,50,41,662**	**11,300.83**
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	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	51.19%	51.19%	51.20%	51.20%
c)	**Shareholders holding more than 5 percent of the aggregate shares:**						
	Mahindra & Mahindra Limited	31,62,07,660	6,324.15	31,62,07,660	6,324.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.19%	51.19%	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.						

Other Equity

Description of the nature and purpose of Other Equity :

Statutory reserve

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Capital redemption reserve (CRR)

Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilised by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Debenture Redemption Reserve (DRR)

The Companies Act, 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

Rs. in lakhs

	31 March 2019	31 March 2018
Face value per share (Rupees)	2.00	2.00
Dividend percentage #	325%	200%
Dividend per share (Rupees)	6.50	4.00
Dividend on Equity shares	40,154.72	24,710.60
Estimated dividend distribution tax	7,631.31	4,667.83
Total dividend including estimated dividend distribution tax	**47,786.03**	**29,378.43**

the proposed dividend of 325% (including 125% special dividend) for the financial year ended 31 March 2019.

The dividend proposed for the financial year ended 31 March 2018 has been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant Annual General Meetings. Accordingly, the dividends proposed for the current financial year ended 31 March 2019 shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

24 INTEREST INCOME

Rs. in lakhs

		31 March 2019	31 March 2018
I)	**On financial instruments measured at Amortised cost**		
	Interest on loans	9,72,258.70	7,42,786.17
	Income from bill discounting	6,535.21	5,228.49
	Interest income from investments	16,117.25	10,451.27
	Interest on term deposits with banks	2,017.44	2,074.58
	Other interest income	17.90	0.93
II)	**On financial instruments measured at fair value through OCI**		
	Interest income from investments in debt instruments	6.40	-
Total		**9,96,952.90**	**7,60,541.44**

Note: There is no loan asset measured at FVOCI or FVTPL.

25 FEES AND COMMISSION INCOME

Rs. in lakhs

	31 March 2019	31 March 2018
Fees / charges on loan transactions	8,606.49	5,508.00
Commission / brokerage received from mutual fund distribution/other debt products	2,424.02	557.89
Collection fees related to transferred assets under securitisation transactions	608.31	167.08
Total	**11,638.82**	**6,232.97**

26 NET GAIN / (LOSS) ON FAIR VALUE CHANGES

Rs. in lakhs

		31 March 2019	31 March 2018
A)	Net gain / (loss) on financial instruments at FVTPL		
	i) On trading portfolio		
	- Investments	191.35	-
	- Derivatives	-	-
	- Others	-	-
	ii) On financial instruments designated at FVTPL	77.88	-
B)	Others - Mutual fund units	492.52	36.51
C)	Total Net gain / (loss) on financial instruments at FVTPL	**761.75**	**36.51**
	Fair value changes :		
	- Realised	51.26	-
	- Unrealised	710.49	36.51
D)	Total Net gain / (loss) on financial instruments at FVTPL (D = C)	**761.75**	**36.51**

27 SALE OF SERVICES

Rs. in lakhs

	31 March 2019	31 March 2018
Income from insurance broking business services	23,890.65	19,514.91
Income from mutual fund business	2,330.25	1,885.90
Total	**26,220.90**	**21,400.81**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

28 OTHER INCOME

Rs. in lakhs

	31 March 2019	31 March 2018
Net gain on derecognition of property, plant and equipment	80.41	51.76
Net gain on sale of investments measured at amortised cost	(108.13)	114.34
Income from shared services	5,844.25	2,533.77
Others	98.85	132.54
Total	**5,915.38**	**2,832.41**

29 FINANCE COSTS

Rs. in lakhs

	31 March 2019	31 March 2018
On financial liabilities measured at Amortised cost		
Interest on deposits	35,708.17	33,819.38
Interest on borrowings	1,52,024.29	96,780.42
Interest on debt securities	2,18,504.92	1,78,737.43
Interest on subordinated liabilities	31,950.77	28,280.41
Net loss in fair value of derivative financial instruments	2,693.63	2,994.41
Other borrowing costs	2,346.20	3,007.10
Total	**4,43,227.98**	**3,43,619.15**

Note: There is no financial liability measured at FVTPL.

30 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Rs. in lakhs

	31 March 2019	31 March 2018
On financial instruments measured at Amortised cost		
Bad debts and write offs	1,80,171.45	1,04,160.26
Loans	(1,06,616.66)	(36,906.61)
Investments	(1,016.69)	936.85
Loan commitment	(827.27)	(503.77)
Trade receivables and other contracts	-	(0.80)
Total	**71,710.83**	**67,685.93**

Note: There is no financial instrument measured at FVOCI.

31 EMPLOYEE BENEFITS EXPENSES

Rs. in lakhs

	31 March 2019	31 March 2018
Salaries and wages	1,31,625.15	1,02,750.33
Contribution to provident funds and other funds	8,853.61	6,608.64
Share based payments to employees	3,109.42	1,002.23
Staff welfare expenses	4,206.58	3,300.29
Total	**1,47,794.76**	**1,13,661.49**

32 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Rs. in lakhs

	31 March 2019	31 March 2018
Depreciation on Property, Plant and Equipment	6,064.40	5,061.03
Amortization and impairment of intangible assets	1,488.92	460.12
Total	**7,553.32**	**5,521.15**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

33 OTHER EXPENSES

Rs. in lakhs

	31 March 2019	31 March 2018
Rent	8,415.45	7,887.39
Rates and taxes, excluding taxes on income	248.96	80.77
Electricity charges	2,606.04	2,343.62
Repairs and maintenance	1,889.34	970.46
Communication Costs	3,662.44	3,874.48
Printing and Stationery	2,013.91	1,694.82
Advertisement and publicity	3,707.52	2,104.08
Directors' fees, allowances and expenses	464.31	548.03
Auditor's fees and expenses -		
- Audit fees	106.42	81.84
- Taxation matters	4.39	4.00
- Other services	101.94	46.67
- Reimbursement of expenses	3.45	1.52
Legal and professional charges	11,803.84	9,812.90
Insurance	3,871.57	2,671.26
Manpower outsourcing cost	3,848.01	1,940.58
Donations	2,923.23	2,733.79
CSR donations and expenses	581.23	419.66
Conveyance and travel expenses	18,350.25	14,714.59
Other expenditure	15,844.90	14,596.29
Total	**80,447.20**	**66,526.75**

34 EARNING PER SHARE (EPS)

Rs. in lakhs

	31 March 2019	31 March 2018
Profit for the year (Rs. in lakhs)	1,82,729.83	1,18,518.52
Weighted average number of Equity Shares used in computing basic EPS	61,46,21,661	58,10,96,549
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	13,32,128	8,57,392
Weighted average number of Equity Shares used in computing diluted EPS	61,59,53,789	58,19,53,941
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	29.73	20.40
Diluted Earnings per share (Rs.)	29.67	20.37

35 ACCUMULATED COMPREHENSIVE INCOME

Rs. in lakhs

		31 March 2019	31 March 2018
A)	**Items that will not be reclassified to profit or loss**		
	- Net gain / (loss) on equity instruments through OCI	295.78	-
	Subtotal (A)	**295.78**	**-**
B)	**Items that will be reclassified to profit or loss**		
	- Exchange differences in translating the financial statements of a foreign associate	2,449.40	50.63
	- Net gain / (loss) on debt instruments through OCI	512.98	-
	Subtotal (B)	**2,962.38**	**50.63**
	Other Comprehensive Income (A + B)	**3,258.16**	**50.63**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

36 EMPLOYEE STOCK OPTION PLAN

The Company had allotted 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on 3 February 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 27,42,055 equity shares to employees up to 31 March 2019 (31 March 2018: 23,42,307 equity shares), of which 3,99,748 equity shares (31 March 2018: 4,35,305 equity shares) were issued during the current year.

a) The terms and conditions of the Employees stock option scheme 2010 are as under :

Particulars	Terms and conditions
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 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 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

b) Options granted during the year:

During the year, the Company has granted 21,94,249 (31 March 2018: 62,130) stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	Grant dated 24 October 2018	Grant dated 24 January 2018
Exercise price (Rs.)	2.00	2.00
No. of years vesting	5	5
Fair value of option (Rs.)	355.34	495.92

The key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

	As at 31 March 2019	As at 31 March 2018
Variables#	Grant dated 24 October 2018	Grant dated 24 January 2018
1) Risk free interest rate	7.77%	7.16%
2) Expected life	4.51 years	4.50 years
3) Expected volatility	37.61%	37.61%
4) Dividend yield	1.07%	0.47%
5) Price of the underlying share in the market at the time of option grant (Rs.)	374.35	508.00

the values mentioned against each of the variables are based on the weighted average vesting period.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

c) Summary of stock options:

Particulars	As at 31 March 2019		As at 31 March 2018	
	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	10,83,987	2.00	14,67,709	2.00
Options granted during the year	21,94,249	2.00	62,130	2.00
Options forfeited / lapsed during the year	9,684	2.00	10,547	2.00
Options expired during the year	1,888	2.00	-	-
Options exercised during the year	3,99,748	2.00	4,35,305	2.00
Options outstanding at the end of the year	28,66,916	2.00	10,83,987	2.00
Options vested but not exercised at the end of the year	1,76,151	2.00	1,89,612	2.00

d) Information in respect of options outstanding :

Exercise price	As at 31 March 2019		As at 31 March 2018	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Rs.2.00	28,66,916	62 months	10,83,987	48 months

e) Average share price at recognised stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2019		Year ended 31 March 2018	
Date of exercise	Weighted average share price (Rs.)	Date of exercise	Weighted average share price (Rs.)
27 April 2018 to 22 March 2019	441.05	28 April 2017 to 23 March 2018	433.84

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102. Consequently, Rs.2,255.02 lakhs (31 March 2018: Rs.714.72 lakhs) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs.27.40 lakhs (31 March 2018 : 22.66 lakhs) in respect of options granted to employees of the Company and excludes net recovery of Rs.100.36 lakhs (31 March 2018 : Rs.177.29 lakhs) from its subsidiaries for options granted to their employees.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

37 EMPLOYEE BENEFITS

General description of defined benefit plans

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Post retirement medical

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatality -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy -

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

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars		Funded Plan Gratuity	
		Year ended 31 March	
		2019	2018
I.	**Amounts recognised in the Statement of Profit & Loss**		
	Current service cost	1,259.75	916.83
	Net Interest cost	174.07	48.06
	Acturial (gain)/loss	4.03	7.67
	Adjustment due to change in opening balance of Plan assets	(186.31)	(199.16)
	Total expenses included in employee benefits expense	**1,251.54**	**773.41**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Particulars	Funded Plan Gratuity	
	Year ended 31 March	
	2019	2018
II. Amount recognised in Other Comprehensive income		
Remeasurement (gains)/losses:		
a) Actuarial (gains)/losses arising from changes in -		
- demographic assumptions	23.82	
- financial assumptions	(1,320.18)	(1,888.96)
- experience adjustments	126.63	(220.62)
b) Return on plan assets, excluding amount included in net interest	-	-
expense/ (income)	2.51	(0.49)
Total amount recognised in other comprehensive income	**(1,167.23)**	**(2,110.07)**
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	6,156.58	3,300.68
Add/(less) on account of business combination/transfers	-	-
Current service cost	1,259.75	916.82
Past service cost	-	-
Interest expense	474.74	242.95
Remeasurement (gains)/losses arising from changes in -		
- demographic assumptions	59.81	
- financial assumptions	87.74	1,907.23
- experience adjustments	1,054.65	20.01
Benefits paid	(288.76)	(231.12)
Closing defined benefit obligation	**8,804.51**	**6,156.57**
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	3,655.91	2,628.97
Interest income	5.90	-
Expected return on plan assets	46.50	33.87
Contributions by employer	1,573.23	846.21
Adjustment due to change in opening balance of Plan assets	216.77	377.97
Actual Benefits paid	(288.76)	(231.12)
Closing Fair value of plan assets	**5,209.55**	**3,655.90**
V. Net defined benefit obligation		
Defined benefit obligation	8,804.51	6,156.57
Fair value of plan assets	5,209.55	3,655.90
Surplus/(Deficit)	3,594.95	2,500.67
Current portion of the above	900.54	830.60
Non current portion of the above	2,694.40	1,670.07
Actuarial assumptions and Sensitivity		
I. Actuarial assumptions		
Discount Rate (p.a.)	7.67%	7.73%
Attrition rate	19%-43% for age upto 35, 3%-36% for age 36-45, 3%-17% for age 46 and above	21%-46% for age upto 35, 3%-33% for age 36-45, 3%-25% for age 46 and above
Expected rate of return on plan assets (p.a.)	7.46%	7.36%
Rate of Salary increase (p.a.)	5-7%	5-7%

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Particulars		Funded Plan Gratuity	
		Year ended 31 March	
		2019	2018
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
II.	**Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:**		
	One percentage point increase in discount rate	(1,469.99)	(81.87)
	One percentage point decrease in discount rate	1,501.60	83.20
	One percentage point increase in Salary growth rate	1,498.94	74.53
	One percentage point decrease in Salary growth rate	(1,490.60)	(73.56)
III.	**Maturity profile of defined benefit obligation**		
	Within 1 year	1,775.85	994.98
	Between 2 and 5 years	8,575.72	6,431.36

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

The plan assets have been primarily invested in government securities and corporate bonds.

The Group's contribution to Gratuity aggregating Rs.1908.97 lakhs (2018 : Rs.1218.68 lakhs) has been recognised in Statement of profit and loss under the head Employee Benefits Expense.

38 FRESH ISSUE OF EQUITY SHARE CAPITAL

During the year ended 31 March 2018, the Company had raised funds amounting to Rs. 211100.00 lakhs through allotment of fresh equity shares. 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, following capital issuances were made.

a) Preferential allotment of 2,50,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.422.00 each, for cash, including a premium of Rs.420.00 per equity share, aggregating to Rs.105500.00 lakhs, to Mahindra & Mahindra Limited, the Holding Company;

b) Qualified Institutional Placement (QIP) of 2,40,00,000 equity shares of face value of Rs.2.00 each, at a price of Rs.440.00 each, for cash, including a premium of Rs.438.00 per equity share, aggregating to Rs.105600.00 lakhs, to Qualified Institutional Buyers (QIB's). The Company has utilized the entire proceeds (net of issue related expenses) from issue of equity shares through QIP for the purposes as stated in its 'Placement Document'.

The share issue expenses of Rs.1,310.13 lakhs has been adjusted against securities premium reserve as per the accounting policy. These equity shares were allotted on 7 December 2017.

The fresh allotment of equity shares through preferential allotment and QIP as stated above have resulted in an increase of equity share capital by Rs. 980.00 lakhs and securities premium reserve by Rs. 210120.00 lakhs.

There were no such fresh issuance of equity share capital during the current financial year.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

39 FUNDS RAISED BY ISSUE OF DEBT INSTRUMENTS THROUGH PUBLIC ISSUE

During the year ended 31 March 2019, the Company has raised an amount of Rs.2,14,699.47 lakhs (31 March 2018: Rs. 1,15,053.13 lakhs) by way of Public Issuance of Secured Redeemable Non-Convertible Debentures (NCD's) and/or Unsecured Subordinated Redeemable Non-Convertible Debentures of the face value of Rs.1,000.00 each. The NCD's issued during the current year were allotted on 18 October 2018 and those issued during the previous financial year were allotted on 24 July 2017and these were listed on the BSE. The entire amount of proceeds from these issuances were used for the purposes as stated in its 'Placement Document' and there was no unutilised amount pertaining to these issuances. The issue expenses of Rs.2100.00 lakhs (31 March 2018: Rs. 1215.07 lakhs) has been adjusted against underlying NCD liabilities for amortisation at effective interest rate over the tenor of respective NCDs as per the accounting policy. The details are as follows.

Proceeds from issue of NCDs:

Rs. in lakhs

Sr. No.	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
i)	Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	33,687.23	1,15,053.13
ii)	Secured Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	1,81,012.24	-
	Total	**2,14,699.47**	**1,15,053.13**
	Issue expenses [transferred to amortisation account for charge off at effective interest rate of respective instruments over the tenor]	2,100.00	1,215.07

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.14,667.61 lakhs (31 March 2018: Rs.5,053.12 Lakhs) to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2019, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

40 CAPITAL MANAGEMENT

The Group's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The Group determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio of the Group.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI, details of which are given below :-

Regulatory capital

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Tier - I capital	10,02,787.58	8,69,344.10	5,77,990.84
Tier - II capital	3,08,102.15	2,90,064.82	1,88,054.84
Total Capital	13,10,889.73	11,59,408.92	7,66,045.68
Risk weighted assets	64,59,392.68	51,09,475.25	42,40,349.27
Tier - I capital ratio	15.5%	17.0%	13.6%
Total Capital ratio	20.3%	22.7%	18.1%

The housing finance business of the Group is subject to the capital adequacy requirements of the National Housing Bank (NHB) and has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB.

41 LEASES

A. In the cases where assets are given on operating lease (as lessor) -

Key terms are as below:-

i) New vehicles to retail customers for a maximum period of 48 months with a minimum holding period of 24 months.

ii) Used and refurbished vehicles to travel operators / taxi aggregators with a initial agreement validity period of 36 months to 48 months and provision for extention for such period and on such terms and conditions as may be agreed by both the parties. The lease agreement also provides for minimum lock in period 6 months from the date of execution and cancellation with 3 months' notice from either parties. The consideration payable by the lessee is either minimum commitment charges or variable rental charges based on usage, make/model of the vehicle and certain other terms and conditions forming part of the lease agreement.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

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		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
i)	**New vehicles to retail customers on operating lease -**			
	Not later than one year	357.77	3.87	-
	Later than one year but not later than five years	1,253.64	2.39	-
	Later than five years		-	-
		1,611.41	**6.26**	**-**
ii)	**Used and refurbished vehicles to travel operators / taxi aggregators -**			
	Not later than one year	37.55	2.53	-
	Later than one year but not later than five years	29.07	-	-
	Later than five years		-	-
		66.62	**2.53**	**-**

Since there is no contingent rent applicable in respect of these lease arrangements, the Company has not recognised any income as contingent income during the year.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

B. In the cases where assets are utilised on operating lease (as lessee) -

The Company in Insurance Broking business has entered into operating lease arrangements for certain facilities and office premises.

The leases are non-cancellable and are for a period of 2 to 5 years and may be renewed for a further period of 3 to 5 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 15 % every 2.5 to 3 years.

Rs. in lakhs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017
Future Non-Cancellable minimum lease commitments			
Not later than one year	10.14	7.52	-
Later than one year but not later than five years	8.52	3.03	-
Later than five years		-	-
	18.66	**10.55**	**-**

The company has recognised expenses of Rs. 531.41 lakhs (31 March 2018: Rs. 406.57 lakhs) in the Statement of profit and loss account as minimum lease payments.

