Mahindra FINANCE

Annual Report 2019-20







Tough times don't last. **Good companies do.**





Contents

Corporate Overview
Introducing Mahindra Finance **2**
Product Portfolio **4**
Presence **6**
Operational Highlights **7**
Financial Highlights **8**

Strategic Review
Operating Environment **10**
Value Creation Model **12**
Strategic Priorities **14**

The Secret of a Good Company
Steadfast - Changing the financial landscape of rural India **18**
Mature - A mature company with strong industry relationships **20**
Agile - Staying light on our feet, lean and mean on strategy **22**
Ready - Future-focused on the Power of One **24**
Transparent - We do what we say, we mean what we say **26**
People **28**

Accountability and Growing Responsibly
Corporate Social Responsibility **30**
Environmental Impact **32**
Awards and Accolades **34**
Board of Directors **36**
Summary of Results **37**
COVID-19 Response **38**
Corporate Information **39**

Statutory Reports
Board's Report **40**
Management Discussion and Analysis **115**
Report on Corporate Governance **130**

Financial Statements
Standalone Financials **165**
Consolidated Financials **269**
Form AOC-1 **362**



2019-20 key highlights

Total income

Rs. 10,245 crore

16%

Asset under management

Rs. 77,160 crore

12%

y-o-y growth



Tough times, they say, test one's true character.

For more than two-and-a-half decades, we have built a formidable ecosystem of semi-urban and rural financing by identifying key trends early, gathering deep local insight, making relevant investments, and steadily growing our footprint nationally.

FY 2019-20 tested the soundness of our business model, the wide arc of our foresight and the distance that we can travel with fortitude.

During the year, we continued to stay close to our customers across the length and breadth of India, allayed their concerns with faster and empathetic response, crafted need-based solutions, and built on our rich culture of teamwork, transparency and ethical business practices. We also fostered new partnerships, accelerated our digital outreach, and continued to support vulnerable communities.

Concurrently, we rationalised our cost structure, made time-critical provisioning to tide over the crisis, enhanced our liquidity buffer and evolved a feasible business continuity plan. We are also exploring different avenues to bolster our Tier-1 capital base to offer diverse and innovative solutions to our customers and grow our scale.

We firmly believe semi-urban and rural India will drive India's economic recovery with prospects of good monsoon and improved farm cashflow, going forward. The Government of India's strong commitment to enhance rural income will also augur well for our business.

Our time-tested fundamentals, Group strength and the abiding trust of all our stakeholders will hold us in good stead - we believe in being SMART: Steadfast, Mature, Agile, Ready and Transparent. As we navigate the new normal, ever more confident and committed to creating lasting value.

Book value per share

Rs. 184

4%

Assigned AAA by rating agencies (India Ratings, CARE Ratings, Brickwork and CRISIL)

Gained market share in many product lines, however in view of declining sales of vehicles and tractors, the disbursements have been lower

Strong risk-focused practices in Asset Liability Management (ALM) and liquidity management

Introducing Mahindra Finance

A strong ecosystem of rural financing

Who we are

Mahindra & Mahindra Financial Services Limited (Mahindra Finance or MMFSL) is one of the leading Non-Banking Finance Companies (NBFCs), with customers primarily in the rural and semi-urban markets of India. It belongs to the Mahindra Group, a global, innovation-led conglomerate, offering a wide range of products, services and possibilities to people worldwide.

What we do

For close to three decades since inception, Mahindra Finance is primarily engaged in financing 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. MMFSL also offers wholesale inventory-financing to dealers and retail-financing to customers in the United States (USA) for the purchase of Mahindra Group 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. During the reporting year, it entered into a Joint Venture (JV) with Ideal Finance Limited (IFL), Sri Lanka. This JV will provide a diversified suite of financial products to the Sri Lankan market.

- **Vehicle & Tractor Financing**
- **Personal Loans**
- **Housing Finance**
- **SME Financing**
- **Insurance Broking**
- **Mutual Funds**
- **Investment Products**

Vision

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

Mission

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

Core values

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

Core purpose

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

About Mahindra Group

The Mahindra Group is a federation of companies bound by one purpose - to Rise. For over seven decades, the Group has made many transformational changes, but remains grounded to its core purpose of challenging conventional thinking, and innovatively use resources to drive positive impact in the lives of its stakeholders and communities globally; and enable them to Rise.

Headquartered in Mumbai, the Group employs 2,50,000+ people across 100+ countries. It operates in key industries that propel economic growth, such as tractors, utility vehicles, information technology, financial services and vacation ownership. The Group has a strong presence in agribusiness, aerospace, components, consulting services, defence, energy, industrial equipment, logistics, real estate, retail, steel, commercial vehicles and two-wheelers.

Rise tenets

- Accepting No Limits
- Alternative Thinking
- Driving Positive Change



Key facts

19.6%
Capital adequacy ratio

Rs. 42,388 crore
Total value of assets financed

6.8 million+
Customer base

1,322
Network of offices across India

Mahindra Finance 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)

51%
Mahindra Asset Management Company Private Limited [3]

51%
Mahindra Trustee Company Private Limited [3]

38.2%
Ideal Finance Limited, Sri Lanka [4]

Mahindra Finance CSR Foundation

Note:

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

2 Balance 1.57% with MRHFL Employee Welfare Trust

3 Manulife has entered into a Share Subscription Agreement with the Company and holds 49% of the shareholding of MAMCPL and MTCPL. The transaction concluded on April 29, 2020

4 The Company has entered into a subscription agreement to acquire 58.2% of IFL and has remitted an amount of Rs. 440 million towards acquiring 38.2% of its equity share capital

Product Portfolio

Thinking afresh and supporting aspirations

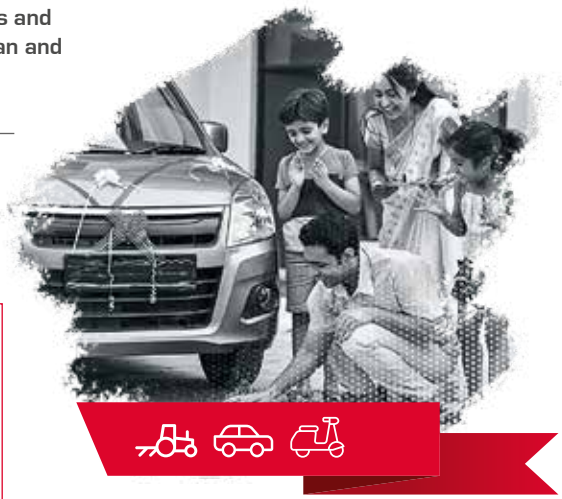
Our offerings include a wide range of financing, investment and insurance solutions. Product development is a key focus area for us. Through innovative products and solutions, we strive to fulfil the evolving needs of our customers in semi-urban and rural India.

Vehicle & Tractor Financing

Mahindra Finance 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.

Competitive advantages

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



7,57,463
New contracts financed

6%
Increase in loan book



Personal Loans

Mahindra Finance 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.

Competitive advantages

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

SME Financing

Mahindra Finance provides loans for varied purposes such as project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to SMEs. The Company 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 our SME business.

- Project Finance
- Equipment Finance
- Working Capital Finance

Competitive advantages

- Proven ability to support Small and Medium-sized Enterprises (SMEs) through adverse cycles
- Ability to offer differentiated and relevant solutions for varied customer needs
- Robust risk management framework
- Optimal usage of both traditional and non-traditional data to enhance credit delivery



Rs. 2,723 crore
AUM of MSME as on March 31, 2020



Insurance Broking

Mahindra Finance provides insurance broking solutions to individuals and corporates through its subsidiary, Mahindra Insurance Brokers Ltd. (MIBL). MIBL has a 'composite broking licence' from the Insurance Regulatory and Development Authority of India, which allows MIBL to undertake broking of life, non-life and reinsurance products.

Competitive advantages

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

~2.23 million
Serviced insurance cases

6,84,186
Flagship product
Mahindra Loan Suraksha (MLS) cases registered

Housing Finance

Mahindra Finance provides housing finance to individuals through its subsidiary, Mahindra Rural Housing Finance Limited (MRHFL), a registered housing finance company. MRHFL grants housing loans for purchase, construction, extension and renovation of property.

Competitive advantages

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



Rs. 1,876 crore
Loan disbursements
as on March 31, 2020

95,523
New customers



Mutual Fund Schemes

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.