42 FRAUDS REPORTED DURING THE YEAR

There were 248 cases (31 March 2018: 216 cases, 31 March 2017: 205 cases) of frauds amounting to Rs.880.16 lakhs (31 March 2018: Rs.342.33 lakhs, 31 March 2017: Rs 434.30 lakhs) reported during the year. The Group has recovered an amount of Rs.112.73 lakhs (31 March 2018: Rs.113.33 lakhs, 31 March 2017: Rs 147.11 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 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Rs. in lakhs

		31 March 2019	31 March 2018	1 April 2017
i)	**Contingent liabilities**			
	Claims against the Company not acknowledged as debts	22,279.22	15,019.73	15,807.85
	Guarantees	51,236.91	23,249.37	21,037.84
	Other money for which the Company is contingently liable	60.98	60.98	60.98
		73,577.11	**38,330.08**	**36,906.67**
ii)	**Commitments**			
	Estimated amount of contracts remaining to be executed on capital account	615.58	941.87	712.99
	Other commitments	97,877.80	2,02,137.82	1,33,379.28
		98,493.38	**2,03,079.69**	**1,34,092.27**
Total		**1,72,070.49**	**2,41,409.77**	**1,70,998.94**

The Group's pending litigations comprise of claims against the Group primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Group 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 2019

Recent clarification on applicability of allowances for provident fund contributions under Employees Provident Fund Act, 1952

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

44 TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The Group has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitisation transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Group, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Group to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Group is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Group has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitisation transactions" under Note no.17

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Securitisations -			
Carrying amount of transferred assets measured at amortised cost	4,31,200.15	79,074.47	89,086.46
Carrying amount of associated liabilities (Term Loan)	4,34,734.49	75,726.36	81,804.49
Fair value of assets (A)	3,62,188.41	78,440.23	1,02,595.03
Fair value of associated liabilities (B)	4,13,225.89	75,852.33	78,948.26
Net position at FV (A-B)	(51,037.48)	2,587.91	23,646.77

45 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year ended 31 March 2019, the Group has incurred an expenditure of Rs. 3,047.19 Lakhs (31 March 2018 : Rs. 2,951.97 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.208.26 Lakhs (31 March 2018: Rs. 180.69 Lakhs) towards the CSR activities undertaken by the Group.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Group during the year is Rs.3255.24 lakhs (31 March 2018: Rs. 3,113.96 lakhs).

b) Amount spent by the Group during the year :

Rs. in lakhs

Particulars	For the year ended 31 March 2019			For the year ended 31 March 2018		
	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	3,261.54	-	3,261.54	3,140.21	-	3,140.21

The above expenditure includes Rs.15.79 lakhs (31 March 2018: 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.

46 During the year ended 31 March 2019, the Group had made a contribution of Rs.240.00 lakhs (31 March 2018: Nil) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of Section 182 of the Companies Act, 2013.

47 The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group 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.

48 RECONCILIATION OF MOVEMENT IN BORROWINGS TO CASH FLOWS FROM FINANCING ACTIVITIES

Rs. in lakhs

Particulars	1 April 2018	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	31 March 2019
Debt securities	21,94,435.96	2,79,239.64	-	(2,087.10)	24,71,588.50
Borrowings (Other than debt securities)	16,52,724.46	8,08,713.46	826.29	1,007.91	24,63,272.12
Deposits	3,05,205.07	2,59,800.55	-	(1,912.21)	5,63,093.41
Subordinated liabilities	3,46,249.80	35,507.23	-	451.06	3,82,208.09
Total liabilities from financing activities	**44,98,615.29**	**13,83,260.88**	**826.29**	**(2,540.34)**	**58,80,162.12**

Rs. in lakhs

Particulars	1 April 2017	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	31 March 2018
Debt securities	18,32,946.25	3,60,650.76	-	838.95	21,94,435.96
Borrowings (Other than debt securities)	13,88,573.14	2,64,583.88	1,083.90	(1,516.46)	16,52,724.46
Deposits	4,24,428.10	(1,19,894.01)	-	670.98	3,05,205.07
Subordinated liabilities	2,30,007.63	1,17,673.13	-	(1,430.96)	3,46,249.80
Total liabilities from financing activities	**38,75,955.12**	**6,23,013.76**	**1,083.90**	**(1,437.49)**	**44,98,615.29**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

49 SEGMENT INFORMATION

Primary segment (Business Segment)

The Company's business is organised and management reviews the performance based on the business segments as mentioned below:

Segment	Activities covered
Financing activities	Financing and leasing of automobiles, tractors, commercial vehicles and housing
Other reconciling items	Insurance broking, asset management services and trusteeship services

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary segment (Geographical Segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Ind AS -108 on Segment Reporting:

Rs. in lakhs

Particulars	Year ended 31st March 2019			Year ended 31st March 2018		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
External Revenue	10,16,528.10	26,557.37	10,43,085.47	7,69,427.89	21,789.61	7,91,217.50
Inter Segment Revenue	2,847.78	8,984.60	11,832.38	2,574.85	5,391.09	7,965.94
Total Revenue	**10,19,375.88**	**35,541.97**	**10,54,917.85**	**7,72,002.74**	**27,180.70**	**7,99,183.44**
Segment Results (Profit before tax and after interest on Financing Segment)	2,72,837.53	6,545.75	2,79,383.28	1,82,575.83	4,835.38	1,87,411.21
Share of profits in associates	4,692.88	-	4,692.88	3,068.63	-	3,068.63
Less: Interest on Unallocated reconciling items	-	-	-	-	-	-
Net Profit before tax	2,77,530.41	6,545.75	2,84,076.16	1,85,644.46	4,835.38	1,90,479.84
Less: Income taxes	-	-	97,347.97	-	-	68,851.12
Net profit	-	-	1,86,728.19	-	-	1,21,628.72
Other information:						
Segment Assets	73,44,525.53	38,280.91	73,82,806.44	57,46,682.82	36,662.63	57,83,345.45
Unallocated corporate assets	-	-	74,790.47	-	-	89,668.13
Total Assets	**73,44,525.53**	**38,280.91**	**74,57,596.91**	**57,46,682.82**	**36,662.63**	**58,73,013.58**
Segment Liabilities	63,13,165.42	9,678.78	63,22,844.20	48,64,758.59	8,244.77	48,73,003.36
Unallocated corporate liabilities	-	-	-	-	-	-
Total Liabilities	**63,13,165.42**	**9,678.78**	**63,22,844.20**	**48,64,758.59**	**8,244.77**	**48,73,003.36**
Capital Expenditure	12,278.30	907.89	13,186.19	6,406.58	561.19	6,967.77
Depreciation / Amortisation	7,082.24	471.08	7,553.32	5,203.16	317.99	5,521.15
Non cash expenditure other than depreciation	71,629.58	81.25	71,710.83	67,595.24	90.69	67,685.93

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

50 FIRST TIME ADOPTION OF IND AS

This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

i) Comparative Balance sheet as at 1 April 2017 and 31 March 2018

Rs. in lakhs

Particulars	Notes	As at 1 April 2017			As at 31 March 2018		
		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
Financial Assets							
a) Cash and cash equivalents		43,726.45	(572.95)	43,153.50	34,616.08	(747.42)	33,868.66
b) Bank balance other than (a) above		16,661.10	-	16,661.10	13,921.71	-	13,921.71
c) Derivative financial instruments		694.78	(694.78)	-	6,000.35	(5,963.66)	36.69
d) Receivables	7		-			-	
i) Trade receivables		1,878.14	-	1,878.14	5,644.11	-	5,644.11
ii) Other receivables		-	-	-	-	-	-
e) Loans	1a,2,3	47,75,274.12	(2,52,907.39)	45,22,366.73	57,25,144.91	(2,70,171.82)	54,54,973.09
f) Investments	1b,2,6	1,48,392.36	28,194.70	1,76,587.06	2,05,495.55	32,298.02	2,37,793.57
g) Other financial assets	1b	19,345.54	1,863.61	21,209.15	11,447.03	1,830.07	13,277.10
		50,05,972.49	**(2,24,116.81)**	**47,81,855.68**	**60,02,269.73**	**(2,42,754.80)**	**57,59,514.93**
Non-financial Assets							
a) Current tax assets (Net)		17,526.07	(138.35)	17,387.72	21,238.90	146.59	21,385.49
b) Deferred tax assets (Net)		75,717.78	(1,615.56)	74,102.22	82,318.42	(10,466.66)	71,851.76
c) Property, plant and equipment	8	12,931.37	-	12,931.37	13,739.60	-	13,739.60
d) Capital work-in-progress		49.09	-	49.09	-	-	-
e) Intangible assets under development		58.21	-	58.21	45.60	-	45.60
f) Goodwill		4.05	(4.05)	-	527.46	(527.46)	-
g) Other Intangible assets		403.76	-	403.76	925.93	-	925.93
h) Other non-financial assets	1b	3,817.39	(667.22)	3,150.17	6,177.36	(627.09)	5,550.27
		1,10,507.73	**(2,425.19)**	**1,08,082.54**	**1,24,973.27**	**(11,474.62)**	**1,13,498.65**
		51,16,480.21	**(2,26,541.99)**	**48,89,938.22**	**61,27,243.00**	**(2,54,229.42)**	**58,73,013.58**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial Liabilities							
a) Derivative financial instruments	7	3,309.55	(559.66)	2,749.89	7,813.52	(5,201.92)	2,611.60
b) Payables		1,22,549.82	160.49	1,22,710.31	1,13,513.57	306.36	1,13,819.93
c) Debt Securities	1b	18,35,831.18	(2,884.93)	18,32,946.25	21,97,267.30	(2,831.34)	21,94,435.96
d) Borrowings (Other than Debt Securities)	3	15,70,278.87	(1,81,705.73)	13,88,573.14	18,77,707.83	(2,24,983.37)	16,52,724.46
e) Deposits	1b	4,26,356.14	(1,928.04)	4,24,428.10	3,06,462.13	(1,257.06)	3,05,205.07
f) Subordinated Liabilities	1b	2,31,910.00	(1,902.37)	2,30,007.63	3,49,583.13	(3,333.33)	3,46,249.80
g) Other financial liabilities	1a,1b,3	1,63,469.13	(5,026.87)	1,58,442.26	2,04,444.32	22,221.08	2,26,665.40
		43,53,704.68	**(1,93,847.10)**	**41,59,857.58**	**50,56,791.80**	**(2,15,079.58)**	**48,41,712.22**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Particulars		Notes	As at 1 April 2017			As at 31 March 2018		
			Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
Non-Financial Liabilities								
a)	Current tax liabilities (Net)		139.61	-	139.61	2,923.66	643.06	3,566.72
b)	Provisions	2	27,812.35	(15,833.42)	11,978.93	38,598.20	(19,055.13)	19,543.07
c)	Deferred tax liabilities (Net)							
d)	Other non-financial liabilities	1a,3	28,827.91	(21,635.46)	7,192.45	23,024.12	(14,842.77)	8,181.35
			56,779.87	**(37,468.88)**	**19,310.99**	**64,545.98**	**(33,254.84)**	**31,291.14**
EQUITY								
a)	Equity Share capital		11,300.83	(0.00)	11,300.83	12,289.54	0.00	12,289.54
b)	Other Equity	1, 2, 3, 5, 6, 7, 8	6,84,714.72	4,998.00	6,89,712.72	9,79,231.37	(6,020.47)	9,73,210.90
	Equity attributable to owners of the Company		6,96,015.56	4,998.00	7,01,013.55	9,91,520.91	(6,020.47)	9,85,500.44
c)	Non Controlling Interest		9,980.11	(224.01)	9,756.10	14,384.32	125.46	14,509.78
			7,05,995.66	**4,773.99**	**7,10,769.65**	**10,05,905.23**	**(5,895.01)**	**10,00,010.22**
Total Liabilities and Equity			**51,16,480.21**	**(2,26,541.99)**	**48,89,938.22**	**61,27,243.00**	**(2,54,229.42)**	**58,73,013.58**

ii) Comparative Statement of profit and loss for the year ended 31 March 2018

Rs. in lakhs

Particulars		Previous GAAP	Adjustments	Ind AS
	Revenue from operations			
i)	Interest income	7,82,528.22	(21,986.78)	7,60,541.44
ii)	Dividend income	170.67	-	170.67
iii)	Rental income	2.69	-	2.69
iv)	Fees and commission Income	35,902.87	(29,669.90)	6,232.97
v)	Net gain on fair value changes	-	36.51	36.51
vi)	Net gain on derecognition of financial instruments under amortised cost category	14,032.87	(14,032.87)	-
vii)	Sale of services	21,400.81	-	21,400.81
	Total Revenue from operations	**8,54,038.13**	**(65,653.04)**	**7,88,385.09**
	Other income	3,311.55	-	2,832.41
	Total income	**8,57,349.67**	**(65,653.04)**	**7,91,217.50**
	Expenses			
i)	Finance costs	3,42,631.56	987.59	3,43,619.15
ii)	Fees and commission expense	28,637.89	(21,846.07)	6,791.82
iii)	Impairment on financial instruments	1,32,735.09	(65,049.16)	67,685.93
iv)	Employee benefits expenses	1,15,714.13	(2,052.64)	1,13,661.49
v)	Depreciation, amortization and impairment	5,521.15	-	5,521.15
vi)	Others expenses	71,009.92	(4,483.17)	66,526.75
	Total expenses	**6,96,249.74**	**(92,443.45)**	**6,03,806.29**
	Profit / (loss) before exceptional items and tax	**1,61,099.93**	**26,790.41**	**1,87,411.21**
	Exceptional items	5,073.72	(5,073.72)	-
	Share of Profit/(Loss) of Associates and Joint Ventures		3,068.63	3,068.63
	Profit/(loss) before tax	**1,66,173.65**	**21,716.69**	**1,90,479.84**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Particulars	Previous GAAP	Adjustments	Ind AS
Tax expense :			
(i) Current tax	67,631.96	(1,111.21)	66,520.75
(ii) Deferred tax	(6,601.69)	8,932.06	2,330.37
	61,030.27	**7,820.85**	**68,851.12**
Profit (loss) for the year	**1,05,143.38**	**13,895.84**	**1,21,628.72**
Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss (net of taxes)	-		
- Remeasurement gain / (loss) on defined benefit plans		(2,110.08)	(2,110.08)
(ii) Income tax impact thereon			722.98
(B) (i) Items that will be reclassified to profit or loss	-	-	-
(ii) Income tax impact thereon	-	-	-
Other Comprehensive Income	**-**	**(2,110.08)**	**(1,387.10)**
Total Comprehensive Income for the year	**1,05,143.38**	**11,785.76**	**1,20,241.62**

Reconciliations between Ind-AS and Indian GAAP (Previous GAAP) for equity and profit or loss are given below.

i) Profit reconciliation

Rs. in lakhs

Particulars	Note no.	Year ended 31 March 2018
Profit after tax as reported under previous GAAP		1,05,143.38
Adjustments :		
a) Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR		
i) Financial assets	1a	1,242.37
ii) Financial liabilities	1b	(2,931.91)
b) Income accrued on Stage III (Impaired) assets	2	(27,417.96)
c) Impact on application of Expected Credit Loss method for loan loss provisions	2	63,981.16
d) Impact on recognition of securitised loan portfolio (de-recognised in Previous GAAP)	3	(5,019.75)
e) Reclassification of actuarial loss to Other Comprehensive Income	4	2,051.67
f) Change in scope of consolidated entity	10	86.37
g) Others	5, 6, 7	(625.15)
h) Profit on sale of Shares in MIBL	12	(5,073.72)
i) Tax impact on above adjustments	8	(11,568.22)
j) Derecognition of deferred tax liability on special reserve	9	1,760.48
Profit after tax as per Ind AS		**1,21,628.72**
Other Comprehensive Income / (loss) (net of tax)	4	(1,387.10)
Total Comprehensive Income as per Ind AS		**1,20,241.62**
Profit attributable to owner's of the Company as per Ind AS		**1,18,518.52**
Profit attributable to Non Controlling Interest		**3,110.20**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

ii) Equity reconciliation

Rs. in lakhs

Particulars	Note no.	As at 31 March 2018	As at 1 April 2017
Equity as reported under previous GAAP		9,91,520.93	6,96,015.56
Adjustments :			
a) Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR			
i) Financial assets	1a	9,139.45	7,897.00
ii) Financial liabilities	1b	105.37	3,037.28
b) Income accrued on Stage III (Impaired) assets	2	1,09,472.00	1,36,889.98
c) Impact on application of Expected Credit Loss method for loan loss provisions	2	(81,960.78)	(1,45,941.94)
d) Impact on recognition of securitised loan portfolio (de-recognised in Previous GAAP)	3	3,900.34	8,920.10
e) Reclassification of actuarial loss to Other Comprehensive Income	4	2,101.95	63.66
f) Reinstatement of securities premium	1b	2,831.25	1,653.42
g) Gross obligation value of written put options	12	(41,653.83)	(9,975.80)
h) ESOP Trust Consolidation	10	2,681.35	3,010.93
i) Others	5, 6, 7	(681.38)	(130.38)
j) Share of Ind AS adjustments related to Non controlling interest	11	(125.46)	224.01
k) Tax impact on above adjustments	8	(15,305.08)	(3,736.86)
l) Derecognition of deferred tax liability on special reserve	9	4,890.67	3,130.19
		9,86,916.77	**7,01,057.15**
Other Comprehensive Income / (loss) (net of tax)		(1,416.33)	(43.60)
Equity tax as per Ind AS		**9,85,500.44**	**7,01,013.55**
Non Controlling Interest Considered as part of Equity under Ind AS		**14,509.78**	**9,756.10**
Total Comprehensive Income / Total Equity as per Ind AS		**10,00,010.22**	**7,10,769.65**

iii) Material adjustments to the Statement of consolidated cash flows for the year ended 31 March 2018

Rs. in lakhs

	Previous GAAP	Adjustments	Ind AS
Net cash flows from operating activities	(9,53,510.20)	1,02,541.02	(8,50,969.18)
Net cash flows from investing activities	40,485.79	(16,172.95)	24,312.84
Net cash flows from financing activities	9,03,914.05	(86,542.56)	8,17,371.49
Net increase/(decrease) in cash and cash equivalents	**(9,110.36)**	**(174.49)**	**(9,284.85)**
Cash and cash equivalents at the beginning of the year	43,726.44	(572.94)	43,153.50
Cash and cash equivalents at the end of the year	**34,616.08**	**(747.42)**	**33,868.66**

Explanation of material adjustments to cash flow

1. Under Previous GAAP, joint arrangements are accounted using proportionate line-by-line consolidation method. Under Ind AS, such arrangements are accounted for using equity method of accounting.

2. Under Previous GAAP, cash flows from sale of interest in a subsidiary is presented as investing activity. Under Ind AS, cash flows from sale of interest in a subsidiary without loss of control is presented as financing activity.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Material adjustments on adoption of Ind AS are explained below:

1 Interest income and expense measured using effective interest method

a) Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method. Under Previous GAAP, interest income on non performing assets (i.e. loans that are 90 days past due) was not accrued. Under Ind AS interest income on such loans are recognised on their net carrying amount.

b) Under Previous GAAP, the transaction costs for borrowings including fixed deposits accepted was recognised upfront in the Statement of profit and loss/ securities premium while under Ind AS, such costs is amortised over the contractual term of the borrowing instrument and recognised as interest expense using effective interest method.