Competitive advantages

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

Rs. 4,771 crore
Assets Under Management (AUM)
as on March 31, 2020

19%
Percentage increase in distributors in 2019-20

Investments and Advisory

- Fixed Deposits
- Mutual Fund Distribution

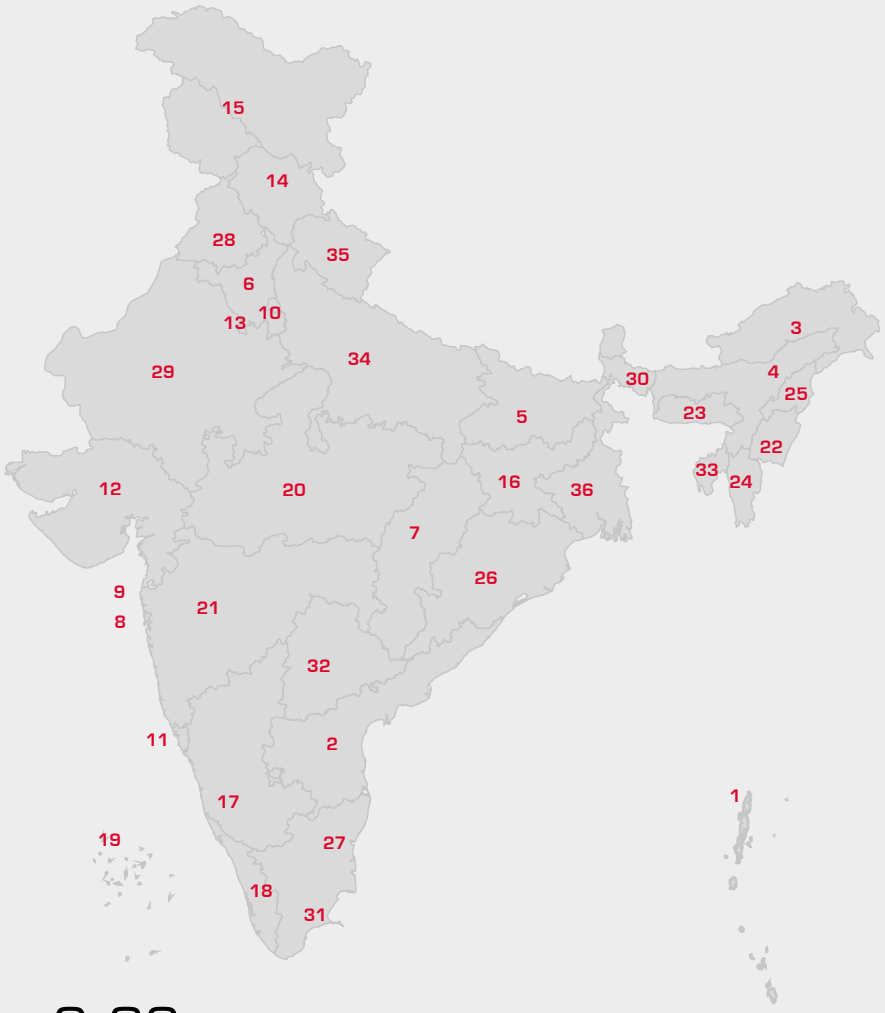
Presence

Driving impact, deep and wide

Zonal offices
8

Regional offices
36

Branches
1,322



We have presence across 3.83 lakh villages

1	Andaman & Nicobar Islands	328	13	Haryana	6,212	25	Nagaland	6
2	Andhra Pradesh	14,776	14	Himachal Pradesh	11,335	26	Odisha	23,588
3	Arunachal Pradesh	373	15	Jammu and Kashmir	2,956	27	Puducherry	90
4	Assam	6,359	16	Jharkhand	13,441	28	Punjab	9,466
5	Bihar	30,624	17	Karnataka	19,774	29	Rajasthan	27,359
6	Chandigarh	22	18	Kerala	1,646	30	Sikkim	325
7	Chhattisgarh	13,633	19	Lakshadweep	2	31	Tamil Nadu	13,994
8	Dadra & Nagar Haveli	69	20	Madhya Pradesh	36,268	32	Telangana	9,721
9	Daman and Diu	26	21	Maharashtra	28,942	33	Tripura	673
10	Delhi	313	22	Manipur	67	34	Uttar Pradesh	62,783
11	Goa	18	23	Meghalaya	1,978	35	Uttarakhand	4,997
12	Gujarat	15,917	24	Mizoram	263	36	West Bengal	24,345

Total number of villages **3,82,689**

States/Union Territories Number of Villages

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

Operational Highlights

Progress made during the year

Opened more rural branches

Mahindra Finance established new branches in rural areas to remain close to customers, to understand better their cash flows and to approach them for recovery when they have the money. These branches will seize new opportunities when the economic cycle and farm cycle improves.

Partnered with Manulife for mutual fund business

Mahinda Finance through its subsidiary, Mahindra Asset Management Company Private Limited entered into a joint venture with the leading global financial services group, Manulife. The 51:49 joint venture aims to expand the depth and breadth of fund offerings and retail fund penetration in India.

Invested in Ideal Finance for providing financial services in Sri Lanka

Mahinda Finance entered into a joint venture with Ideal Finance Limited, a fully-owned subsidiary of the leading Sri Lankan conglomerate, Ideal Group. The joint venture will capitalise on Mahindra Finance's over 25-year expertise in the financial services domain and Ideal Finance's domestic market knowledge to build a leading financial services business in Sri Lanka.

Used analytics and Artificial Intelligence (AI)

Mahindra Finance adopted the use of AI to understand the behavioural pattern of customers to offer better and more tailored products and services.

Internal customer programmes

Internal customer programmes, coupled with growing reach helped Mahindra Finance build strong relationships with OEMs and dealerships.

Number of Contracts

2019-20	**68,58,082**
2018-19	61,00,619
2017-18	53,39,238
2016-17	47,13,066
2015-16	41,56,944

Number of Employees Engaged

2019-20	**21,862**
2018-19	21,789
2017-18	18,733
2016-17	17,856
2015-16	15,821

Estimated Value of Assets Financed

(Rs. in crore)

2019-20	**42,388**
2018-19	46,210
2017-18	37,773
2016-17	31,659
2015-16	26,706

Financial Highlights

Taking challenges in our stride

Our strategy has always been to drive transformation in the lives of our customers and support communities where we operate. We finance 'earning assets' for our customers, which are integral to their livelihoods. We support their ambitions to rise above limiting circumstances and fulfil their aspirations for a better quality of life.

Our deep local insight, sharp financial acumen, market foresight, strong governance, long-standing relationships with customers and stakeholders help build an ecosystem of trust and grow the business. We see our overall performance through the long-term lens; and our performance trajectory in terms of financial and non-financial parameters vindicates this reality.

Performance metrics

Total Assets
(Rs. in crore)

2019-20	**74,071**
2018-19	67,078
2017-18	52,793
2016-17	45,837
2015-16	39,463

Total Income
(Rs. in crore)

2019-20	**10,245**
2018-19	8,810
2017-18	7,206
2016-17	6,238
2015-16	5,905

Profit After Tax
(Rs. in crore)

2019-20	**906**
2018-19	1,557
2017-18	1,076
2016-17	400
2015-16	673

Earnings Per Share (Basic)
(Rs.)

2019-20	**14.74**
2018-19	25.33
2017-18	18.52
2016-17	7.09
2015-16	11.92

Return on Assets (ROA)
(%)

2019-20	**1.3**
2018-19	2.6
2017-18	2.2
2016-17	1.0
2015-16	1.8

Total Assets
Rs.74,071 crore

Total Income
Rs.10,245 crore

*Figures for 2019-20, 2018-19 and 2017-18 are as per Ind AS and for other financial years as per IGAAP.

Return on Net Worth (RONW)
(%)

2019-20	**8.1**
2018-19	15.2
2017-18	13.3
2016-17	6.4
2015-16	11.4

Reserves & Surplus
(Rs. in crore)

2019-20	**11,241**
2018-19	10,785
2017-18	9,499
2016-17	6,364
2015-16	5,975

Social metrics

Number of Lives Impacted

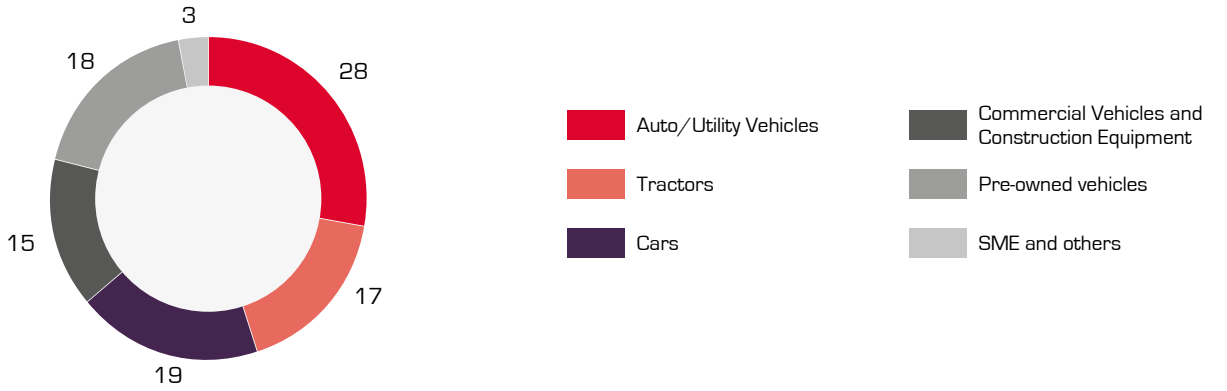
2019-20	**1,00,190**
2018-19	1,88,703
2017-18	2,11,591
2016-17	1,82,758
2015-16	1,33,850

CSR Spend
(Rs. in crore)

2019-20	**28****
2018-19	27
2017-18	27
2016-17	30
2015-16	29

**Including Rs. 10 crore towards PM CARES Fund

Breakdown of estimated value of assets financed (as on March 31, 2020)



Operating Environment

Seeking long-term growth opportunities

NBFCs have played a vital role in bringing the economically underprivileged sections of society to the nation's financial lifeline. At Mahindra Finance, we have always been bullish on the intrinsic potential of semi-urban and rural India to emerge as the potential growth engine of the nation.

Despite significant hardship in our macro environment owing to the COVID-19 impact, we are confident of a faster rural rebound, which will augur well for our business, going forward. The government's sector-specific support measures, strong fiscal stimulus by the Reserve Bank of India (RBI), prospects of a good monsoon and harvest is expected to help revive the rural economy. Another landmark policy initiative by the Government of India is the 'Atmanirbhar Bharat' mission, designed to strengthen our indigenous skills, reduce dependence on imports and put more emphasis on local supply channels.

Here are some key trends that will help us take advantage of opportunities and minimise business risks.

Government impetus for financial inclusion

With multiple schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY) and Pradhan Mantri Mudra Yojana, among others, the Government of India has laid greater emphasis on furthering financial inclusion. This is also to facilitate Small and Medium-sized Enterprises (SMEs) to get easy access to affordable loans. These measures are a positive for overall institutional credit demand in the country. Of the total 38.12 crore PMJDY accounts as on April 8, 2020, 22.58 crore were held by beneficiaries in the rural and semi-urban areas.

Optimism on the horizon

Rising urbanisation, thrust on infrastructure building and connectivity are some of the key factors driving consumption in Tier-II and Tier-III regions in India. The government's favourable policies to boost rural economy and small-scale industries are also likely to act as long-term growth catalysts for the sector. Besides, the impact of the health crisis is marginal in smaller cities, towns and villages, compared to that of metro cities. Besides, emphasis on safer personal mobility, cost-effective financing options are driving the demand for two-wheelers and pre-owned vehicles, especially in semi-urban and rural markets, benefiting sector players with wide national footprint and deep local insight. Additionally, asset hiring, short-term leases for assets are likely to see a positive demand upswing. With green shoots of rural recovery, already visible tractor sales in May 2020 in the domestic market registered a decent 4% growth year-on-year.

Government's Digital India drive

The launch of Unified Payments Interface (UPI), the Jan Dhan-Aadhaar-Mobile (JAM) trinity, linking of Aadhaar number with Permanent Account Number (PAN) and availability of free Wi-Fi at public places are some of the initiatives boosting the digital economy in India. According to a report by KPMG, the number of merchants accepting digital payment modes in India has gone up from just 1.5 million in 2016-17 to over 10 million in just a couple of years. According to a recent report by BCG and Google, India's digital payments sector is expected to touch USD 500 billion by 2020, ushering in a robust ecosystem of faster, transparent, and seamless transactions, benefiting especially time-tested and trustworthy brand players.

22.58 crore
PMJDY accounts held by beneficiaries in semi-urban and rural areas

4%
Growth in tractor sales in May 2020

10 million+
Number of merchants accepting digital payment modes



Partnership with fintechs

NBFCs have better access to a huge credit market due to their existing large customer pool. Well-governed NBFCs have a robust credit underwriting policy, risk management and collection process in place. Fintechs on the other hand with the use of their new-age technologies and digital tools such as AI, machine learning, and data analytics extend customised working capital solutions to the retail segment in India. The fintech market in India was valued at ~Rs. 1.92 trillion in 2019 and is expected to reach ~Rs. 6.21 trillion by 2025, expanding at a Compound Annual Growth Rate (CAGR) of ~22.7% during the 2020-25 period. They offer superior customer experience through new-age underwriting models, seamless partner integration and real-time loan decisions. Moreover, they also have access to crowd funding. NBFCs can serve the niche segments in partnerships with fintechs. This will lead to increased synergies between NBFCs and fintechs.

Our response to evolving scenario

We acknowledge the fact that the operating scenario continues to be challenging owing to the COVID-19 pandemic further impacting consumer confidence and purchasing power. However, our approach is to stay close to our customers, understand their challenges, innovate feasible and economical financing options to help them survive the crisis. Concurrently, we are rationalising our costs and building a robust liquidity buffer. As the Indian economy is gradually gathering pace, we are making the most of the opportunities with cautious optimism.

~Rs. 6.21 trillion

Fintech market by 2025

Value Creation Model

Well-positioned to deliver sustainable value

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

Inputs

Financial capital

Our balance sheet strength funds our business imperatives and growth ambitions. It is further bolstered by strong parent support and time-tested trust of our investors.

Equity: Rs. 11,364 crore
Borrowings: Rs. 29,487 crore

Physical capital

Our wide network of branches, touchpoints and digital platforms ensure seamless delivery of financial services.

Number of offices: 1,322
Smart branches: 240

Intellectual capital

Our efficient processes, deep knowledge, partnerships, technologies, and expertise help us leverage business opportunities.

Market research programmes carried out: 10

Human capital

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.

Listed in Top 20 India's Best Workplaces 2019 in the BFSI industry by the Great Place To Work institute

Social and relationship capital

Our relationships with our stakeholders in the value chain and communities around us ensure our social licence to operate.