2 Impairment Allowance for expected credit loss

Under Previous GAAP, the provisioning on overdue assets was as per management estimates, subject to the minimum provision required as per Master Direction- Non Banking Financial Company - Systematically Important Non Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Under Ind AS, impairment allowance is calculated as per expected credit loss method.

3 Impact on derecognition of loans

Under Previous GAAP, financial assets were derecognized if the control criteria is met in accordance with relevant RBI guidelines. Under Ind AS, financial assets are derecognised only when the Group transfers substantially all the risks and rewards related to the cash flows.

4 Reclassification of actuarial loss / (gain), arising out of employee benefit schemes, to Other Comprehensive Income (OCI)

Actuarial gain and losses are recognised in other comprehensive income under Ind AS. Under Previous GAAP, these were recognised in Statement of profit and loss.

5 Net gain on fair value changes

Under Previous GAAP, investment in Mutual Funds was carried at lower of cost or net realisable value. Under Ind AS, these investments are measured at FVTPL.

6 Derivatives

Under Previous GAAP, the forward contract premium was amortised over the term of the contract. Under Ind AS, such contracts are measured at FVTPL.

7 Employee stock option scheme

Under Previous GAAP, the cost of Employee Stock Options was recognised at intrinsic value. Under Ind AS, the same is recognised on the basis of fair value.

8 Deferred tax adjustments

Deferred tax effect of all adjustments has been recognised on transition date and during the year ended 31 March 2018.

9 Reversal of deferred tax liability on special reserve

Under Previous GAAP, Group recognised deferred tax on special reserve created under the National Housing Bank Act, 1987. Under Ind AS, the special reserve is not regarded as taxable temporary difference and hence, deferred tax liability is not recognised. Deferred tax liability derecognised as at 01 April 2017 and for the year ended 31 March 2018 is Rs. 3130.19 Lakhs and Rs. 1760.48 Lakhs respectively.

10 Change in scope of consolidated entity

Under Previous GAAP, MMFSL ESOP Trust was not required to be consolidated. Under Ind AS, MMFSL ESOP Trust is required to be consolidated.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

11 Share of Ind AS adjustments related to Non-controlling interest

This adjustment relates to the NCIs share of effect of Ind AS adjustments made by subsidiaries on transition to Ind AS.

12 Gross obligation value of written put options to Non-controlling Interest

Under Previous GAAP, written put option on NCI is recognized on the date of exercise. Under Ind AS, gross obligation in relation to written put option on NCI is recognized at fair value, change in fair value is recognized in Other Equity.

13 Effect of reduction in interest in subsidaries

During year ended 31 March 2018, Group has divest interest in its subsidiary Mahindra Insurance Brokers Ltd. without loss of control. Under Previous GAAP, the gain was recognised as Exceptional Item in Statement of profit and loss. Under Ind AS, the gain on reduction in ownership interest has been resognised in Other Equity.

51 FINANCIAL RISK MANAGEMENT FRAMEWORK

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk.The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the risk management policy which has been approved by the Board of Directors of the respective Group companies.

Board of Directors of financial services businesses have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

51.1 Market Risk

Market Risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

a) Pricing Risk

The Group's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the Group does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 3,177 lakhs (31st March 2018 : Rs 36 lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group's foreign currency exposures are managed within approved parameters. The Group manages its foreign currency risk by entering into forward contract and cross currency swaps.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The carrying amounts of the Group's foreign currency exposure at the end of the reporting period are as follows :

Rs. in lakhs

	US Dollar	Euro	Total
As at 31 March 2019			
Financial Assets	-	-	-
Financial Liabilities	82,052.52	1,18,748.22	2,00,800.74
As at 31 March 2018			
Financial Assets	-	-	-
Financial Liabilities	1,07,209.39	-	1,07,209.39
As at 1 April 2017			
Financial Assets	-	-	-
Financial Liabilities	99,551.09	-	99,551.09

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2019	INR/EUR	(+/-) 0.31%	(+/-) 371.85
	INR/USD	(+/-) 0.50%	(+/-) 407.98
Year ended 31 March 2018	INR/EUR	-	-
	INR/USD	(+/-) 0.02%	(+/-) 26.66

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c) Interest Rate Risk

The Group uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Interest Rate sensitivity

The sensitivity analysis below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase / decrease in basis points	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2019	INR	150	21,676.50	
Year ended 31 March 2018	INR	100	11,116.12	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

d) Off-setting of balances

The table below summarises the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet :

Financial assets subject to offsetting

Rs. in lakhs

Particulars	Offsetting recognised on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognised in balance sheet
Loan assets			
At 31 March' 2019	**61,35,483.82**	**10,521.02**	**61,24,962.80**
At 31 March' 2018	48,61,920.60	7,219.44	48,54,701.16
At 1 April' 2017	40,64,042.08	4,038.81	40,60,003.27

Financial liabilities subject to offsetting

Rs. in lakhs

Particulars	Offsetting recognised on the balance sheet		
	Gross liabilities before offset	Financial liabilities netted	Liabilities recognised in balance sheet
Other financial liabilities			
At 31 March' 2019	**2,03,183.97**	**10,521.02**	**1,92,662.95**
At 31 March' 2018	1,83,151.94	7,219.44	1,75,932.50
At 1 April' 2017	1,49,276.82	4,038.81	1,45,238.01

Note : The residential loan businesses has not offset financial assets and financial liabilities.

51.2 Credit Risk Management

Credit risk is the risk that the Group will incur a loss because its customers fail to discharge their contractual obligations. The Group has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of financial loans and investments

The following table sets out information about credit quality of loan assets and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of Retail loan assets			
Neither Past due nor impaired	45,73,022.06	34,93,415.60	27,16,011.15
Past Due but not impaired			
30 days past due	3,99,846.71	3,70,115.57	3,73,394.30
31-90 days past due	5,17,380.10	4,66,067.48	3,92,567.70
Impaired (more than 90 days)	3,83,898.47	4,87,361.73	6,69,236.75
Total Gross carrying value as at reporting date	**58,74,147.34**	**48,16,960.38**	**41,51,209.91**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of Residential loan assets			
Neither Past due nor impaired	4,56,340.86	3,19,901.49	2,73,952.40
Past Due but not impaired			
30 days past due	83,187.48	76,416.43	55,296.28
31-90 days past due	1,60,582.65	1,48,862.22	96,456.61
Impaired (more than 90 days)	1,04,763.77	86,036.74	59,477.78
Total Gross carrying value as at reporting date	**8,04,874.76**	**6,31,216.88**	**4,85,183.07**

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of SME loan assets			
Neither Past due nor impaired	1,90,390.41	1,02,745.76	56,983.37
Past Due but not impaired			
30 days past due	38,294.97	70,999.70	58,581.82
31-90 days past due	3,247.19	5,775.43	5,664.15
Impaired (more than 90 days)	17,655.41	11,560.77	8,815.46
Total Gross carrying value as at reporting date	**2,49,587.98**	**1,91,081.66**	**1,30,044.81**

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of Trade Advances			
Less than 60 days past due	1,78,777.59	1,37,961.15	1,11,573.03
61-90 days past due	3,134.21	2,057.60	5,033.05
Impaired (more than 90 days)	5,518.76	3,708.27	4,973.25
Total Gross carrying value as at reporting date	**1,87,430.56**	**1,43,727.01**	**1,21,579.34**

Rs. in lakhs

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of Financial Investments measured at amortised cost			
Neither Past due nor impaired	1,20,477.05	2,04,843.85	1,20,198.83
Past Due but not impaired			
30 days past due		-	-
31-90 days past due		-	-
Impaired (more than 90 days)		-	-
Total Gross carrying value as at reporting date	**1,20,477.05**	**1,03,147.82**	**27,750.13**

The Group reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the group is into retail loan lending business, there is no significant credit risk of any individual customer that may impact adversely, and hence the Group has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The Group categorises loan assets into stages primarliy based on the Days Past Due status.

Stage 1 : 0-30 days past due
Stage 2 : 31-90 days past due
Stage 3 : More than 90 days past due

The Group applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances. The Group has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Group.

(i) Definition of default

The Group considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(ii) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(iii) Estimations and assumptions considered in ECL model

The Group has made the following assumptions in the ECL Model:

a) "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows are discounted at loan EIR rate for arriving loss rate.
b) "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro economic factor.

(iv) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percenatge to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.

- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;

- undrawn loan committments: as the present value of the difference between the contractual cash flows that are due to the Company if the committment is drawn down and the cash flows that the Company expects to receive.

(v) Forward Looking Information

Historical PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable. Agriculture (real change % p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year. In case of SME and Bills Discounting portfolio, Real GDP (% change p.a.) is used as the macro economic variable.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The macro economic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook.

(vi) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience, including forward-looking information. The Group considers reasonable and supportable information that is relevant and available without undue cost and effort. The Group's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

As a part of the qualitative assessment of whether a customer is in default, the Group also considers a variery of instances that may indicate unlikeliness to pay. In such instances, the Group treats the customer as defaulted and therfore assess such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases were Group suspects fraud and legal proceedings are initiated.

(vii) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(viii) Analysis of inputs to the ECL model of Retail Loan with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Group has used the data source of Economist Intelligence Unit.The upside and downside % change has been derived using historical standard deviation from the base sceanrio based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		**10**	**85**	**5**
Agriculture (% real change p.a.)	**2019**	6.0	3.6	1.2
	2020	5.8	3.4	1.0
	2021	5.9	3.5	1.1
	2022	6.1	3.7	1.3
	2023	5.5	3.1	0.7
Real GDP (% change p.a.)	**2019**	8.6	7.7	6.8
	2020	8.3	7.4	6.5
	2021	8.5	7.6	6.7
	2022	8.7	7.8	6.9
	2023	8.3	7.4	6.5

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

(ix) Analysis of inputs to the ECL model of Residential Loan with respect to macro economic variable

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		**25**	**65**	**10**
Agriculture (% real change p.a.)	**2019**	6.0	3.6	1.2
	2020	5.8	3.4	1.0
	2021	5.9	3.5	1.1
	2022	6.1	3.7	1.3
	2023	5.5	3.1	0.7
	2024	6.7	4.3	1.9
	2025	5.5	3.1	0.7
	Subsequent Years	6.3	3.9	1.5

Impairment loss

The expected credit loss allowance provision for Retail Loans is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2019	49,72,868.77	5,17,380.10	3,83,898.47	58,74,147.34
Expected credit loss rate	1.03%	11.01%	16.81%	
Carrying amount as at 31 March 2019 (net of impairment provision)	49,21,883.76	4,60,420.12	3,19,347.75	57,01,651.62
Gross Balance as at 31 March 2018	38,63,531.17	4,66,067.48	4,87,361.73	48,16,960.38
Expected credit loss rate	1.26%	16.00%	32.68%	
Carrying amount as at 31 March 2018 (net of impairment provision)	38,14,930.21	3,91,519.76	3,28,094.37	45,34,544.34
Gross Balance as at 1 April 2017	30,89,405.45	3,92,567.70	6,69,236.75	41,51,209.91
Expected credit loss rate	1.31%	6.95%	38.88%	
Carrying amount as at 1 April 2017 (net of impairment provision)	30,48,807.43	3,65,273.84	4,09,053.76	38,23,135.02

The expected credit loss allowance provision for Residential Loans is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2019	5,39,528.34	1,60,582.65	1,04,763.77	8,04,874.76
Expected credit loss rate	0.93%	6.68%	19.32%	
Carrying amount as at 31 March 2019 (net of impairment provision)	5,34,536.73	1,49,860.84	84,527.33	7,68,924.90
Gross Balance as at 31 March 2018	3,96,317.92	1,48,862.22	86,036.74	6,31,216.88
Expected credit loss rate	0.66%	8.88%	17.59%	
Carrying amount as at 31 March 2018 (net of impairment provision)	3,93,700.06	1,35,649.31	70,902.30	6,00,251.67
Gross Balance as at 1 April 2017	3,29,248.68	96,456.61	59,477.78	4,85,183.07
Expected credit loss rate	0.53%	9.83%	19.51%	
Carrying amount as at 1 April 2017 (net of impairment provision)	3,27,492.80	86,973.08	47,876.47	4,62,342.35

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The expected credit loss allowance provision for SME Loans is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2019	2,28,685.38	3,247.19	17,655.41	2,49,587.98
Expected credit loss rate	0.12%	2.61%	38.96%	
Carrying amount as at 31 March 2019 (net of impairment provision)	2,28,405.73	3,162.59	10,776.65	2,42,344.98
Gross Balance as at 31 March 2018	1,73,745.46	5,775.43	11,560.77	1,91,081.66
Expected credit loss rate	1.77%	7.79%	59.48%	
Carrying amount as at 31 March 2018 (net of impairment provision)	1,70,666.51	5,325.44	4,684.42	1,80,676.37
Gross Balance as at 1 April 2017	1,15,565.19	5,664.15	8,815.46	1,30,044.81
Expected credit loss rate	1.89%	12.17%	70.97%	
Carrying amount as at 1 April 2017 (net of impairment provision)	1,13,379.94	4,974.62	2,559.26	1,20,913.81

The expected credit loss allowance provision for Trade Advances is determined as follows:

Rs. in lakhs

	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2019	1,78,777.59	3,134.21	5,518.76	1,87,430.56
Expected credit loss rate	0.40%	7.33%	100.00%	
Carrying amount as at 31 March 2019 (net of impairment provision)	1,78,062.48	2,904.49	-	1,80,966.97
Gross Balance as at 31 March 2018	1,37,961.15	2,057.60	3,708.27	1,43,727.01
Expected credit loss rate	0.38%	7.67%	100.00%	
Carrying amount as at 31 March 2018 (net of impairment provision)	1,37,433.56	1,899.78	-	1,39,333.34
Gross Balance as at 1 April 2017	1,11,573.03	5,033.05	4,973.25	1,21,579.34
Expected credit loss rate	0.38%	7.67%	100.00%	
Carrying amount as at 1 April 2017 (net of impairment provision)	1,11,146.20	4,647.01	-	1,15,793.21

The expected credit loss allowance provision for Financial Investments measured at amortised cost is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2019	1,20,477.05	-	-	1,20,477.05
Expected credit loss rate	1.03%			
Carrying amount as at 31 March 2019 (net of impairment provision)	1,20,194.53			1,20,194.53
Gross Balance as at 31 March 2018	2,04,843.85	-	-	2,04,843.85
Expected credit loss rate	1.26%			
Carrying amount as at 31 March 2018 (net of impairment provision)	2,03,544.65	-	-	2,03,544.65
Gross Balance as at 1 April 2017	1,20,198.83	-	-	1,20,198.83
Expected credit loss rate	1.31%			
Carrying amount as at 1 April 2017 (net of impairment provision)	1,19,836.47	-	-	1,19,836.47

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Level of Assessment - Aggregation Criteria

The Group recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information. Considering the economic and risk characterstics, pricing range, sector concentration, the Group calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	**30,89,405.45**	**3,92,567.70**	**6,69,236.75**	**41,51,209.90**
- Transfers to Stage 1	1,51,507.81	(91,518.16)	(59,989.65)	-
- Transfers to Stage 2	(3,29,527.30)	4,01,346.90	(71,819.60)	-
- Transfers to Stage 3	(1,44,592.64)	(76,339.72)	2,20,932.36	-
- Loans that have been derecognised during the period	(3,52,481.09)	(56,951.88)	(1,27,014.14)	(5,36,447.10)
New loans originated during the year	24,22,540.46	74,334.15	31,297.86	25,28,172.47
Write-offs	(238.50)	(646.37)	(80,704.87)	(81,589.74)
Remeasurement of net exposure	(9,73,083.02)	(1,76,725.14)	(94,576.99)	(12,44,385.15)
Gross carrying amount balance as at 31 March 2018	**38,63,531.16**	**4,66,067.48**	**4,87,361.73**	**48,16,960.37**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,37,506.90	(1,04,222.42)	(33,284.47)	-
- Transfers to Stage 2	(3,54,349.96)	3,80,486.46	(26,136.50)	-
- Transfers to Stage 3	(1,18,290.12)	(70,194.12)	1,88,484.25	-
- Loans that have been derecognised during the period	(4,32,819.07)	(75,231.15)	(1,09,024.24)	(6,17,074.46)
New loans originated during the year	29,47,806.74	1,00,031.11	44,312.98	30,92,150.83
Write-offs	(138.14)	(1,198.79)	(1,16,927.08)	(1,18,264.01)
Remeasurement of net exposure	(10,70,378.74)	(1,78,358.47)	(50,888.18)	(12,99,625.39)
Gross carrying amount balance as at 31 March 2019	**49,72,868.77**	**5,17,380.10**	**3,83,898.47**	**58,74,147.34**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**40,598.03**	**27,293.86**	**2,60,183.00**	**3,28,074.89**
- Transfers to Stage 1	29,685.46	(6,362.94)	(23,322.52)	-
- Transfers to Stage 2	(4,330.12)	32,251.84	(27,921.71)	-
- Transfers to Stage 3	(1,900.01)	(5,307.63)	7,207.64	-
- Loans that have been derecognised during the period	(4,631.74)	(3,959.67)	(49,380.01)	(57,971.42)
New loans originated during the year	30,473.16	11,889.78	10,227.98	52,590.92
Write-offs	(3.13)	(44.94)	(31,376.09)	(31,424.17)
Net remeasurement of loss allowance	(41,290.68)	18,787.42	13,649.08	(8,854.19)
ECL allowance balance as at 31 March 2018	**48,600.95**	**74,547.72**	**1,59,267.36**	**2,82,416.03**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	27,547.63	(16,670.43)	(10,877.20)	-
- Transfers to Stage 2	(4,457.51)	12,998.79	(8,541.28)	-
- Transfers to Stage 3	(1,488.02)	(11,227.58)	12,715.60	-
- Loans that have been derecognised during the period	(5,444.61)	(12,033.26)	(35,628.57)	(53,106.44)
New loans originated during the year	30,222.17	11,012.74	13,263.87	54,498.78
Write-offs	(1.74)	(191.75)	(88,849.18)	(89,042.67)
Net remeasurement of loss allowance	(43,993.08)	(1,476.25)	23,200.12	(22,269.21)
ECL allowance balance as at 31 March 2019	**50,985.79**	**56,959.98**	**64,550.72**	**1,72,496.50**

The contractual amount outstanding on financial assets that has been written off in the Retail Loans during the year ended 31 March 2019 and that were still subject to enforcement activity was Rs 1,18,264.00 lakhs (31 March 2018 : Rs 63,647.58 lakhs).

The decrease in ECL of the portfolio was on account of better recoveries during the year and appropriation of ECL provision of written off assets.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Residential Loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	**3,29,248.68**	**96,456.61**	**59,477.78**	**4,85,183.07**
- Transfers to Stage 1	18,094.77	(14,356.71)	(3,738.06)	-
- Transfers to Stage 2	(63,586.96)	65,953.97	(2,367.01)	-
- Transfers to Stage 3	(17,888.83)	(12,939.98)	30,828.81	-
- Loans that have been derecognised during the period	(17,813.82)	(4,467.12)	(2,210.53)	(24,491.47)
New loans originated during the year	1,67,243.33	29,064.00	593.21	1,96,900.54
Write-offs	(3.86)	-	(3,249.72)	(3,253.58)
Remeasurement of net exposure	(18,975.39)	(10,848.55)	6,702.26	(23,121.68)
Gross carrying amount balance as at 31 March 2018	**3,96,317.92**	**1,48,862.22**	**86,036.74**	**6,31,216.88**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	34,825.74	(29,849.86)	(4,975.88)	-
- Transfers to Stage 2	(54,642.54)	57,066.55	(2,424.01)	-
- Transfers to Stage 3	(14,821.78)	(15,088.54)	29,910.32	-
- Loans that have been derecognised during the period	(20,266.82)	(6,831.64)	(5,834.03)	(32,932.49)
New loans originated during the year	1,88,354.81	16,415.03	171.36	2,04,941.20
Write-offs*	-	-	(6,119.10)	(6,119.10)
Remeasurement of net exposure	9,761.01	(9,991.11)	7,998.37	7,768.27
Gross carrying amount balance as at 31 March 2019	**5,39,528.34**	**1,60,582.65**	**1,04,763.77**	**8,04,874.76**

* The contractual amount outstanding on financial assets that have been written off for Residential Loans during the year ended 31 March 2019 and were still subject to enforcement activity was Rs. 2,835.64 Lakhs (31 March 2018 : Rs. 1,386.68 Lakhs)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Reconciliation of ECL balance on Residential Loans

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**1,755.88**	**9,483.53**	**11,601.31**	**22,840.72**
- Transfers to Stage 1	2,346.74	(1,411.59)	(935.15)	-
- Transfers to Stage 2	(340.06)	819.75	(479.69)	-
- Transfers to Stage 3	(95.93)	(1,272.30)	1,368.23	-
- Loans that have been derecognised during the period	(91.11)	(438.84)	(631.21)	(1,161.16)
New loans originated during the year	1,108.23	2,580.01	70.71	3,758.95
Write-offs	(0.01)	-	(511.15)	(511.16)
Net remeasurement of loss allowance	(2,065.88)	3,452.35	4,651.39	6,037.86
ECL allowance balance as at 31 March 2018	**2,617.86**	**13,212.91**	**15,134.44**	**30,965.21**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	3,651.33	(2,649.77)	(1,001.56)	-
- Transfers to Stage 2	(362.54)	809.42	(446.88)	-
- Transfers to Stage 3	(98.72)	(1,339.41)	1,438.13	-
- Loans that have been derecognised during the period	(122.62)	(604.92)	(1,541.74)	(2,269.28)
New loans originated during the year	1,758.29	1,096.00	24.45	2,878.74
Write-offs	-	-	(853.39)	(853.39)
Net remeasurement of loss allowance	(2,451.99)	197.58	7,482.99	5,228.58
ECL allowance balance as at 31 March 2019	**4,991.61**	**10,721.81**	**20,236.44**	**35,949.86**

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	**1,15,565.19**	**5,664.15**	**8,815.46**	**1,30,044.81**
- Transfers to Stage 1	3,303.49	(3,066.58)	(236.91)	-
- Transfers to Stage 2	(3,766.97)	3,766.97	-	-
- Transfers to Stage 3	(1,716.36)	(1,383.00)	3,099.36	-
- Loans that have been derecognised during the period	(16,382.95)	(309.25)	(1,449.85)	(18,142.05)
New loans originated during the year	1,10,650.87	2,068.95	3,347.21	1,16,067.04
Write-offs	-	-	-	-
Net remeasurement of exposure	(33,907.81)	(965.81)	(2,014.51)	(36,888.13)
Gross carrying amount balance as at 31 March 2018	**1,73,745.46**	**5,775.43**	**11,560.77**	**1,91,081.66**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	4,801.12	(2,331.50)	(2,469.61)	-
- Transfers to Stage 2	(385.03)	390.68	(5.65)	-
- Transfers to Stage 3	(6,576.32)	(1,451.36)	8,027.68	-
- Loans that have been derecognised during the period	(57,140.10)	(999.69)	(655.30)	(58,795.09)
New loans originated during the year	1,94,780.53	2,916.76	5,613.06	2,03,310.35
Write-offs	(163.80)	(685.88)	(3,324.28)	(4,173.97)
Net remeasurement of exposure	(80,376.47)	(367.25)	(1,091.26)	(81,834.98)
Gross carrying amount balance as at 31 March 2019	**2,28,685.38**	**3,247.19**	**17,655.41**	**2,49,587.98**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**2,185.25**	**689.54**	**6,256.21**	**9,130.99**
- Transfers to Stage 1	462.39	(284.27)	(178.11)	-
- Transfers to Stage 2	(75.99)	75.99	-	-
- Transfers to Stage 3	(46.71)	(226.68)	273.39	-
- Loans that have been derecognised during the period	(183.53)	(28.37)	(960.43)	(1,172.33)
New loans originated during the year	2,743.09	162.76	2,596.86	5,502.71
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(2,005.54)	61.02	(1,111.56)	(3,056.08)
ECL allowance balance as at 31 March 2018	**3,078.96**	**449.99**	**6,876.35**	**10,405.29**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	2,085.40	(191.27)	(1,894.12)	-
- Transfers to Stage 2	(7.86)	9.07	(1.21)	-
- Transfers to Stage 3	(148.56)	(154.92)	303.48	-
- Loans that have been derecognised during the period	5.79	(32.16)	(435.44)	(461.80)
New loans originated during the year	181.34	72.21	3,067.73	3,321.29
Write-offs	(0.01)	(42.60)	(2,025.69)	(2,068.29)
Net remeasurement of loss allowance	(4,915.42)	(25.72)	987.66	(3,953.48)
ECL allowance balance as at 31 March 2019	**279.65**	**84.59**	**6,878.76**	**7,243.00**

The contractual amount outstanding on financial assets that has been written off in the SME loans during the year ended 31 March 2019 and that were still subject to enforcement activity was Rs 4,051.38 lakhs (31 March 2018 :Nil).

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The decrease in ECL of the portfolio was on account of better recoveries during the year and appropriation of ECL provision of written off assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loan commitments is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	**39,828.57**	**3,200.94**	**122.72**	**43,152.23**
- Transfers to Stage 1	37.44	(37.44)	-	-
- Transfers to Stage 2	(562.13)	564.12	(1.99)	0.00
- Transfers to Stage 3	(137.27)	(34.78)	172.05	-
- Loans that have been derecognised during the period	(37,422.08)	(3,039.90)	(60.56)	(40,522.54)
New loans originated during the year	1,07,464.38	5,669.34	12.45	1,13,146.17
Write-offs	-	-	-	-
Remeasurement of net exposure	(522.52)	(137.33)	(18.80)	(678.65)
Gross carrying amount balance as at 31 March 2018	**1,08,686.39**	**6,184.95**	**225.87**	**1,15,097.21**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	74.69	(74.49)	(0.20)	0.00
- Transfers to Stage 2	(261.64)	261.64	-	-
- Transfers to Stage 3	(6.38)	(6.92)	13.30	-
- Loans that have been derecognised during the period	(1,06,669.77)	(6,075.04)	(189.32)	(1,12,934.13)
New loans originated during the year	61,899.64	901.12	1.94	62,802.70
Write-offs	-	-	-	-
Remeasurement of net exposure	(1,248.18)	(187.84)	-	(1,436.02)
Gross carrying amount balance as at 31 March 2019	**62,474.75**	**1,003.42**	**51.59**	**63,529.76**

Reconciliation of ECL balance on loan commitments

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	**214.12**	**314.73**	**23.61**	**552.46**
- Transfers to Stage 1	3.68	(3.68)	-	-
- Transfers to Stage 2	(3.02)	3.40	(0.38)	-
- Transfers to Stage 3	(0.74)	(3.42)	4.16	-
- Loans that have been derecognised during the period	(201.19)	(298.89)	(11.65)	(511.73)
New loans originated during the year	717.05	503.27	2.16	1,222.48
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(4.71)	33.63	21.32	50.24
ECL allowance balance as at 31 March 2018	**725.19**	**549.04**	**39.22**	**1,313.45**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	6.65	(6.61)	(0.04)	-
- Transfers to Stage 2	(1.75)	1.75	-	-
- Transfers to Stage 3	(0.04)	(0.61)	0.65	-
- Loans that have been derecognised during the period	(711.75)	(539.28)	(32.87)	(1,283.90)
New loans originated during the year	555.42	60.17	0.37	615.96
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(15.27)	2.54	10.02	(2.71)
ECL allowance balance as at 31 March 2019	**558.45**	**67.00**	**17.35**	**642.80**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

An analysis of changes in the outstanding exposure and the corresponding ECLs in relation to other undrawn commitments is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2017	90,179.37	-	-	90,179.37
New Exposures	87,026.20	-	-	87,026.20
Exposure derecognised or matured/ lapsed (excluding write-offs)	(90,179.37)	-	-	(90,179.37)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing balance of outstanding exposure as at 31 March 2018	**87,026.20**	**-**	**-**	**87,026.20**
New Exposures	34,199.41			34,199.41
Exposure derecognised or matured/ lapsed (excluding write-offs)	(87,026.20)			(87,026.20)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Closing balance of outstanding exposure as at 31 March 2019	**34,199.41**	**-**	**-**	**34,199.41**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	1,610.13	-	-	1,610.13
New Exposures	1,106.36	-	-	1,106.36
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,610.13)	-	-	(1,610.13)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2018	**1,106.36**	**-**	**-**	**1,106.36**
New Exposures	279.09	-	-	279.09
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,106.36)	-	-	(1,106.36)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2019	**279.09**	**-**	**-**	**279.09**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortised cost is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	1,20,198.83	-	-	1,20,198.83
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(30,275.01)	-	-	(30,275.01)
New Investments originated during the year	1,19,863.44	-	-	1,19,863.44
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(4,943.41)	-	-	(4,943.41)
Gross carrying amount balance as at 31 March 2018	**2,04,843.85**	**-**	**-**	**2,04,843.85**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(58,415.02)	-	-	(58,415.02)
New Investments originated during the year	31,115.10	-	-	31,115.10
Write-offs		-	-	-
Net remeasurement of same stage continuing investments	(57,066.88)	-	-	(57,066.88)
Gross carrying amount balance as at 31 March 2019	**1,20,477.05**	**-**	**-**	**1,20,477.05**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	362.36	-	-	362.36
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(101.53)	-	-	(101.53)
New Investments originated during the year	1,112.98	-	-	1,112.98
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(74.62)	-	-	(74.62)
ECL allowance balance as at 31 March 2018	**1,299.20**	**-**	**-**	**1,299.20**
Changes due to loans recognised in the opening balance that have:			-	
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(330.19)	-	-	(330.19)
New Investments originated during the year	88.31	-	-	88.31
Write-offs		-	-	-
Net remeasurement of loss allowance	(774.80)	-	-	(774.80)
ECL allowance balance as at 31 March 2019	**282.52**	**-**	**-**	**282.52**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31 March 2019 and that were still subject to enforcement activity was nil (31 March 2018 : nil).

The decrease in ECL of the portfolio was on account of decrease in the size of the portfolio.

Significant changes in the gross carrying value that contributed to change in loss allowance

The Group mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Change in any single customer repayment will not impact significantly to companies provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the companies risk.

Concentration of Credit Risk - Retail and Residential Loans

Group's loan portfolio is predominantly to finance retail automobile and home loans. The Group manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and financial loans as at year end:

Rs. in lakhs

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Concentration by Geographical region in India:			
North	27,68,106.85	15,48,601.49	12,43,664.61
East	9,29,341.66	7,05,843.50	5,41,130.16
West	19,10,172.12	22,06,363.23	19,45,173.48
South	15,08,520.01	13,22,278.13	11,58,148.61
Total Carrying Value as at reporting period	**71,16,140.64**	**57,83,086.35**	**48,88,116.85**

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking pari-passu and charge created by way of hypothecation on the receivables of the other company.

Quantitative Information of Collateral - Credit Impaired assets (Retail and SME Loans)

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for retail loans is derived by writing down the asset cost at origination by 20% p.a. on reducing balance basis. And the value of the collateral of Stage 3 retail loans is based on the Indian Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held.

Gross value of total secured loans to value of collateral

Rs. in lakhs

Loan To Value	Gross Value of Secured Retail loans			Gross Value of Secured SME loans		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
Upto 50%	5,67,301.57	10,22,228.98	8,17,976.99	64,170.17	50,263.38	32,396.28
51 - 70%	8,62,247.22	5,30,130.53	4,75,870.70	13,990.99	7,506.91	5,821.95
71 - 100%	32,56,690.19	18,53,105.46	13,58,022.34	4,988.59	4,923.44	4,441.61
Above 100%	11,78,033.03	14,09,216.25	14,97,227.49	33,898.27	33,142.91	25,249.63
	58,64,272.01	**48,14,681.22**	**41,49,097.52**	**1,17,048.03**	**95,836.63**	**67,909.47**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Gross value of credit impaired loans to value of collateral

Rs. in lakhs

Loan To Value	Gross Value of Retail loans in stage 3			Gross Value of SME loans in stage 3		
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
Upto 50%	1,23,005.62	2,38,974.28	1,22,405.06	7,820.98	5,091.70	3,641.03
51 - 70%	98,687.85	97,559.35	54,655.99	1,009.71	2,424.18	3,001.51
71 - 100%	1,08,463.11	61,417.02	1,16,567.30	1,889.09	635.17	566.50
Above 100%	53,741.69	89,411.08	3,75,608.40	6,935.62	3,409.72	1,606.42
	3,83,898.27	**4,87,361.73**	**6,69,236.75**	**17,655.40**	**11,560.77**	**8,815.46**

Quantitative Information of Collateral - Credit Impaired assets (Residential Loans)

Gross value of total loans to value of collateral

Rs. in lakhs

Loan To Value	Gross Value of total residential loans		
	31 March 2019	31 March 2018	1 April 2017
Upto 50%	4,24,259.31	3,31,367.41	2,64,391.13
51 - 70%	2,77,994.90	2,24,117.62	1,60,180.16
71 - 100%	89,946.91	69,513.93	57,467.07
Above 100%	12,551.63	6,127.25	2,652.49
	8,04,752.75	**6,31,126.21**	**4,84,690.85**

(Gross value of credit impaired loans to value of collateral)

Rs. in lakhs

Loan To Value	Gross Value of loans in stage 3		
	31 March 2019	31 March 2018	1 April 2017
Upto 50%	31,003.92	28,399.28	23,039.79
51 - 70%	29,996.39	27,478.80	19,241.86
71 - 100%	31,238.75	24,002.94	14,543.60
Above 100%	12,510.65	6,127.25	2,652.49
	1,04,749.71	**86,008.27**	**59,477.74**

Quantitative Information of Collateral - Credit Impaired assets (for Retail and SME Loans)

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

Rs. in lakhs

		Fair value of collateral held against Credit Impaired assets						
31-Mar-19	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	3,83,898.47	2,69,751.57	-	-	-	(33,156.49)	2,36,595.08	1,47,303.39	64,550.72
SME Loans	17,655.41	2,110.00	9,393.69	17,066.17	-	(17,643.57)	10,926.29	6,729.12	6,878.76

Rs. in lakhs

31-Mar-18	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	4,87,361.73	2,68,270.00	-	-	-	-	2,68,270.00	2,19,091.73	1,59,267.36
SME Loans	11,560.77	10,984.00	16,404.68	14,854.40	2,483.00	(36,136.00)	8,590.08	2,970.69	6,876.35

Rs. in lakhs

01-Apr-17	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	6,69,236.75	6,30,198.39	-	-	-	(1,81,936.00)	4,48,262.39	2,20,974.36	2,60,183.00
SME Loans	8,815.46	1,768.75	82,859.20	4,083.82	235.00	(81,723.00)	7,223.77	1,591.70	6,256.21

Quantitative Information of Collateral - Credit Impaired assets (for Residential Loans)

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

Rs. in lakhs

		Fair value of collateral held against Credit Impaired assets							
31-Mar-19	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans against assets	1,04,749.71	-	-	1,98,088.82	-	(95,234.47)	1,02,854.35	1,895.36	20,235.22
Others	14.06	-	-	-	-	-	-	14.06	1.22

Rs. in lakhs

31-Mar-18	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans against assets	86,008.23	-	-	1,72,244.60	-	(87,015.51)	85,229.09	779.14	15,132.12
Others	28.51	-	-	-	-	-	-	28.51	2.33

Rs. in lakhs

1-Apr-17	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans against assets	59,474.63	-	-	1,29,764.62	-	(70,630.60)	59,134.02	340.61	11,601.17
Others	3.15	-	-	-	-	-	-	3.15	0.14