Lives impacted through various initiatives: 1,00,190
Contribution by employees under various CSR programmes: 1,86,832 man-hours

Value creation process

Earn and pay segment for customers
Enabling livelihood creation by evaluating the earning potential of customers rather than past financial history

Customised products and customer centricity
Offering customised products and a flexible repayment schedule; and partnering with customers in driving resurgence

Low-serviced regions
Focus on rural and semi-urban parts of India that are not covered by conventional banking services

Local employment
Hiring local people, generating employment opportunities and gaining a better understanding of markets and customers

Value creation for various stakeholders

Local suppliers
Preference to local suppliers, thereby providing business opportunities and improving their service level with constant engagement

Local communities
Imparting financial literacy and focusing on livelihood, health and education in communities

Outcomes

Shareholders
- Increased shareholder value
- Financial stability

Suppliers
- Provide local suppliers business opportunities
- Improve service level with constant engagement

Employees
- Workforce committed to growth, development and transformation
- Meeting the strategic business objectives
- Improved retention
- Diverse workforce

Customers
- Fulfil financial aspirations
- Offer diversified portfolio of products and services
- Improved customer satisfaction

Communities
- Minimise environmental footprint
- Long-term sustainability
- Improved relationship with key stakeholders

Strategic Priorities

Crafting a sustainable growth path

Focus areas

Customer centricity



Focus on rural and semi-urban market



Actions

Our sensitivity to local cultures and aspirations has enabled us to gain the confidence of customers. We plan to build on our relationships to grow our business sustainably.

Our sound financials provide us significant scope to explore organic and inorganic long-term growth opportunities. While we are open to acquisitions that may be available at competitive valuations for inorganic growth, we are equally keen on pursuing organic growth opportunities.

Plan

- We are moving closer to our existing or potential customers, listening to their requirements and trying to improve our products and services based on their insights
- Seamless multi-channel distribution across branch, online, mobile and telephony
- Tailored product propositions to meet customer needs more effectively
- Maintain market leadership in key business lines
- Leverage strengths to capture growth in underrepresented areas
- Through direct marketing initiative, target existing and new customers to cater to their financing requirements, thus generating new business and diversify loan assets
- Our sound financials provide us significant scope to explore organic and inorganic long-term growth opportunities

Expand reach and elevate operational excellence



We intend to increase the number of offices connected to the centralised data centre in Mumbai.

We utilise tablets and mobile apps that enables employees to originate loans and issue receipts. Our technology leverage enables us to expedite and streamline approval and documentation procedures and reduce the incidence of errors.

- With greater reach and scale of operations, we intend to further develop and integrate our technology to support our growth, improve upon the quality of our services and approve loans at a faster rate
- Leverage existing distribution infrastructure to increase our penetration in markets where we already have a presence

Invest in technology and digitisation



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

- Re-engineer and simplify processes to deliver efficiency in tech-savy world
- Increase investment in IT efficiency by providing streamlined approval and documentation procedures and reduce incidence of error

Building best-in-class teams



Our employees are fundamental to the achievement of our strategy. We are committed to building a business our people are proud to work for. We do this by creating the best environment for them to succeed, providing them with the right skills and tools and giving them the opportunity to share their views.

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

Better than yesterday, **Prepared for tomorrow**

Tough times test us all. But those who have invested in building strong fundamentals emerge from it stronger than before. Similarly, in times of difficulty companies led by prudent decision-making aimed at long-term success are better positioned to recover from it, harness the learnings and grow.

Mahindra Finance believes in being one such organisation. We are steadfastly committed to driving the changes that are of value to the communities we work with and the society we belong to.

The COVID-19 outbreak and the consequent lockdowns have severely impacted economic activity in the country and dampened growth outlook significantly.

At Mahindra Finance, we are focused on our vision, temporary challenges notwithstanding. We are learning from our experiences while also being customer-centric. We believe that it is during this time that our customers would need the support of our services. We are focused on delivering these with ease and convenience.

We are strengthening our customers' trust by focusing on the following aspects that are key to the way we do business:



Steadfast

Our affordable finance options are aimed at servicing the particular needs of rural India, thus increasing access and furthering financial inclusion goals on the nation's agenda.

Read more on Page 18

Mature

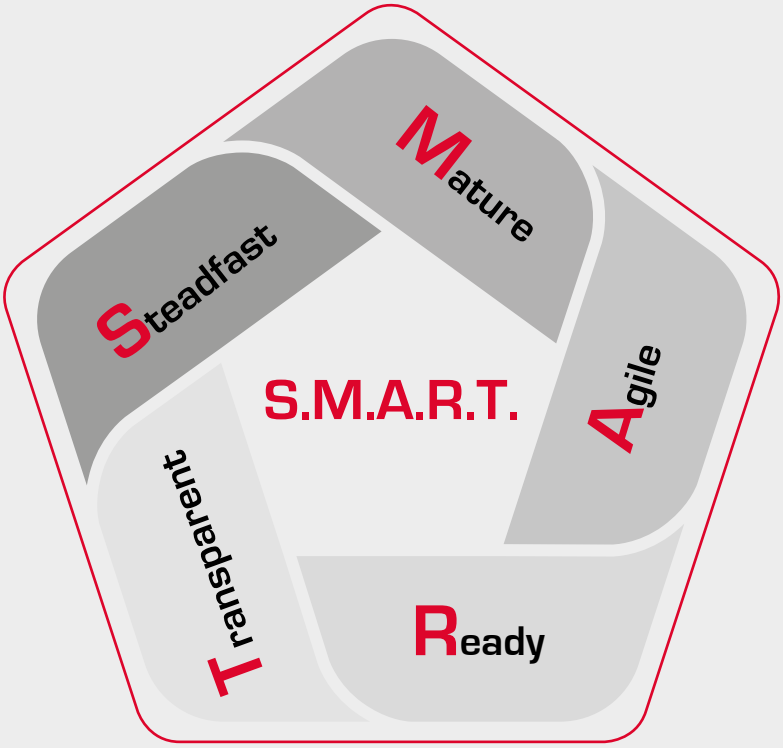
We maintain a long-term regard over our business and invest in building our relationships within the ecosystem accordingly, from dealers to OEMs to financial institutions, including our customers.