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

51.3 LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

a) Maturity profile of non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2019				
Trade Payable :	1,14,848.13	-	-	-
Debt Securities :				
- Principal	10,67,438.45	8,82,286.12	2,38,596.94	2,90,925.30
- Interest	1,49,997.10	1,84,187.12	88,372.26	76,906.37
Borrowings (Other than Debt Securities) :				
- Principal	9,11,010.74	1,3,31,032.54	2,23,931.56	-
- Interest	1,75,313.92	1,63,692.68	10,059.01	-
Deposit :				
- Principal	1,36,237.00	3,65,323.25	64,702.42	-
- Interest	33,738.30	77,907.59	18,944.05	-
Subordinated liabilities :				
- Principal	14,500.00	42,735.78	21,013.72	3,07,540.86
- Interest	31,553.86	63,619.41	56,851.84	1,30,622.06
Other financial liabilities :	1,90,603.14	28,054.83	1,607.48	750.98
Total	**28,25,240.65**	**31,38,839.33**	**7,24,079.28**	**8,06,745.57**
31 March 2018				
Trade Payable :	1,13,819.93	-	-	-
Debt Securities :				
- Principal	9,75,050.00	9,66,210.00	84,700.00	1,86,500.00
- Interest	1,44,844.98	1,89,440.37	50,918.13	44,452.98
Borrowings (Other than Debt Securities) :				
- Principal	6,02,340.31	7,54,977.14	2,96,401.83	-
- Interest	1,02,249.02	1,17,607.64	24,850.57	-
Deposit :				
- Principal	1,45,725.62	1,36,677.52	24,058.99	-
- Interest	31,091.77	27,633.90	7,172.25	-
Subordinated liabilities :				
- Principal	980.00	41,720.00	22,515.78	2,84,367.35
- Interest	27,821.59	59,742.67	52,888.26	1,30,602.70
Other financial liabilities :	1,50,809.66	35,870.45	1,318.72	468.23
Total	**22,94,732.89**	**23,29,879.69**	**5,64,824.52**	**6,46,391.26**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
1 April 2017				
Trade Payable :	1,22,710.31	-	-	-
Debt Securities :				
- Principal	6,28,880.00	8,79,350.00	1,54,130.00	1,90,200.00
- Interest	25,757.27	1,93,530.43	45,312.33	1,44,930.34
Borrowings (Other than Debt Securities) :				
- Principal	6,46,589.88	5,98,669.01	1,45,825.51	-
- Interest	94,280.40	81,752.97	10,271.42	-
Deposit :				
- Principal	2,07,062.30	1,87,545.44	31,748.40	-
- Interest	31,865.09	39,437.15	13,692.40	-
Subordinated liabilities :				
- Principal	6,880.00	15,480.00	42,735.78	1,66,814.22
- Interest	21,451.61	41,230.68	35,916.93	66,065.59
Other financial liabilities :				
Total	**17,85,476.85**	**20,36,995.68**	**4,79,632.78**	**5,68,010.15**

b) Maturity profile of derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
31 March 2019				
Gross settled:				
Foreign exchange forward contracts				
- Payable	13.62	2,564.11	-	-
- Receivable	963.09	-	-	-
Interest Rate swaps				
- Payable	-	32.52	-	-
- Receivable	-	90.93	-	-
Currency swaps				
- Payable	-	5,090.76	-	-
- Receivable	-	-	-	-
Total	**976.71**	**7,778.32**	**-**	**-**
31 March 2018				
Gross settled:				
Foreign exchange forward contracts				
- Payable	5.67	623.51	-	-
- Receivable	14.22	8.81	-	-
Interest Rate swaps				
- Payable	-	23.52	-	-
- Receivable	16.57	-	-	-
Currency swaps				
- Payable	2,053.94	-	-	-
- Receivable	-	-	-	-
Total	**2,090.40**	**655.84**	**-**	**-**
1 April 2017				
Gross settled:				
Foreign exchange forward contracts				
- Payable	2,129.22	-	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	2.44	-	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	257.01	361.22	-	-
- Receivable	-	-	-	-
Total	**2,388.67**	**361.22**	**-**	**-**

51.4

a) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in lakhs

	Financial assets/ financial liabilities	Fair Value					Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
		Financial assets / financial liabilities	Category	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017					
1)	Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL / FVOCI	(1,258.33)	(544.52)	(2,131.66)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2)	Currency options	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	(5,437.81)	(2,030.39)	(618.23)	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3)	Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	63,412.46	1,398.18	29,391.55	Level 1	Quoted market price			
4)	Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	9.60	9.60	-	Level 3	Cost			
5)	Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	1,154.65	700.00	-	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the Company discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
6)	Investment in convertible debentures	Financial Assets	Financial instrument measured at FVOCI	1,088.52			Level 3				
7)	Investment in Other financial instruments -CP, CD	Financial Assets	Financial instrument measured at FVTPL	1,05,980.47	-	-	Level 1	Quoted market price			

The Company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in lakhs

Particulars	Unquoted Equity investment	Convertible debentures	Total
31 March 2019			
Opening balance	709.60	-	709.60
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss			
b) in other comprehensive income	454.65	788.52	1,243.17
Fair value of -			
Purchases made during the year	-	300.00	300.00
Closing balance	**1,164.25**	**1,088.52**	**2,252.77**
31 March 2018			
Opening balance	-	-	-
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	-	-	-
Fair value of -			
Purchases made during the year	709.60	-	709.60
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	**709.60**	**-**	**709.60**

c) Equity Investments designated at Fair value through Other Comprehensive Income

The Company has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring. And accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs. in lakhs

	31 March 2019	31 March 2018	1 April 2017
Equity investment			
Fair Value of Investments	1,164.25	709.60	-
Dividend income on investments held	-	-	-

There are no disposal of investment during the year ended 31 March 2019 and 2018 respectively.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

d) Financial Instruments measured at amortised cost

Rs. in lakhs

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	53,722.32	53,722.32	51,513.31	2,209.01	-
b) Bank balances other than cash and cash equivalent	45,681.43	45,681.43	45,681.43	-	-
c) Trade Receivables	5,360.31	5,360.31	1.79	5,358.52	-
d) Loans and advances to customers	68,93,899.97	68,53,299.11	-	12.27	68,53,286.84
e) Financial investments - at amortised cost	1,20,194.53	1,23,733.97	74,461.59	49,272.38	-
f) Other financial assets	21,207.08	21,207.08	-	20,891.98	315.10
Total	**71,40,065.64**	**71,03,004.23**	**1,71,658.13**	**77,744.16**	**68,53,601.94**
Financial liabilities					
a) Trade Payables	1,14,848.13	1,14,848.12	0.18	1,14,847.94	-
b) Debt securities	24,71,588.50	24,85,498.99	21,83,851.37	3,01,647.62	-
c) Borrowings other than debt securities	24,63,272.12	24,40,025.99	-	24,40,025.99	-
d) Deposits	5,63,093.41	5,78,519.94	-	5,78,519.94	-
e) Subordinated Liabilities	3,82,208.09	4,08,010.05	4,08,010.05	-	-
f) Other financial liability	2,84,074.55	2,84,074.55	1.55	2,84,073.00	-
Total	**62,79,084.80**	**63,10,977.64**	**25,91,863.15**	**37,19,114.49**	**-**
Off-balance sheet items					
a) Other commitments	-	-	-	-	-
Total					
As at 31 March 2018					
Financial assets					
a) Cash and cash equivalent	33,868.66	33,868.66	31,925.45	1,943.21	-
b) Bank balances other than cash and cash equivalent	13,921.71	13,921.71	13,921.71	-	-
c) Trade Receivables	5,644.11	5,644.11	3.09	5,641.02	-
d) Loans and advances to customers	54,54,973.09	54,89,619.43	-	20.26	54,89,599.17
e) Financial investments - at amortised cost	2,03,544.65	2,05,704.61	73,105.32	1,32,599.29	-
f) Other financial assets	13,277.10	13,277.10	3,093.28	9,956.20	227.62
Total	**57,25,229.32**	**57,62,035.62**	**1,22,048.84**	**1,50,159.98**	**54,89,826.79**
Financial liabilities					
a) Trade Payables	1,13,819.93	1,13,819.93	0.93	1,13,819.00	-
b) Debt securities	21,94,435.96	23,32,655.97	18,75,353.45	4,57,302.52	-
c) Borrowings other than debt securities	16,52,724.46	16,52,048.65	-	16,52,048.65	-
d) Deposits	3,05,205.07	3,00,276.38	-	3,00,276.38	-
e) Subordinated Liabilities	3,46,249.80	3,71,170.81	3,71,170.81	-	-
f) Other financial liability	2,26,665.40	2,26,665.40	1.00	2,26,664.40	-
Total	**48,39,100.62**	**49,96,637.14**	**22,46,526.19**	**27,50,110.95**	**-**
Off-balance sheet items					
a) Other commitments					
Total	**-**	**-**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 1 April 2017					
Financial assets					
a) Cash and cash equivalent	43,153.50	43,153.50	42,079.21	1,074.29	-
b) Bank balances other than cash and cash equivalent	16,661.10	16,661.10	16,661.10	-	-
c) Trade Receivables	1,878.14	1,878.14	0.69	1,877.45	-
d) Loans and advances to customers	45,22,366.73	45,48,009.91	-	21.11	45,47,988.80
e) Financial investments - at amortised cost	1,19,836.47	1,24,578.38	75,632.25	48,946.13	-
f) Other financial assets	21,209.16	21,209.16	2,760.58	18,290.93	157.65
Total	**47,25,105.10**	**47,55,490.19**	**1,37,133.84**	**70,209.91**	**45,48,146.45**
Financial liabilities					
a) Trade Payables	1,22,710.31	1,22,710.31	37,949.14	84,761.17	-
b) Debt securities	18,32,946.25	19,50,341.12	15,72,630.50	3,77,710.62	-
c) Borrowings other than debt securities	13,88,573.14	13,88,171.20	(400.00)	13,88,571.20	-
d) Deposits	4,24,428.10	4,30,819.01	(11,940.00)	4,42,759.01	-
e) Subordinated Liabilities	2,30,007.63	2,53,024.18	2,53,024.18	-	-
f) Other financial liability	1,58,442.27	1,58,442.26	(31,797.55)	1,90,239.81	-
Total	**41,57,107.70**	**43,03,508.08**	**18,19,466.27**	**24,84,041.81**	-
Off-balance sheet items					
a) Other commitments					
Total	**-**	**-**	**-**	**-**	**-**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments

For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public

The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cummulative/ non-cummulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

52 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Details of term loans from banks (Secured)

Rs. in lakhs

Assets	As at 31 March 2019			As at 31 March 2018			As at 01 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Cash and cash equivalents	53,722.32	-	53,722.32	33,868.66	-	33,868.66	43,153.50	-	43,153.50
Bank balance	45,681.43	-	45,681.43	13,921.71	-	13,921.71	16,661.10	-	16,661.10
Derivative financial instruments	1,006.39	-	1,006.39	36.69	-	36.69	-	-	-
Trade receivables	5,360.31	-	5,360.31	5,644.11	-	5,644.11	1,878.14	-	1,878.14
Loans	29,18,008.12	39,75,891.85	68,93,899.97	22,02,237.88	32,52,735.21	54,54,973.09	21,23,173.86	23,99,192.87	45,22,366.73
Investments	2,19,340.52	1,13,394.78	3,32,735.30	1,11,971.39	1,25,822.18	2,37,793.57	62,631.96	1,13,955.10	1,76,587.06
Other financial assets	9,847.33	11,359.75	21,207.08	9,972.55	3,304.55	13,277.10	17,087.04	4,122.12	21,209.16
Current tax assets (Net)	-	31,212.81	31,212.81	2.19	21,383.30	21,385.49	4.23	17,383.49	17,387.72
Deferred tax Assets (Net)	-	44,969.75	44,969.75	-	71,851.76	71,851.76	-	74,102.22	74,102.22
Property, plant and equipment	-	16,818.54	16,818.54	-	13,739.60	13,739.60	-	12,931.37	12,931.37
Capital work-in-progress	-	-	-	-	-	-	-	49.09	49.09
Intangible assets under development	-	79.41	79.41	-	45.60	45.60	-	58.21	58.21
Other Intangible assets	-	3,326.44	3,326.44	-	925.93	925.93	-	403.76	403.76
Other non-financial assets	5,680.86	1,896.30	7,577.16	4,542.83	1,007.44	5,550.27	2,462.50	687.67	3,150.17
Total Assets	**32,58,647.28**	**41,98,949.63**	**74,57,596.92**	**23,82,198.01**	**34,90,815.57**	**58,73,013.57**	**22,67,052.33**	**26,22,885.90**	**48,89,938.23**
Liabilities									
Financial Liabilities									
Derivative financial instruments	45.20	7,657.33	7,702.53	2,027.76	583.84	2,611.60	2,388.67	361.22	2,749.89
Trade Payables			-			-			-
i) total outstanding dues of micro enterprises and small enterprises	23.72	-	23.72	27.42	-	27.42	9.79	-	9.79
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,11,406.58	-	1,11,406.58	1,13,109.19	-	1,13,109.19	1,22,478.58	-	1,22,478.58
Other Payables									
i) total outstanding dues of micro enterprises and small enterprises	253.29	-	253.29	-	-	-	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,164.54	-	3,164.54	683.31	-	683.31	221.94	-	221.94
Debt Securities	10,64,227.59	14,07,360.91	24,71,588.50	9,65,907.55	12,28,528.41	21,94,435.96	6,19,630.00	12,13,316.25	18,32,946.25
Borrowings (Other than Debt Securities)	9,10,891.98	15,52,380.14	24,63,272.12	5,91,962.49	10,60,761.97	16,52,724.46	6,45,163.60	7,43,409.54	13,88,573.14
Deposits	1,35,470.74	4,27,622.67	5,63,093.41	1,45,118.80	1,60,086.27	3,05,205.07	2,06,114.87	2,18,313.23	4,24,428.10
Subordinated Liabilities	14,362.52	3,67,845.57	3,82,208.09	950.80	3,45,299.00	3,46,249.80	6,823.45	2,23,184.18	2,30,007.63
Other financial liabilities	1,79,305.09	1,04,769.45	2,84,074.54	1,46,145.03	80,520.37	2,26,665.40	1,15,028.12	43,414.15	1,58,442.27
Non-Financial Liabilities									
Current tax liabilities (Net)	1,392.09	-	1,392.09	3,566.72	-	3,566.72	139.61	-	139.61
Provisions	15,807.19	9,686.74	25,493.93	13,472.16	6,070.91	19,543.07	8,091.39	3,887.54	11,978.93
Other non-financial liabilities	7,617.16	1,553.69	9,170.85	5,960.91	2,220.44	8,181.35	4,656.72	2,535.73	7,192.45
Total Liabilities	**24,43,967.69**	**38,78,876.50**	**63,22,844.19**	**19,88,932.15**	**28,84,071.21**	**48,73,003.36**	**17,30,746.74**	**24,48,421.84**	**41,79,168.58**
Net	**8,14,679.59**	**3,20,073.13**	**11,34,752.72**	**3,93,265.86**	**6,06,744.35**	**10,00,010.21**	**5,36,305.59**	**1,74,464.06**	**7,10,769.65**
Other undrawn commitments	97,877.80	-	97,877.80	2,02,137.82	-	2,02,137.82	1,33,379.28	-	1,33,379.28
Total commitments	**97,877.80**	**-**	**97,877.80**	**2,02,137.82**	**-**	**2,02,137.82**	**1,33,379.28**	**-**	**1,33,379.28**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

53 RELATED PARTY DISCLOSURES:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Holding Company**	Mahindra & Mahindra Limited
b)	**Fellow Subsidiaries :**	Mahindra USA, Inc
	(entities with whom the Company has transactions)	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.
		Bristlecone India Limited
		Mahindra Water Utilities Limited
		Orizonte Business Solutions Limited
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Agri Solutions Limited
		Mahindra Intertrade Limited
		Mahindra Holidays and Resorts India Limited
		New Democratic Electoral Trust
c)	**Associate:**	Mahindra Finance USA, Inc
d)	**Associate of Holding Company:**	Tech Mahindra Limited
	(entities with whom the Company has transactions)	Swaraj Engines Ltd.
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

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 of Holding Company		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Loan income										
- 2 x 2 Logistics Private Limited		-		86.34		-		-		-
- Mahindra Retail Private Limited		-		-		-		-		-
Subvention / Disposal loss income										
- Mahindra & Mahindra Limited	5,848.41	6,771.00		-		-		-		-
- Gromax Agri Equipment Limited		-	9.24	1.51		-		-		-
Interest income										
- NBS International Limited		-	0.66	0.97		-		-		-
- Mahindra First Choice Services Limited			9.68							
Interest expense										
- Mahindra & Mahindra Limited	3,881.52	1,273.57		-		-		-		-
- Swaraj Engines Limited			87.77							
- Tech Mahindra Limited		613.66	2,582.45	1,775.73		-		-		-
- Mahindra Vehicle Manufacturers Limited			737.79							
- Mahindra Intertrade Limited			35.12							
- Mahindra Water Utilities Limited			2.20							
- Mr Ramesh Iyer		-	-	-		-	4.28	4.78		-
- Others		-	0.67	-		-		-	16.41	14.56
Other expenses										
- Mahindra & Mahindra Limited	3,106.59	2,837.36		-		-		-		-
- Mahindra First Choice Wheels Limited		-	1,402.17	980.63		-		-		-
- Tech Mahindra Limited		-	-	-		-		-		-
- Mahindra Vehicle Manufacturers Limited		-	124.38	109.52		-		-		-
- Mahindra USA, Inc		-	188.00	178.38		-		-		-
- Mahindra Integrated Business Solutions Limited		-	1,561.33	448.26		-		-		-
- Mahindra Retail Pvt Limited			703.04							
- Others		-	206.32	107.79		-		-		-

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: (Continued)

Particulars	Holding Company		Fellow Subsidiaries / Associate of Holding Company		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Donations										
- New Democratic Electoral Trust			240.00							
Remuneration										
- Mr. Ramesh Iyer		-		-		-	728.80	608.30		-
Purchase of fixed assets										
- Mahindra & Mahindra Limited	544.51	326.89	-	-		-		-		-
- Mahindra First Choice Wheels Limited		-	11.97	63.40		-		-		-
- Mahindra First Choice Services Limited			118.00							
- Others		-	417.26	6.91		-		-		-
Sale of fixed assets										
- Mahindra & Mahindra Limited		21.14		-		-		-		-
- Mahindra First Choice Wheels Limited		-	8.94	49.55		-		-		-
- Mahindra First Choice Services Limited			300.34							
Investments made										
- Mahindra Finance USA, Inc		-		-	963.21	1,662.44		-		-
- Orizonte Business Solutions Limited		-		700.00		-		-		-
Fixed deposits taken										
- Mr. Ramesh Iyer		-		-		-	40.39	61.48		-
- Others		-		-		-		-	243.06	193.61
Fixed deposits matured										
- Mr. Ramesh Iyer		-		-		-	61.48	55.01		-
- Others		-		-		-		-	193.61	180.74
Dividend paid										
- Mahindra & Mahindra Limited	12,648.31	6,988.98		-		-		-		-
- Mr. Ramesh Iyer		-		-		-	31.12	17.84		-

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: (Continued)

Particulars	Holding Company		Fellow Subsidiaries / Associate of Holding Company		Associate Companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Inter corporate deposits taken										
- Mahindra & Mahindra Limited	80,000.00	45,000.00		-		-		-		-
- Tech Mahindra Limited		-	40,000.00	20,000.00		-		-		-
- Mahindra Logistics Limited			1,500.00							
- Mahindra Vehicle Manufacturers Limited			35,000.00							
- Swaraj Engines Limited			1,000.00							
- Mahindra Water Utilities Limited			350.00							
- Mahindra Intertrade Limited			1,100.00							
Inter corporate deposits repaid / matured										
- Mahindra & Mahindra Limited	80,000.00	25,000.00		-		-		-		-
- Tech Mahindra Limited		-	10,000.00	30,000.00		-		-		-
- Mahindra Vehicle Manufacturers Limited			20,000.00							
- Mahindra Intertrade Limited			100.00							
Inter corporate deposits given		-		-		-		-		-
- Mahindra First Choice Services Limited			700.00							
Inter corporate deposits refunded										
- Mahindra First Choice Services Limited			700.00							
Issue of Share Capital (incl Securities premium)										
- Mahindra & Mahindra Limited	-	1,05,500.00		-		-		-		-

Key Management Personnel as defined in Ind AS 24

iii) Balances as at the end of the year:

Particulars	Holding Company			Fellow Subsidiaries / Associate of Holding Company			Associate Companies			Key Management Personnel			Relatives of Key Management Personnel		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balances as at the end of the period															
Receivables															
- Mahindra & Mahindra Limited	2,731.41	1,498.05	-		-	-		-	-		-	-		-	-
- NBS International Limited		-	-	26.11	-	78.07		-	-		-	-		-	-
- 2 x 2 Logistics Private Limited		-	-	135.09	-	2,114.46		-	-		-	-		-	-
- Mahindra Construction Co. Ltd.		-	-	334.33	334.33	334.33		-	-		-	-		-	-
Inter corporate deposits given (including interest accrued but not due)															
- Mahindra Construction Co. Ltd.		-	-	113.38	113.38	113.38		-	-		-	-		-	-
Investments															
- Mahindra Finance USA, Inc.		-	-		-	-	21,054.81	20,091.60	18,429.16		-	-		-	-
- New Democratic Electoral Trust				1.00	1.00										
- Orizonte Business Solutions Limited		-	-	700.00	700.00	-		-	-		-	-		-	-
Payables															
- Mahindra & Mahindra Limited			1,063.71		-	-		-	-		-	-		-	-
- Mahindra First Choice Wheels Limited		-	-	239.58	339.52	283.38		-	-		-	-		-	-
- Tech Mahindra Limited		-	-		-	96.26		-	-		-	-		-	-
- Mahindra USA, Inc.		-	-	58.60	192.38	10.60		-	-		-	-		-	-
- Mahindra Integrated Business Solutions Limited				53.94											
- Others		-	-	96.13	50.20	9.86		-			-	-		-	-
Inter corporate deposits taken (including interest accrued but not due)															
- Mahindra & Mahindra Limited	46,739.35	45,588.01	25,268.04		-	-		-	-		-	-		-	-
- Tech Mahindra Limited		-	-	52,065.19	10,375.48	40,359.78		-	-		-	-		-	-
- Mahindra Logistics Limited				1,500.61											
- Mahindra Vehicle Manufacturers Limited				15,072.21											
- Swaraj Engines Limited				1,041.05											
- Mahindra Water Utilities Limited				351.98											
- Mahindra Intertrade Limited				1,029.78											
Fixed deposits (including interest accrued but not due)															
- Mr. Ramesh Iyer		-	-		-	-		-	-	41.83	63.30	57.72		-	-
- Others		-	-		-	-		-	-		-	-	252.13	201.03	187.87

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2019

Rs. in lakhs

Particulars	Relation	Balance as on 1 April 2018	Advances / investments	Repayments/ sale	Balance as on 31 March 2019
(A) Loans and advances					
Mahindra Retail Pvt Ltd	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	-	-	-	-
(B) Investments					
Orizonte Business Solutions Limited	Fellow subsidiary	700.00	-	-	700.00
		700.00	**-**	**-**	**700.00**
Total		**700.00**	**-**	**-**	**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 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 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) Investments					
Orizonte Business Solutions Limited	Fellow subsidiary	-	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

v) Details of related party transactions with Key Management Personnel (KMP) are as under :

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. The Company considers its Managing Director to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Rs. in lakhs

Nature of transactions	31 March 2019	31 March 2018
Name of the KMP - Mr. Ramesh Iyer		
Gross Salary including perquisites	446.15	345.36
Commission	116.69	97.65
Stock Option	139.91	142.98
Others Contribution to Funds	26.05	22.32
	728.80	**608.30**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

54 DISCLOSURE OF INTEREST IN SUBSIDIARIES AND INTEREST OF NON CONTROLLING INTEREST :

a) Details of Group's subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest / Voting power	
		2019	2018
Mahindra Insurance Brokers Limited (MIBL)	India	80%	80%
Mahindra Rural Housing Finance Limited (MRHFL)	India	100%	89%
Mahindra Asset Management Company Pvt. Ltd (MAMCL)	India	100%	100%
Mahindra Trustee Company Pvt. Ltd (MTCPL)	India	100%	100%
Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	India	100%	100%
Mahindra Rural Housing Finance Limited Employee Welfare Trust	India	100%	NA

b) Details of Group's associate at the end of the reporting period are as follows:

Name of the Associate	Place of Incorporation and Place of Operation	Proportion of Ownership Interest / Voting power	
		2019	2018
Mahindra Finance USA, LLC	India	49%	49%

c) Details of Non-Wholly Owned Subsidiaries that have material Non Controlling Interest:

Rs. in lakhs

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proporation of Ownership Interest and voting rights held by Non-controlling interests		Profit / (Loss) (including OCI) allocated to Non-controlling interest		Accumulated Non-controlling interest	
		2019	2018	2019	2018	2019	2018
Mahindra Insurance Brokers Limited	India	20.0000%	20.0000%	1,421.09	905.57	7,617.28	6,310.23
Mahindra Rural Housing Finance Limited	India	0.0020%	11.0000%	2,563.16	2,175.62	233.60	8,199.55
Total				**3,984.25**	**3,081.19**	**7,850.88**	**14,509.78**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

The Company has written put option for acquiring ownership interest held by Non Controlling Interest in the above mentioned subsidiaries.

d) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and are based on their standalone financial statements:

Rs. in lakhs

Particulars	Mahindra Insurance Brokers Limited		Mahindra Rural Housing Finance Limited	
	2019	2018	2019	2018
Financial Assets	43,838.33	38,163.62	7,73,285.60	6,06,056.37
Non Financial Assets	2,845.75	522.15	10,920.52	11,934.80
Financial Liabilities	5,730.46	4,501.35	6,69,414.00	5,38,660.43
Non Financial Liabilities	2,867.25	2,633.29	2,083.84	4,786.58
Equity interest attributable to the owners	30,469.10	25,240.90	1,12,474.68	66,344.30
Non-controlling interest	7,617.27	6,310.23	233.60	8,199.86
Total Income	32,336.34	24,498.30	1,38,394.71	1,03,482.64
Expenses	25,186.95	19,139.44	1,13,347.84	86,093.94
Profit / (Loss) for the year	7,149.39	5,358.86	25,046.87	17,388.70
Total Comprehensive Income for the year	7,105.43	5,216.67	24,987.45	17,380.75
Total Comprehensive Income attributable to the owners of the Company	5,684.34	4,311.10	22,424.29	15,205.13
Total Comprehensive Income attributable to the Non-controlling interest	1,421.09	905.57	2,563.16	2,175.62
Dividends paid to Non-controlling interest	92.78	67.66	202.21	178.37
Opening Cash & Cash Equivalents	1,095.10	374.06	5,577.07	1,622.45
Closing Cash & Cash Equivalents	563.36	1,095.10	2,982.62	5,577.07
Net Cash inflow / (outflow)	(531.74)	721.04	(2,594.45)	3,954.62

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

e) Summarised financial information in respect of each of the Group's associates that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and are based on their standalone financial statements:

USD. in lakhs

Particulars	Mahindra Finance USA, LLC	
	2019	2018
Financial Assets	10,586.63	10,620.32
Non Financial Assets	46.39	58.33
Financial Liabilities	9,433.73	9,646.32
Non Financial Liabilities	-	-
Equity interest attributable to the owners	587.65	505.84
Non-controlling interest	611.64	526.49
Total Interest Income	656.75	546.14
Other income	20.06	15.15
Finance Costs	295.72	221.36
Depreciation and amortisation	-	-
Other expenses	200.26	175.55
Income tax expense	43.26	67.36
Profit / (Loss) for the year	137.57	97.02
Total Comprehensive Income for the year	137.57	97.02
Total Comprehensive Income attributable to the owners of the Company	67.41	47.54
Total Comprehensive Income attributable to the Non-controlling interest	70.16	49.48
Dividends paid to Non-controlling interest	-	-
Opening Cash & Cash Equivalents	23.53	18.18
Closing Cash & Cash Equivalents	24.20	23.53
Net Cash inflow / (outflow)	0.67	5.35

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements :

Rs. in lakhs

Particulars	Mahindra Finance USA, LLC	
	2019	2018
Closing Net Assets	83,457.31	67,018.86
Group share in %	49%	49%
Group share	40,894.08	32,839.22
Carrying amount	40,894.08	32,839.22

55 ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013:

Statement of Net assets, Profit and loss and Other comprehensive income attributable to Owners and Non-controlling interest

Rs. in lakhs

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Mahindra & Mahindra Financial Services Limited	90.22%	10,23,770.07	82.29%	1,53,650.82	33.03%	(52.97)	82.33%	1,53,597.85
Subsidiaries								
Indian -								
1. Mahindra Insurance Brokers Limited	2.59%	29,376.38	3.06%	5,719.51	21.93%	(35.17)	3.05%	5,684.34
2. Mahindra Rural Housing Finance Limited	5.34%	60,603.11	12.04%	22,478.39	33.73%	(54.10)	12.02%	22,424.29
3. Mahindra Asset Management Company Limited	(0.90)%	(10,257.64)	-2.11%	(3,948.75)	2.51%	(4.03)	-2.12%	(3,952.78)
4. Mahindra Trustee Company Private Limited	0.00%	(27.79)	0.00%	(1.22)	0.00%	-	0.00%	(1.22)
5. Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	0.30%	3,364.58	0.07%	138.45	0.00%	-	0.07%	138.45
6. Mahindra Rural Housing Finance Limited Employee Welfare Trust	0.02%	233.85	0.00%	(0.25)	0.00%	-	0.00%	(0.25)
Foreign -	-	-	-	-	-	-	-	-
Non-controlling Interests in all Subsidiaries	0.69%	7,850.88	2.14%	3,998.36	8.80%	(14.11)	2.14%	3,984.25
Associates (Investment as per the equity method)								
Indian -	-	-	-	-	-	-	-	-
Foreign -								
Mahindra Finance USA, LLC	1.75%	19,839.27	2.51%	4,692.88	0.00%	-	2.52%	4,692.88
Total	**100.00%**	**11,34,752.71**	**100.00%**	**1,86,728.19**	**100.00%**	**(160.38)**	**100.00%**	**1,86,567.81**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2019

56 EVENTS AFTER THE REPORTING DATE

The dividends proposed for the current financial year ended 31 March 2019 shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting and hence has been treated as a non adjusting event (refer note no. 23). There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 56

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

Mumbai
24 April 2019

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]	**C.B. Bhave** Director [DIN: 00059856]
Rama Bijapurkar Director [DIN: 00001835]	**Milind Sarwate** Director [DIN: 00109854]	**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

Annexure A
Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures in the Consolidated Financial Statements

Part "A" : Subsidiaries [as per Section 2(87) of the Companies Act, 2013]

Rs. in Lakhs

1	Sl No.	1	2	3	4	5	6
2	Name of the subsidiary	Mahindra Insurance Brokers Ltd	Mahindra Rural Housing Finance Ltd	Mahindra Asset Management Company Pvt. Ltd	Mahindra Trustee Company Pvt Ltd	Mahindra & Mahindra Financial Services Ltd Employees Stock Option Trust	Mahindra Rural Housing Finance Limited Employee Welfare Trust
3	Reporting period for the subsidiary concerned	April 01, 2018 to March 31, 2019	April 01, 2018 to March 31, 2019	April 01, 2018 to March 31, 2019	April 01, 2018 to March 31, 2019	April 01, 2018 to March 31, 2019	April 01, 2018 to March 31, 2019
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA	NA	NA
5	Share Capital	1,030.93	12,130.14	12,000.00	50.00	-	-
6	Other Equity	37,055.46	1,00,578.13	(6,308.39)	(27.46)	3,494.19	0.25
7	Total Assets	46,726.25	7,83,143.14	6,803.87	24.32	3,989.39	1,063.47
8	Total Liabilities	46,726.25	7,83,143.14	6,803.87	24.32	3,989.39	1,063.47
9	Investments	3,737.93	-	5,331.19	13.78	3,403.65	1,062.98
10	Turnover	32,336.35	1,38,394.71	2,336.71	24.60	369.97	-
11	Profit / (Loss) before tax	10,289.37	36,616.39	(3,809.74)	0.35	368.62	(0.25)
12	Provision for tax	3,139.98	11,569.51	-	-	100.54	-
13	Profit after tax	7,149.39	25,046.88	(3,809.74)	0.35	268.08	(0.25)
14	Proposed dividend & tax thereon	932.13	2,963.07	-	-	-	-
15	Proportion of ownership interest	80%	100%	100%	100%	100%	100%
16	Proportion of voting power where different						

For Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman
[DIN: 00007563]

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

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

Milind Sarwate
Director
[DIN: 00109854]

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

Mumbai
24 April 2019

Part "B" : Details of Associates / Joint Ventures [as per Section 2(6) of the Companies Act, 2013]

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, 2019
2.	**Shares of Associate/Joint Ventures held by the Company on the year end**	
	Number of shares held	35583920
	Cost of Investment in Associates/Joint Venture (Rs in Lakhs)	21054.81
	Proportion of ownership interest %	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)**	40659.80
6.	**Profit/Loss for the year**	
	i. Considered in Consolidation (Rs in Lakhs)	4692.88
	ii. Not Considered in Consolidation (Rs in Lakhs)	4884.43

For Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman
[DIN: 00007563]

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

C.B. Bhave
Director
[DIN: 00059856]

Rama Bijapurkar
Director
[DIN: 00001835]

Milind Sarwate
Director
[DIN: 00109854]

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

Mumbai
24 April 2019

Notes

25 YEARS AND GROWING

Mahindra FINANCE

Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 'A' Wing, 4th Floor, Dr. G.M. Bhosale Marg,
P. K. Kurne Chowk, Worli, Mumbai - 400 018
CIN: L65921MH1991PLC059642
www.mahindrafinance.com

/Concept, content and design at AICL (hello@aicl.in)



Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400 001.
Corporate Office: Mahindra Towers, 'A' Wing, 4th Floor, Worli, Mumbai – 400 018.
Corporate Identity Number : L65921MH1991PLC059642
Tel: +91 22 66526000; **Fax:** +91 22 24984170
Website: www.mahindrafinance.com; **email:** investorhelpline_mmfsl@mahindra.com

Notice

THE TWENTY-NINTH ANNUAL GENERAL MEETING OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED will be held on **Tuesday, the 23rd day of July, 2019,** at **3.30 p.m.** at the **Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2019 together with the Reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2019 together with the Report of the Auditors thereon.
3. To declare a dividend on Equity Shares.
4. To appoint a Director in place of Mr. V. Ravi (DIN: 00307328), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. **Re-appointment of Mr. Dhananjay Mungale as an Independent Director**

   To consider and, if thought fit, to pass the following resolution as a Special Resolution:

   "**RESOLVED that** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. Dhananjay Mungale (DIN:00007563), who was appointed as an Independent Director of the Company at the 24th Annual General Meeting of the Company and who holds office of the Independent Director up to 23rd July, 2019 and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a

second term of 5 (five) consecutive years commencing from 24th July, 2019 to 23rd July, 2024."

6. Re-appointment of Ms. Rama Bijapurkar as an Independent Director

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED that** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Ms. Rama Bijapurkar (DIN:00001835), who was appointed as an Independent Director of the Company at the 24th Annual General Meeting of the Company and who holds office of the Independent Director up to 23rd July, 2019 and who being eligible for re-appointment as an Independent Director has given her consent along with a declaration that she meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director, be re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years commencing from 24th July, 2019 to 23rd July, 2024."

7. Increase in borrowing limits from Rs. 70,000 Crores to Rs.80,000 Crores under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED that** in supersession of the Special Resolution passed by the Shareholders by means of a Postal Ballot on 14th June, 2018 and pursuant to the provisions of Section 180(1)(a), 180(1)(c) and all other applicable provisions of the Companies Act, 2013 read with such Rules as may be applicable (including any statutory modification(s) or amendment(s) thereto or re-enactment thereof for the time being in force) and in terms of the Memorandum and Articles of Association of the Company, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to borrow moneys from time to time and, if it thinks fit, for creation of such mortgage, charge and/or hypothecation as may be necessary, in addition to the existing charges, mortgages and hypothecations, if any, created by the Company, on

such of the assets of the Company, both present and future, and/ or on the whole or substantially the whole of the undertaking or the undertakings of the Company, in such manner as the Board may direct, in favour of financial institutions, investment institutions, banks, insurance companies, mutual funds, trusts, other bodies corporate or any other person(s) (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/ bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments, including but not restricted to securing those facilities which have already been sanctioned, including any enhancement therein, even though the moneys to be borrowed together with the moneys already borrowed by the Company may exceed at anytime, the aggregate of the paid-up share capital, free reserves and securities premium reserve of the Company, upto a limit of an outstanding aggregate value of Rs. 80,000 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements/ Loan Agreements/Debenture Trust Deeds entered/to be entered into by the Company in respect of the said borrowings.

FURTHER RESOLVED that the Board be and is hereby authorised and empowered to do all such acts, deeds, matters and things, arrange, give such directions as may be deemed necessary or expedient, or settle the terms and conditions of such instrument, securities, loan, debt instrument as the case may be, on which all such moneys as are borrowed, or to be borrowed, from time to time, as to interest, repayment, security or otherwise howsoever as it may think fit, and to execute all such documents, instruments and writings as may be required to give effect to this Resolution and for matters connected therewith or incidental thereto, including intimating the concerned authorities or other regulatory bodies and delegating all or any of the powers conferred herein to any Committee of Directors or Officers of the Company."

Notes:

1. A. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 5 to 7 above is annexed hereto.

Further, additional information with respect to Item No. 4 is also annexed hereto.

B. Messrs. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company at the Twenty-seventh Annual General Meeting ("AGM") held on 24th July, 2017 to hold office for a period of 5 (five) years from the conclusion of the Twenty-seventh AGM until the conclusion of the Thirty-second AGM of the Company

to be held in the year 2022, subject to ratification of their appointment by the Members at the AGM, as may be applicable.

Subsequent to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the Companies Act, 2013 and the applicable Rules, the mandatory requirement to place the matter relating to appointment of Auditors for ratification by Members at every AGM has been omitted. Accordingly, no resolution is being proposed for ratification of appointment of the Statutory Auditors at the Twenty-ninth AGM.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

3. The instrument appointing a proxy must be deposited with the Company at its Registered Office, duly completed and signed, not less than 48 hours before the time for holding the Meeting.

4. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority as applicable, to attend and vote on their behalf at the Meeting. The Proxy-holder shall prove his identity at the time of attending the Meeting.

5. Corporate members intending to send their authorised representative(s) to attend the Meeting are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting.

6. A route map giving directions to reach the venue of the 29th Annual General Meeting is given at the end of the Notice. The prominent landmark for the venue is that it is 'opposite Oval Maidan'.

7. During the year, pursuant to the Order of the Hyderabad Bench of the National Company Law Tribunal, the operations of Karvy Computershare Private Limited ("KCPL") have been transferred to Karvy Fintech Private Limited ("KFPL") with effect from 17th November, 2018, in accordance with the composite Scheme of Arrangement and Amalgamation inter alia, between KCPL and KFPL and all the existing agreements to

which KCPL is a party shall be in full force and vest with KFPL.

Accordingly, Karvy Fintech Private Limited, having their office at Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, shall act as the Registrar and Share Transfer Agents of the Company for its Share Registry Work (Physical and Electronic).

8. The Register of Members and Transfer Books of the Company will be closed from **Wednesday, 17th July, 2019 to Tuesday, 23rd July, 2019** (both days inclusive).

9. The dividend, if declared at the Annual General Meeting, will be paid/ dispatched after **Tuesday, 23rd July, 2019** to those persons or their mandates:

a) whose names appear as Beneficial Owners as at the end of the business hours on **Tuesday, 16th July, 2019** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and

b) whose names appear as Members in the Register of Members of the Company on **Wednesday, 17th July, 2019** in respect of the shares held in the physical form after giving effect to valid requests for transmission/ transposition of shares lodged with the Company/Registrar and Transfer agents.

10. Transfer to Investor Education and Protection Fund:

(i) Pursuant to Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 ("the IEPF Rules") notified by the Ministry of Corporate Affairs with effect from 7th September, 2016, as amended, all unclaimed/ unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment, are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government.

Further, pursuant to Section 124 of the Act read with the IEPF Rules all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

In accordance with the aforesaid IEPF Rules, the Company has regularly sent communication to all such shareholders whose dividends are lying unpaid/ unclaimed against their name for seven consecutive years or more and whose shares are due for transfer to the IEPF Authority and has also published notice(s) in leading newspapers in English and regional language having wide circulation. The Company has also written to the Fixed Deposit holders informing them about their unclaimed matured Fixed Deposits/unclaimed interest accrued on the Deposits.

The details of such dividends/ shares and other unclaimed moneys to be transferred to IEPF are uploaded on the website of the Company at the web-link **http://www.mahindrafinance.com/unpaid-unclaimed.aspx**.

(ii) Due dates of transferring unclaimed and unpaid dividends declared by the Company for the Financial Year 2011-12 and thereafter to the IEPF are as under:

Financial Year ended	Date of declaration of dividend	Last date for claiming unpaid/ unclaimed dividend	Proposed period for transfer of unclaimed dividend to IEPF
31st March, 2012	27th July, 2012	26th August, 2019	27th August, 2019 to 25th September, 2019
31st March, 2013	25th July, 2013	24th August, 2020	25th August, 2020 to 23rd September, 2020
31st March, 2014	24th July, 2014	23rd August, 2021	24th August, 2021 to 22nd September, 2021
31st March, 2015	24th July, 2015	23rd August, 2022	24th August, 2022 to 22nd September, 2022
31st March, 2016	22nd July, 2016	21st August, 2023	22nd August, 2023 to 20th September, 2023
31st March, 2017	24th July, 2017	23rd August, 2024	24th August, 2024 to 22nd September, 2024
31st March, 2018	27th July, 2018	26th August, 2025	27th August, 2025 to 25th September, 2025

The Company urges all the Members to encash/claim their respective dividend during the prescribed period. Members who have not encashed the dividend warrants so far in respect of the aforesaid period(s), are requested to make their claim to Karvy Fintech Private Limited ("Karvy") well in advance of the above due dates.

(iii) (a) Transfer of Unclaimed Dividend:

The Company has transferred an amount of Rs. 4,97,120 on 21st September, 2018 to the IEPF, being the unclaimed/ unpaid dividend for the Financial Year 2010-11.

(b) Transfer of Unclaimed Matured Fixed Deposits and Interest accrued thereon:

During the Financial Year 2018-19, the Company has transferred to the IEPF an amount of Rs. 7,27,000 being the unclaimed amount of matured Fixed Deposits and Rs. 1,65,066 towards unclaimed/unpaid interest accrued on the Deposits, in respect of the Financial Year 2011-12.

(c) Transfer of Shares:

Adhering to the various requirements set out in the IEPF Rules, as amended, the Company has during the Financial Year 2018-19 transferred 3,310 Equity Shares of the face value of Rs. 2 each to the IEPF Authority in respect of which dividend had remained unpaid or unclaimed for seven consecutive years, on 21st September, 2018.

(iv) Members/Investors whose shares, unclaimed dividend, matured deposit(s), matured

debentures, application money due for refund, or interest thereon, etc., has been transferred to the IEPF, may claim the shares or apply for refund of the unclaimed amounts as the case may be, to the IEPF Authority, by making an electronic application in e-Form IEPF-5 as detailed on the website of the Ministry of Corporate Affairs at the web-link: **http://www.iepf.gov.in/IEPF/refund.html**. The e-Form can also be downloaded from the Company's website at **www.mahindrafinance.com** under the **"Investor Zone"** Section. Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. No claim lies against the Company in respect of the shares/unclaimed amounts so transferred.

(v) Details of unclaimed amounts on the Company's website:

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 27th July, 2018 (date of the last Annual General Meeting of the Company) on the website of the Company at the web-link: **http://www.mahindrafinance.com/unpaid-unclaimed.aspx** as well as on the website of the Ministry of Corporate Affairs at the web-link: **http://www.iepf.gov.in.**

11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Karvy having their office at Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility. If a Member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form No. SH-14. Both the forms are also available on the website of the Company at the web-link: **www.mahindrafinance.com/investorzone-faqs.aspx.**

12. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through the Electronic Clearing Service (ECS)/ National Electronic Clearing Service (NECS)/Real Time Gross Settlement (RTGS)/Direct Credit, etc.

In the absence of electronic credit facility, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.

The Company/Karvy will not entertain any direct request from Members holding shares in electronic mode

for deletion of/change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.

13. National Automated Clearing House (NACH):

(a) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided NACH Facility to the Members for the remittance of dividend. Members holding shares in physical form and desirous of availing this facility are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFS Code), along with their Folio Number, to the Company's Registrar and Share Transfer Agents, Karvy Fintech Private Limited.

(b) Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the Members.

14. Members are requested to:

a) intimate to Karvy, changes, if any, in their registered addresses/ bank mandates at an early date, in case of shares held in physical form;

b) intimate to the respective Depository Participant, changes, if any, in their registered addresses/bank mandates at an early date, in case of shares held in electronic/dematerialised form;

c) quote their folio numbers/ Client ID and DP ID in all correspondence;

d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names; and

e) register their Permanent Account Number (PAN) with their Depository Participants, in case of Shares held in dematerialised form and Karvy/ Company, in case of Shares held in physical form, as directed by SEBI.

15. Pursuant to Sections 101 and 136 of the Companies Act, 2013, read with the Rules framed thereunder and pursuant to the Circulars issued by the Ministry of Corporate Affairs (MCA) regarding the Green Initiative, the Notice of the 29th Annual General Meeting (AGM) inter alia indicating the process and manner of remote e-voting along with attendance slip and proxy form and the Annual Report for the year 2018-19, would be sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Registrar and Transfer Agents/ Depository Participant and who have

not opted to receive the same in physical form.

For Members who have not registered their e-mail addresses and/or have opted to receive the documents in physical form, physical copies of the Annual Report for the year 2018-19 and the Notice of the 29th AGM would be sent by the permitted mode.

Members are requested to support the Green Initiative by registering/ updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialised form) or with Karvy (in case of Shares held in physical form).

16. Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website at the web-link: **http://www.mahindrafinance.com/annual-reports.aspx** for their download. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request to the Company for the same. For any communication, the Members may also send a request to the Company's investor email id: **investorhelpline_mmfsl@mahindra.com**.

17. Relevant documents referred to in the Notice will be available for inspection at the Registered Office and the Corporate Office of the Company between 10.00 a.m. to 12.00 noon, on all working days except Saturdays, Sundays and Public Holidays, up to and including the date of the Annual General Meeting of the Company.

18. Members/Proxies/Representatives are requested to bring their Attendance Slip along with the copy of Annual Report to the Meeting.

19. Updation of Permanent Account Number (PAN) / Bank Account Details of Members:

The Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 has mandated registration of PAN and Bank Account details for all security holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account details to Karvy along with a self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative, Members are requested to submit a copy of bank passbook/statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

20. Updation of Members' Details:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/Registrar and Transfer Agents to record additional details of Members, including their PAN details, e-mail address, etc. A form for compiling the additional details is being sent along with this Notice. Members holding shares in physical form are requested to submit the form duly completed to the Company or its Registrar and Transfer Agents. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

21. SEBI had vide Notification Nos. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018 read with BSE Circular No. LIST/COMP/15/2018-19 dated 5th July, 2018 and NSE Circular No. NSE/CML/2018/26 dated 9th July, 2018 directed that transfer of securities would be carried out in dematerialised form only with effect from 1st April, 2019, except in case of transmission or transposition of physical shares. Accordingly, Members holding shares in physical form were separately communicated by the Company vide its letters/ reminders dated 27th July, 2018, 5th September, 2018 and 9th October 2018 at their registered address.

However, the transfer deed(s) lodged prior to the 1st April, 2019 deadline and returned due to deficiency in the document, may be re-lodged for transfer even after the deadline of 1st April, 2019 with Karvy or the Company.

In view of the above and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's Registrar and Transfer Agents, Karvy Fintech Private Limited for assistance in this regard. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website at the web-link: **https://www.mahindrafinance.com/investorzone-faqs.aspx**.

22. Procedure for Remote e-voting:

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, and provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy on all resolutions set forth in this Notice, through remote e-voting.

The Members may cast their vote using an electronic voting system from a place other than the venue of the Meeting ("remote e-voting"). It is hereby clarified that it is not mandatory for a Member to vote using the remote e-voting facility and the Member can exercise his/her/ its vote at the AGM. Members may avail of the facility at their discretion, as per the instructions provided herein:

i) The remote e-voting facility will be available during the following period:

Day, date and time of Commencement of remote e-voting	From	:	Friday, 19th July, 2019 at 9.00 a.m. (IST)
Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed	To	:	Monday, 22nd July, 2019 at 5.00 p.m. (IST)

ii) The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting

module shall be disabled by Karvy upon expiry of the aforesaid period.

iii) Details of Website: **https://evoting.karvy.com**

iv) Details of persons to be contacted for issues relating to e-voting:

Mr. Suresh Babu D.,
Deputy Manager – RIS,
Karvy Fintech Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium, Tower B,
Plot No. 31-32, Gachibowli,
Financial District,
Nanakramguda,
Hyderabad – 500 032.
Tel. No.: +91 40 6716 2222;
Toll Free No.: 1800-345-4001;
Fax No.: +91 40 2300 1153.
E-mail: suresh.d@karvy.com or evoting@karvy.com.

The instructions for remote e-voting are as under :

1 A. In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)] which includes details of e-voting Event Number (EVEN), USER ID and password:

i) Launch internet browser by typing the URL: **https://evoting.karvy.com**.

ii) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (e-voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii) After entering these details appropriately, click on "LOGIN".

iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v) You need to login again with the new credentials.

vi) On successful login, the system will prompt you to select the EVEN for Mahindra & Mahindra Financial Services Limited.

vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. **16th July, 2019** under "FOR/AGAINST" or alternatively,

you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut-off date.

Pursuant to Clause 16.5.3(e) of Secretarial Standard on General Meetings (SS-2) issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government, in case a Member abstains from voting on a Resolution i.e., the Member neither assents nor dissents to the Resolution, then his/her/ its vote will be treated as an invalid vote with respect to that Resolution.

viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.

ix) Voting has to be done for each item of the Notice separately.

x) You may then cast your vote by selecting an appropriate option and click on "Submit".

xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: **scrutinizer@snaco.net** with a copy to **e-voting@karvy.com.** They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO".

B. In case of Members receiving physical copy of the Notice of AGM and Attendance Slip [for members whose email addresses are not registered with the Company/ Depository Participant(s) or requesting physical copy] :

i) Launch internet browser by typing the URL: **https://evoting.karvy.com.**

ii) e-voting Event Number- (EVEN) XXXX, User ID and Initial Password is provided in the Attendance Slip.

iii) Please follow all the steps from (ii) to (xii) as mentioned in 1 (A) above, to cast your vote.

2. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.

In case of any query pertaining to e-voting, please visit Help & FAQs section and e-voting User Manual available at the download section of Karvy's website **https://evoting.karvy.com** or contact **investorhelpline_mmfsl@mahindra.com** or at **e-voting@karvy.com** or on Phone No. +91 40 6716 2222 or call Karvy's Toll free No. 1800-345-4001, for any further clarifications.

3. Any person who acquires Shares of the Company and becomes a Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date, i.e. **Tuesday, 16th July, 2019**, may obtain the User ID and password in the manner as mentioned below:

a. If the mobile number of the Member is registered against Folio No./ DP ID Client ID, the Member may send SMS:

MYEPWD<space > e-voting Event Number + Folio No. or DP ID Client ID to +91-9212993399

Example for NSDL:
MYEPWD<SPACE> IN12345612345678

Example for CDSL:
MYEPWD<SPACE> 1402345612345678

Example for Physical:
MYEPWD<SPACE> XXXX1234567890

b. If e-mail address or mobile number of the Member is registered against Folio No./ DP ID Client ID, then on the home page of **https://evoting.karvy.com**, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. Member may call Karvy's Toll free number 1800-345-4001.

d. Member may send an e-mail request to **evoting@karvy.com.** However, Karvy shall endeavour to send User ID and Password to those new Members whose e-mail IDs are available.

4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

23. General instructions/information for Members for voting on the Resolutions:

a. Voting at AGM: The Members, who have not cast their vote through remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ("Insta Poll") shall be made available at the Meeting. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting; however, these Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only a single mode of voting i.e. through remote e-voting or voting at the AGM. In case a Member casts votes by both the modes then voting done through remote e-voting facility shall prevail and voting at the AGM shall not be considered.

b. The voting rights of Members shall be in proportion to their share in the paid-up Equity Share capital of the Company as

on the cut-off date i.e. **Tuesday, 16th July, 2019**. Members are eligible to cast their vote either through remote e-voting or at the AGM only if they are holding Shares as on that date. A person who is not a Member as on the cut-off date is requested to treat this Notice for information purposes only.

c. Mr. S. N. Ananthasubramanian or failing him, Ms. Malati Kumar of M/s. S. N. Ananthasubramanian & Co., Company Secretaries, have been appointed as Scrutinizer to scrutinize the e-voting process as well as voting through Insta Poll at the AGM, in a fair and transparent manner.

d. The Scrutinizer after scrutinising the votes through remote e-voting and votes cast at the Meeting by Insta Poll, will not later than 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any and submit the same forthwith to the Chairman of the Company or any other person of the Company authorised by the Chairman, who shall counter sign the same.

e. The Chairman or any person authorised by him shall forthwith on receipt of the consolidated Scrutinizer's Report, declare the results of the voting. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company **(www.mahindrafinance.com)** and on the website of Karvy **(https://evoting.karvy.com).** The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited, where Equity Shares of the Company are listed and shall be displayed at the Registered Office as well as at the Corporate Office of the Company.

f. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. **Tuesday, 23rd July, 2019**, subject to receipt of the requisite number of votes in favour of the Resolutions.

By Order of the Board

Arnavaz M. Pardiwalla
Company Secretary

Registered Office:
Gateway Building,
Apollo Bunder,
Mumbai – 400 001.
CIN: L65921MH1991PLC059642
Tel: +91 22 66526000/6156
Fax: +91 22 24984170
Email: investorhelpline_mmfsl@mahindra.com
Website : www.mahindrafinance.com

Place : Mumbai
Date : 24th April, 2019

Additional Information with respect to Item No.4

Details of Director(s) seeking re-appointment at the forthcoming Annual General Meeting

Mr. V. Ravi, Executive Director & Chief Financial Officer of the Company, retires by rotation and, being eligible, has offered himself for re-appointment. Mr. V. Ravi has confirmed that he satisfies the criteria of 'fit and proper' as prescribed by the Reserve Bank of India vide Master Direction No. DNBR.PD.008/03.10.119/2016-17 dated 1st September, 2016. Mr. V. Ravi is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to Enforcement of SEBI Orders regarding appointment of Directors by listed companies.

Information as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) is given hereunder:

Name of Director	**Mr. V. Ravi**
DIN	00307328
Age	59 years
Date of first appointment on the Board	25th July, 2015
Brief Resume, Qualification(s), Experience and Nature of expertise in specific functional areas, Recognition or awards	Mr. V. Ravi is the Executive Director & Chief Financial Officer of the Company and has been associated with the Company since its inception. Mr. V. Ravi has served with Mahindra Ugine Steel Company (MUSCO) for 9 years in Treasury, Finance and Diversification Projects prior to his induction in Mahindra & Mahindra Financial Services Limited. Mr. V. Ravi is on the Boards of Mahindra Insurance Brokers Limited and Mahindra Rural Housing Finance Limited, subsidiaries of the Company, and Mahindra Finance USA LLC, the Joint Venture Company. Mr. V. Ravi is the Chairman of Mahindra Asset Management Company Private Limited, a wholly-owned subsidiary of the Company. Mr. V. Ravi is a Chartered Accountant and a Cost Accountant. He has completed long duration Global Managers Program from IIM, Calcutta. Mr. Ravi has also attended the Breakthrough Program for Senior Executives from International Institute for Management Development (IMD), Switzerland. Mr. V. Ravi has also undergone Mahindra Universe Program at Harvard Business School, USA.

Name of Director	Mr. V. Ravi
	Mr. V. Ravi is also on the following industry committees: • Member of the Finance Industry Development Council (FIDC). • Member of the Capital Markets Group of Banking, Finance & Economics Committee of the Bombay Chamber of Commerce and Industry (BCCI). • Member of the CFO Committee of the Confederation of Indian Industry (CII). • Member of the National Council for NBFCs of the Associated Chambers of Commerce and Industry of India (ASSOCHAM). He has also been a member of the Asia Council of the Conference Board, USA and the Informal Advisory Group of the Reserve Bank of India. Mr. V. Ravi is a recipient of various prestigious awards, the most recent ones being "100 Top Most Influential BFSI Leaders" award given by World BFSI Congress and Awards on 14th February, 2019, "CA-CFO Financial Sector" award given by the 12th ICAI's Leaders & Business Excellence Awards on 19th January, 2019.
Terms and conditions of appointment/re-appointment and Details of remuneration sought to be paid	The terms and conditions of the appointment and remuneration of Mr. V. Ravi would be governed by the terms and conditions approved by the Members of the Company vide Special Resolution passed by means of a Postal Ballot Voting process on 16th June, 2016.
Details of remuneration last drawn (F.Y. 2018-19)	Rs. 292.40 Lakhs
Shareholding in the Company	5,31,197 Equity Shares of Rs. 2 each. For other persons on a beneficial basis : Nil
Relationship with other Directors and Key Managerial Personnel	None of the Directors of the Company is inter-se related to each other or with the Key Managerial Personnel of the Company.
Number of Board Meetings attended during the Financial Year 2018-19	6 (out of 6 Meetings held)
Directorships held in other Companies	Mahindra Insurance Brokers Limited
	Mahindra Rural Housing Finance Limited
	Mahindra Asset Management Company Private Limited - (Chairman)
	Mahindra Finance USA, LLC.