Read more on Page 20

Agile

Our leadership in the market is an outcome of being quick on our feet to identify key market trends and tailoring our offerings accordingly. We are also proactive in identifying risks and addressing our funding-mix accordingly, as well as maintaining a balanced liquidity profile.

Read more on Page 22





Ready

We are investing in becoming future-ready, using technology to optimise our service delivery for greater efficiency as well as efficacy. We have seen rapid gains in the form of improved relationships and growing brand equity across the board.

Read more on Page 24

Transparent

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

Read more on Page 26

Steadfast

Changing the financial landscape of rural India

We are of the view that financial empowerment is one of the key things needed to transform lives in rural India, a mine of talent and possibilities. We have seen the impact on the ground over the years, accruing from our efforts to uplift through financial literacy and awareness.



The results are heartening and we remain steadfast in our resolve to accelerate our efforts in this direction. We are aiming to infuse more capital, manage it more efficiently, and thereby, empowering our rural communities to move towards the financial mainstream.

India's rural economy has displayed true potential for growth as it represents a population that is growing both in numbers and aspirations. It is slated to evolve into a key market, driving consumption growth as well. As a result of this and aided by government's thrust on financial inclusion through relevant policy making as a strategic priority for the nation, rural India has seen increasing penetration of financial services.

The country's agenda of financial inclusion comprises priority sector lending, branch opening, credit expansion, small finance banks, payment banks, and direct benefits transfer, among others. Technology is playing a crucial role in the last mile delivery of these solutions, both for the government and service providers. The Digital India mission encompasses e-governance, provision of banking and financial services, educational and healthcare services and so on.

Several 'brick and click' centres are acting as a phygital interface to address the specific needs of the rural customers. With proliferation of advanced technologies such as AI and Blockchain, providers of financial services will be able to cater to each customer's needs with tailor-made solutions.

At Mahindra Finance, we are diversifying our offerings with an eye on these rural markets, whose needs are distinct from those of the urban consumers. We are empowering rural customers with access to easy and convenient vehicle finance and aim to grow our share of disbursements to pre-owned vehicles, which we have identified as a growth area.

We have also launched personal loans with a small ticket size compared to those offered in the urban markets. We are increasingly looking to diversify our loan assets in order to scale up our presence in these markets. With touchpoints being the same for everyone, we believe our customer experience will distinguish us in these markets.

'Bharat' leapfrogs into the digital age

Digital-driven financial inclusion has emerged as crucial to ensuring reliable delivery, aimed at lower-income customers. NBFCs and fintech companies see a massive opportunity in digital financial payments delivered via internet and mobile phones coupled with the rising credit demand. According to Kantar, India's digital revolution is propelled by the rural masses, accounting for 45% growth in the monthly active internet users in 2019. According to estimates, there are ~304 million internet users in rural India. Key drivers of this growth are proliferation of video and availability of local languages, in addition to increasingly cheaper data.

45%

Growth in the monthly rural active internet users in 2019

We are empowering rural customers with access to easy and convenient vehicle finance and aim to grow our share of disbursements to pre-owned vehicles, which we have identified as a growth area.

Mature

A mature company with strong industry relationships

The business of financial services is invariably about the ability to inspire trust, which lies beyond being merely a provider of services. We have been able to do so by nurturing a long-term association with various stakeholders such as customers, OEMs, financial institutions, regulators and more. As a partner to our rural customers, we ensure we are accessible and available during their hour of need.



At Mahindra Finance, we have over 25 years of experience in the semi-urban and rural (SURU) markets, which put us in a position where we understand the unique needs of the customer. Our learnings here have helped us build a diversified customer base of farmers, car-owners, transport agencies, small businessmen and homeowners.

The local touch

We have appointed local personnel to form and grow lasting relationships with our customers. It has enabled us to serve our customers in a deeply involved and more comprehensive manner, by providing them with people touchpoints, they can identify with. This customer centricity has helped to grow our personal contact with our customers, resulting in improved rates of repayment, enhanced repeat business and builds trust in our brand.

Robust linkage with dealers and OEMs

We share a legacy bond with vehicle manufacturers and dealers, based on enduring relationships, which ultimately benefits our customers. We work closely with this network to create value-driven offerings in response to our customers' needs. As a result, we act as a bridge between our network partners and our customers, benefiting the ecosystem as a whole. Mahindra Finance is thus a preferred partner for prominent OEMs and global equipment manufacturing giants in India as well as for those intending to enter India.

6.4 million+

Rural customers

Strong parentage

Mahindra & Mahindra, our Promoter and the flagship company of the Mahindra Group has, through 74 years of its existence, built a towering presence as a business conglomerate across the automotive, farm-equipment, information technology, financial services, aerospace, real estate, hospitality and logistics sectors. Mahindra Group provides strong brand recall, instilling trust and driving brand perception across the board.

Direct to consumer

Our customer centricity reflects the strongest in the way we engage with our customers, ensuring maximum flexibility and comfort. For us, customisation of financial solutions is always the New Normal, as we constantly endeavour to improve and optimise our offerings. We operate in a highly regulated industry, where only major differentiator is our customer experience, all other things being fairly comparative. This is where Mahindra Finance enjoys a strong advantage. Our fund mix is also evenly distributed across the major financial instruments and institutions. Besides, we also adhere to all the regulatory requirements of the industry.

We have fuelled the entrepreneurial aspirations of over 6.4 million rural customers with customised solutions; we operate an extensive network of 1,322 offices spanning 27 states and 7 Union Territories as on March 31, 2020.

Agile

Staying light on our feet, lean and mean on strategy

With a clear vision, we remained mindful of our survival amid unfavourable industry environment. Our proactive approach to difficult circumstances backed by a solid foundation and agile business model, made us stronger.

We managed to steer stable business growth, despite the subdued macroeconomic environment. Our prudent provisioning, excellent credit rating and longstanding relationships with key stakeholders have further enabled value creation over the years.



The COVID-19 pandemic has impacted all sectors deeply, ours is no exception. However, we expect rural markets to bounce back much faster than urban markets and hence, we have focused our efforts during the lockdown on responding to the demand recovery, as and when it comes.