Name of Director	Mr. V. Ravi
Chairmanship/Membership of Board Committees of other Companies	**Mahindra Insurance Brokers Limited** • Audit Committee - Member • Corporate Social Responsibility Committee – Member **Mahindra Rural Housing Finance Limited** • Audit Committee - Member • Asset Liability Committee - Member • Risk Management Committee - Member • IT Strategy Committee – Member • Corporate Social Responsibility Committee – Member **Mahindra Asset Management Company Private Limited** • Audit Committee - Member • Nomination & Remuneration Committee - Member

Explanatory Statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013

ITEM NOS. 5 and 6

Mr. Dhananjay Mungale and Ms. Rama Bijapurkar were appointed as Independent Directors on the Board of your Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges, by the Shareholders at the 24th Annual General Meeting ("AGM") of the Company held on 24th July, 2014. They hold office as Independent Directors of the Company up to 23rd July, 2019 ("first term" in line with the explanation to Section 149(10) and 149(11) of the Act).

Brief details of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar and information as required under Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) are mentioned below:

Name of Director	Mr. Dhananjay Mungale	Ms. Rama Bijapurkar
DIN	00007563	00001835
Age	65 years	62 Years
Date of first appointment on the Board	1st March, 1999	14th June, 2008

Name of Director	Mr. Dhananjay Mungale	Ms. Rama Bijapurkar
Brief Resume, Qualification(s), Experience and Nature of expertise in specific functional areas, Recognition or awards	Mr. Dhananjay Mungale is a member of the Institute of Chartered Accountants of India and has a Bachelor's Degree in Commerce and Law from Mumbai University. He has spent a major part of his career in corporate and investment banking in India and Europe. He was Vice President – Private Banking, Bank of America and was a Member – Executive Committee, DSP Merrill Lynch Limited. Presently, Mr. Mungale is an advisor to various corporations in both, India and Europe. He has been elected on boards of various public and private limited companies.	Ms. Rama Bijapurkar is a respected thought leader on business-market strategy and on India's consumer economy. She has an independent market strategy consulting practice and almost four decades of experience in market research and market strategy consulting. She is a very experienced independent director having served on the boards of several blue chip corporates and social organisations and is a professor of management practice at Indian Institute of Management, Ahmedabad, and author of acclaimed books on India's consumer market and consumer based business strategy. Ms. Bijapurkar holds a B.Sc. (Hons) degree in physics from the University of Delhi and a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. Past employment includes McKinsey & Company, MARG Marketing and Research Group (now AC Nielsen India) and full time consulting with Hindustan Lever Limited (now Hindustan Unilever Limited).
Terms and conditions of appointment/ re-appointment	Re-appointed as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years commencing from 24th July, 2019 to 23rd July, 2024, on passing of the Special Resolution by Members.	

Name of Director	Mr. Dhananjay Mungale	Ms. Rama Bijapurkar
Details of remuneration sought to be paid	Mr. Dhananjay Mungale and Ms. Rama Bijapurkar would be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof. In addition, they would be entitled to commission as determined each year by the Board of Directors within the limits approved by the Members of the Company for the Non-Executive Directors of the Company.	
Details of remuneration last drawn (F.Y. 2018-19)	The sitting fees paid to Mr. Dhananjay Mungale during the Financial Year 2018-19 is Rs. 10.00 lakhs. The commission paid to him in Financial Year 2017-18 is Rs. 26 lakhs. For Financial Year 2018-19, commission payable to Mr. Dhananjay Mungale will be Rs. 28 lakhs.	The sitting fees paid to Ms. Rama Bijapurkar during the Financial Year 2018-19 is Rs. 6.70 lakhs. The commission paid to her in Financial Year 2017-18 is Rs. 19 lakhs. For Financial Year 2018-19, commission payable to Ms. Rama Bijapurkar will be Rs. 21 lakhs.
Shareholding in the Company	50,000 Equity Shares For other persons on a beneficial basis : Nil	30,000 Equity Shares For other persons on a beneficial basis : Nil
Relationship with other Directors and Key Managerial Personnel	None of the Directors of the Company is inter-se related to each other or with the Key Managerial Personnel of the Company.	
Number of Board Meetings attended during the Financial Year 2018-19	6 (out of 6 Meetings held)	6 (out of 6 Meetings held)
Directorships held in other Companies	Tamilnadu Petroproducts Limited Mahindra CIE Automotive Limited Chowgule Steamships Limited NOCIL Limited Samson Maritime Limited Kalpataru Limited I-nestor Advisors Private Limited LICHFL Trustee Company Private Limited Mentor Technologies Private Limited DSP Investment Managers Private Limited	Emami Limited Nestle India Limited ICICI Bank Limited VST Industries Limited *(w.e.f 1st April, 2019)* People Research on India's Consumer Economy (PRICE) (Section 8 Co.) National Payments Corporation of India (Section 8 Co.)

Name of Director	Mr. Dhananjay Mungale	Ms. Rama Bijapurkar
Chairmanship/ Membership of Board Committees of other Companies	**Chowgule Steamships Limited** • Audit Committee – Chairman • Nomination and Remuneration Committee – Chairman **NOCIL Limited** • Audit Committee – Member • Nomination and Remuneration Committee – Member **Mahindra CIE Automotive Limited** • Stakeholders' Relationship Committee - Chairman • Audit Committee - Member • Corporate Social Responsibility Committee - Member **Kalpataru Limited** • Audit Committee - Member • Nomination and Remuneration Committee-Chairman **Samson Maritime Limited** • Audit Committee- Member • Nomination and Remuneration Committee-Member **Tamilnadu Petroproducts Limited** • Audit Committee - Member	**Nestle India Limited** • Stakeholders Relationship Committee – Chairperson • Corporate Social Responsibility Committee – Member **ICICI Bank Limited** • Customer Service Committee – Chairperson • Board Governance, Remuneration and Nomination Committee – Member **National Payments Corporation of India** • Business Strategy Committee – Chairperson • Corporate Social Responsibility Committee – Member

The Nomination and Remuneration Committee at its Meeting held on 23rd April, 2019, on the basis of performance evaluation of Independent Directors and taking into account the external business environment, the business knowledge, acumen, experience and the substantial contribution made by Mr. Dhananjay Mungale and Ms. Rama Bijapurkar during their tenure, has recommended to the Board that the continued association of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors of the Company would be beneficial to the Company. Based on the above and the performance evaluation of Independent Directors, the Board recommends the re-appointment of Mr. Dhananjay Mungale (DIN: 00007563) and Ms. Rama Bijapurkar (DIN: 00001835), as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company commencing from 24th July, 2019 to 23rd July, 2024.

The performance evaluation of Independent Directors was based on various criteria, inter alia, including attendance at Board and Committee Meetings, skill, experience, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business/ activities, understanding of industry and global trends, quality of contribution to Board discussions and decisions, etc.

Mr. Dhananjay Mungale and Ms. Rama Bijapurkar have confirmed that they are not disqualified from being appointed as a Director under Section 164 of the Act and that they satisfy the criteria of 'fit and proper' as prescribed by the Reserve Bank of India vide Master Direction No. DNBR. PD.008/03.10.119/2016-17 dated 1st September, 2016. Mr. Dhananjay Mungale and Ms. Rama Bijapurkar are not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies, and have given their consent in writing to act as Directors of the Company.

The Company has received declarations from Mr. Dhananjay Mungale and Ms. Rama Bijapurkar stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as presently applicable.

In terms of Regulation 25(8) of the Listing Regulations, Mr. Dhananjay Mungale and Ms. Rama Bijapurkar have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

In the opinion of the Board, Mr. Dhananjay Mungale and Ms. Rama Bijapurkar, fulfil the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the Listing Regulations. Mr. Dhananjay Mungale and Ms. Rama Bijapurkar are independent of the Management.

The Company has received notices in writing from Members under Section 160 of the Act, proposing the candidature of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar, for the office of Director of the Company.

Mr. Dhananjay Mungale and Ms. Rama Bijapurkar are not inter-se related to

any of the Directors or Key Managerial Personnel (including relatives of Directors or Key Managerial Personnel) of the Company.

Copy of the draft letters of appointment of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar setting out terms and conditions of appointment is available for inspection by the Members in physical or electronic form at the Registered Office of the Company between 10.00 a.m. to 12.00 noon, on all working days (except Saturdays, Sundays and Public Holidays), up to the date of the Annual General Meeting (AGM) and copies thereof shall also be made available for inspection in physical or electronic form at the Corporate Office of the Company situated at Mahindra Towers, 4th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai - 400 018 as well as during the AGM at the venue thereof.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, Regulation 17 of the Listing Regulations and other applicable regulations, the proposals for re-appointment of Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors are now being placed before the Members for their approval.

The Board recommends the Special Resolution set out at Item Nos. 5 and 6 of the Notice for approval of the Members.

Save and except Mr. Dhananjay Mungale and Ms. Rama Bijapurkar, and their relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item Nos. 5 and 6 of the Notice.

ITEM NO.7

As per the provisions of Section 180(1)(c) of the Companies Act, 2013, as amended by the Companies (Amendment) Act, 2017 and notified by the Ministry of Corporate Affairs on 9th February, 2018, the Board of Directors of the Company cannot borrow moneys in excess of the amount of the paid-up share capital, free reserves and securities premium reserve, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), without the approval of the Members, by way of a Special Resolution.

The Members by a Special Resolution passed by means of a Postal Ballot Voting process on 14th June, 2018, had empowered the Board of Directors of the Company to borrow moneys upto Rs. 70,000 Crores even though such borrowing would be in excess of the paid-up share capital and free reserves of the Company.

The moneys so borrowed by the Company and outstanding as at 31st March, 2019 amounted to Rs. 48,648.9 Crores. During the year 2018-19, the estimated value of assets financed was Rs. 46,210.32 Crores and the Company plans to disburse over Rs. 55,000 Crores during the current year, for financing the Mahindra range of vehicles and tractors and for other products like Cars, Commercial Vehicles, Construction Equipment, Pre-owned Vehicles, etc., of reputed automobile manufacturers, for Invoice Discounting, SME Financing, Personal Loans and consumer durables.

In order to further expand its business and to meet increased financial needs

for the budgeted disbursements, it is proposed to enhance the borrowing limits of the Company to Rs. 80,000 Crores. The Company may be required to secure some of the borrowings by creating mortgage/charge on all or any of the movable or immovable properties of the Company in favour of the lender(s) in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s). In terms of Section 180(1)(a) of the Act any proposal to sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertaking(s), requires the approval of the Members by way of a Special Resolution.

Accordingly, the consent of the Members is being sought for the enhancement of the borrowing limits and to secure such borrowings by mortgage/charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company as set out in Resolution No.7 appended to this Notice.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval of the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 7 of the Notice except to the extent of their shareholding interest, if any, in the Company.

By Order of the Board

Arnavaz M. Pardiwalla
Company Secretary

Registered Office:
Gateway Building,
Apollo Bunder,
Mumbai – 400 001.
CIN: L65921MH1991PLC059642
Tel: +91 22 66526000/6156
Fax: +91 22 24984170
Email: investorhelpline_mmfsl@mahindra.com
Website : www.mahindrafinance.com

Place : Mumbai
Date : 24th April, 2019

Mahindra FINANCE

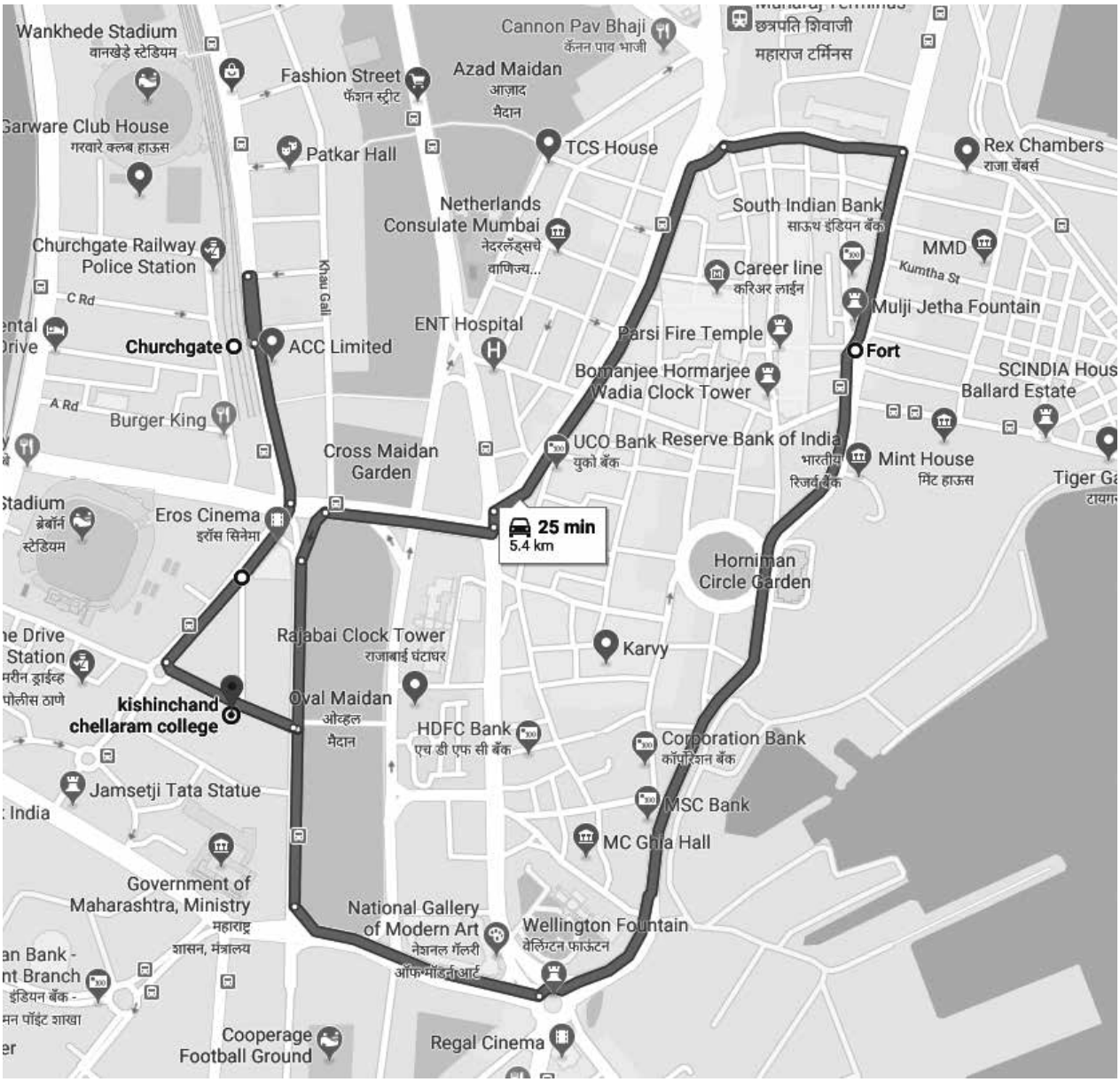
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

ROUTE MAP OF THE VENUE OF THE 29TH ANNUAL GENERAL MEETING OF THE COMPANY

AGM Venue:

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

Prominent Landmark: Opposite Oval Maidan



www.sapprints.com

Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai – 400 001.

Corporate Office: Mahindra Towers, 'A' Wing, 4th Floor, Worli, Mumbai – 400 018.

Corporate Identity Number: L65921MH1991PLC059642

Tel: +91 22 66526000; **Fax:** +91 22 24984170

Website: www.mahindrafinance.com; **email:** investorhelpline_mmfsl@mahindra.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders desiring to attend the Meeting may obtain additional Attendance Slips on request. Such request should reach the Company at its Registered Office/Registrar & Transfer Agents, Messrs. Karvy Fintech Private Limited at Karvy Selenium, Tower-B, Plot No.31–32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 on or before 13th July, 2019.

Name & Registered Address
of the Shareholder:

Joint Holder 1:

Joint Holder 2:

Folio No.:

DP ID.:

Client ID:

No. of Shares:

I/We, hereby record my/our presence at the TWENTY-NINTH ANNUAL GENERAL MEETING (AGM) of the Company being held at the **Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020** on **Tuesday,** the **23rd day of July, 2019** at **3.30 p.m**.

Name(s) of the Shareholder(s)/Representative/Proxy (IN BLOCK CAPITALS)	
Signature(s) of the Shareholder(s)/Representative/Proxy	

Note: You are requested to bring your copy of the Annual Report to the Meeting.

ELECTRONIC VOTING PARTICULARS

Shareholders may please note the User Id and Password given below for the purpose of remote e-voting in terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014.

EVEN (E-Voting Event Number)	USER ID	PASSWORD

Notes:

1. The remote e-voting period will commence on **Friday, 19th July, 2019 (9.00 a.m. IST) and will end on Monday, 22nd July, 2019 (5.00 p.m. IST).**
2. Detailed instructions for remote e-voting are given in the Notes forming part of the AGM Notice.

Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai – 400 001.

Corporate Office: Mahindra Towers, 'A' Wing, 4th Floor, Worli, Mumbai – 400 018.

Corporate Identity Number: L65921MH1991PLC059642

Tel: +91 22 66526000; **Fax:** +91 22 24984170

Website: www.mahindrafinance.com; **email:** investorhelpline_mmfsl@mahindra.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): _____

Registered Address of the Member: _____

_____

E-mail Id: _____ Folio No./ Client ID: _____ DP ID: _____

I/We, being the Member(s) of _____ Shares of Mahindra & Mahindra Financial Services Limited, hereby appoint:

1. Name: _____ E-mail Id: _____

   Address: _____

   _____

   Signature: _____ or failing him/her;

2. Name: _____ E-mail Id: _____

   Address: _____

   _____

   Signature: _____ or failing him/her;

3. Name: _____ E-mail Id: _____

   Address: _____

   _____

   Signature: _____

as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the Twenty-Ninth Annual General Meeting of the Company, to be held on Tuesday, the 23rd day of July, 2019 at 3.30 p.m. at the **Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description
Ordinary Business	
1.	To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2019 together with the Reports of the Board of Directors and Auditors thereon.

2.	To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2019 together with the Reports of the Auditors thereon.
3.	Declaration of Dividend on Equity Shares.
4.	Re-appointment of Mr. V. Ravi (DIN: 00307328), as a Director, who retires by rotation and, being eligible, offers himself for re-appointment.
Special Business	
5.	Re-appointment of Mr. Dhananjay Mungale (DIN:00007563) as an Independent Director of the Company for a second term of 5 (five) consecutive years commencing from 24th July, 2019 to 23rd July, 2024.
6.	Re-appointment of Ms. Rama Bijapurkar (DIN:00001835) as an Independent Director of the Company for a second term of 5 (five) consecutive years commencing from 24th July, 2019 to 23rd July, 2024.
7.	Increase in Borrowing limits from Rs.70,000 crores to Rs.80,000 crores under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.

Signed this _____ day of _____ 2019

_____ _____

Signature of Shareholder | Signature of Proxy-holder(s) | Affix Revenue Stamp of ₹ 1/-

Notes:

1. This form of Proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a Member of the Company.
3. A person can act as Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights; provided that a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority as applicable. The Proxy-holder shall prove his identity at the time of attending the Meeting.