Proactive risk management

We have constantly refined our underwriting and credit risk management practices, to meet the needs of changing economic environment. Our robust credit approval mechanisms, credit control, audit and risk management processes and policies have helped us maintain the quality of our loan portfolio. Our product-specific lending policies, credit approval committee and regular monitoring of exposures have further helped to maintain quality.

We have been equally proactive with respect to the contingencies that may arise as a result of the COVID-19 pandemic: having incorporated management overlays in the measurement of impairment loss allowance and recognised provision of Rs. 574.01 crore in Q4 2019-20. This provision was for stressed loans and elevated costs of financing due to tight liquidity conditions for non-banks. We are focused on maintaining higher asset quality across business cycles.

Keeping costs low

We have developed a plan to reduce our operating costs through initiatives such as

- Redesigning processes/solutions from the customers' perspective
- Focusing on our core activities and outsourcing the non-core activities
- Centralising certain activities to leverage economies of scale
- Enhancing efficiencies through better rate negotiations
- Revisiting incentive structures in line with market requirements

We are also working to improve our people's productivity and revisiting various processes to improve efficiency by simplifying them.

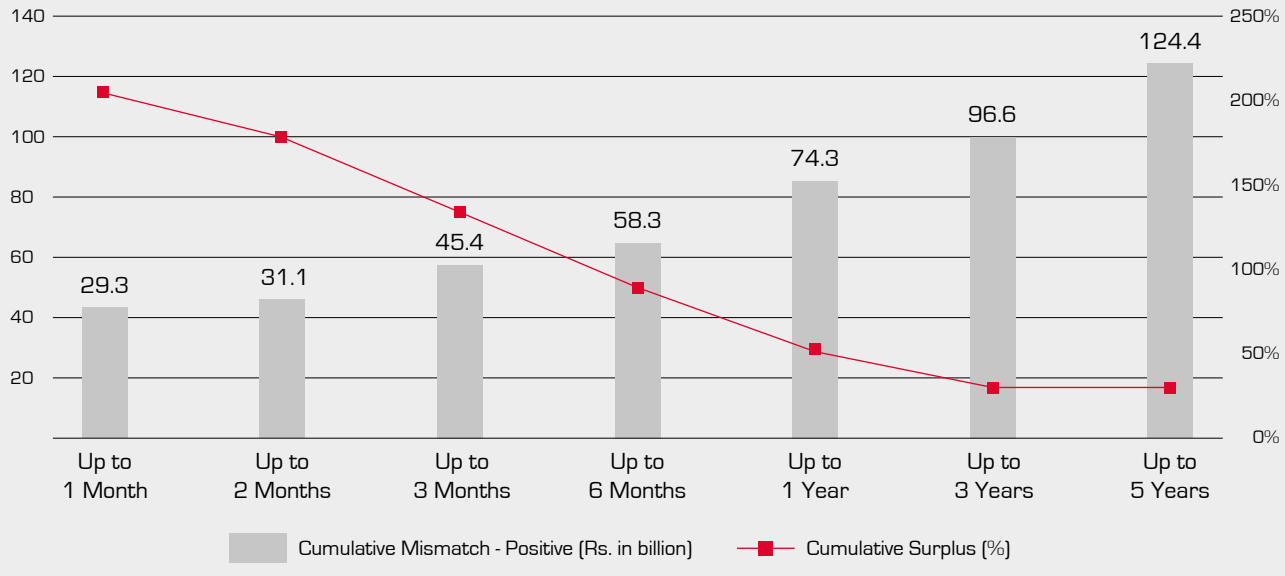
Asset Liability Management (ALM)

We have a stable business model that has proven its ability to deliver value-accretive growth. Over the years, we have followed the discipline to concentrate on our core business: strategically keeping close to the semi-urban rural geography. The capital and debt position is strong and the ALM position is well balanced.

Our strong balance sheet, well-diversified funding mix, comfortable liquidity profile and steady returns have steered us through turbulent times. We are well prepared to meet any liquidity pressure. We ensure adherence to prudent Loan-to-Value (LTV) ratios while lending.

ALM Position and Liability Maturity

(Rs. in billion)



*ALM based on provisional data as on March 31, 2020

Ready

Future-focused on the Power of One

A future led by advanced technologies such as Artificial Intelligence (AI) and Machine Learning (ML) is going to be vastly different from what we can envision today. At Mahindra Finance, we are looking at this future and are trying to understand how we can drive our customer to it through our products and services and innovations.

Our key target customer has strong aspirations for a better tomorrow, while often lacking the support they need to get there. We are working to bring futuristic technologies in a suitably customised manner to enable this large customer segment to reap the benefits of technology-driven transformation.

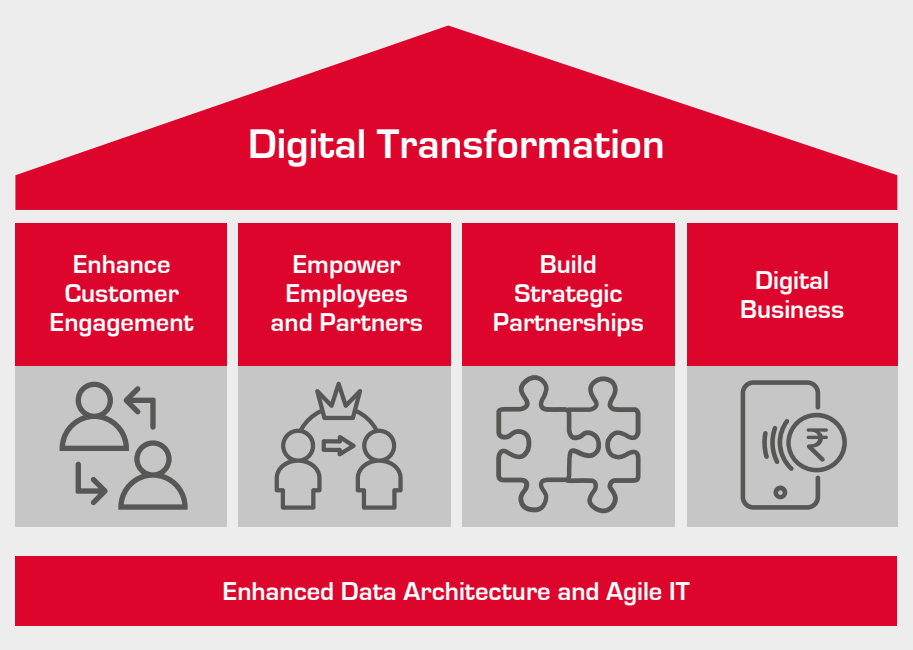


Accelerating digital

COVID-19 had accelerated the importance of IT. During the lockdown period, the entire shift is now towards digital transformation for both individual and corporate to survive the crisis. At Mahindra Finance, we have always championed the use of technology as a key enabler for development and progress.

We are focusing on rapidly actioning digital transformation at our organisation, through a detailed roadmap to achieve our targets. Our initiatives under this plan will help us achieve the following four key objectives:

- Enhance customer engagement
- Empower employees and partners
- Build strategic partnerships
- Digital business, with strong base of agile IT and enhanced data architecture



We are One. Holistic approach to ensure business growth and customer loyalty

'One Customer – One Mahindra Finance' is our motto. For lending customers, we offer our bouquet of services through the customer mobile app. The application is extremely useful and user-friendly. Better customer experience is the goal for all successful organisations. We ardently believe that if we take care of our customers, they will stay with us. That's better for our business. At the same time, we believe in empowering our employees to help service our customers to their satisfaction at the time of the acquisition.

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

Our business app enables field executives to process the application, approval, and sanction of loans in real time. It provides instant credit approval, thereby reducing disbursement TAT. This not only helps in improving productivity in operations but also in enhancing customer experience.

Employing data insights

We are successfully mining data to build powerful machine learning analytics models extended through digital platforms for customer acquisition, collections, Non-Performing Asset (NPA) management, customer engagement and forecasting business trends. We are utilising data-based insights to vastly improve customer experience, and to steer policy and process changes at the organisational level.

Transparent

We do what we say, we mean what we say

Since the beginning of our journey, our clarity of purpose has reflected in our strategy and our day-to-day activities. We have grown our business by being transparent and proactive on our disclosures as well as in our engagement with our stakeholders.



At Mahindra Finance, we communicate transparently with all stakeholders, earning their trust and helping us emerge as one of India's most respected NBFCs.

How shareholders and investors value performance

We are strongly committed to good governance practices, which means taking our shareholder and investor concerns about the environment, employee relations, executive remuneration, long-term financial performance and corporate governance, seriously. We support our initiatives with a high degree of transparency in information disclosure and communication. The Board and management proactively engage with key stakeholders and address their concerns in the best way possible. We have built a reputation for our stringent credit acceptance norms and superior collection skills ensuring robust asset quality.

Strong customer and dealer relationships

We communicate with customers regularly to understand their requirements and have undertaken special initiatives for the purpose. Our engagement is based on working together to build the right set of expectations, through a partnership based on awareness and understanding. We also seek to grow our dealer relationships by strengthening our presence at dealerships. Our processes are streamlined and to a very large extent, technology driven for an open, data-led engagement. 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.

Nimble-footed team

Our people are an important asset to us and are essential to secure the trust of our stakeholders at all times. We strive to be an employer of choice and are fully committed to improving the diversity and safety of our people. Our work environment encourages a culture of teamwork, continuous learning and work-life balance. We also conduct culture focused initiatives such as Rise Run and Rise Awards, which enable our people to contribute to organisational growth. Embedding a culture of organisational agility and collective team efforts, we have reinforced our people agenda to create a harmonious environment fostering a culture of innovation, pride and trust.

Our engagement is based on working together to build the right set of expectations, through a partnership based on awareness and understanding.

Our work environment encourages a culture of teamwork, continuous learning and work-life balance.

People

Nurturing future-ready teams



At Mahindra Finance, we prepare our people to act as positive agents of change and empowerment in society. Our transparent culture encourages proactive cross-pollination of ideas and initiatives to build a robust team, where every member's contribution is recognised and respected.

By focusing on employee engagement, we aim to create a workplace where our people feel connected; and where our go-getters contribute to our overarching objective of financial inclusion with a deep sense of purpose.

Inspiring culture

We value integrity, collaboration, innovation, diversity, excellence and agility. We continuously strive to build an adaptive culture as a foundation to our business success.

Creating leaders of tomorrow

Mahindra Finance takes responsibility to provide employees with opportunities for engaging work, personal growth experiences, training as required, learning opportunities, annual objective setting, annual performance reviews and the tools, thus providing an environment to develop themselves.

At Mahindra Finance, we believe in continuous learning and development and to inculcate this credo in the Company's culture, various functional, behavioural, and leadership training is targeted to various employee groups. The objective of these training programmes is to build and enhance requisite core competencies. Our learning strategy has been derived from the priorities identified in the organisational balanced scorecard, HR strategy and the Mahindra Rise philosophy, and forms the guiding principle for conceptualisation, design and rollout of our initiatives.

Performance management and rewards

Our performance management system is designed to enable employees to raise the bar with a clear focus on measurable outcomes. We encourage frequent, direct, candid as well as informal feedback on performance between employees and managers to further strengthening our performance management process. We believe that feedback is key to creating a high-performing enterprise.

Promoting work-life balance

We offer challenging work with smart and a fast-paced, flexible, open, diverse, learning environment. At Mahindra Finance, we understand the importance of work-life balance with a culture based on teamwork, accountability and continuous improvement where people feel empowered, recognised, cared for and their achievements celebrated.

Great Place to Work

Mahindra Finance has been ranked 6th Best Large Workplaces in the Asia's Best Workplaces 2020 and India's 25 Best Workplaces in BFSI – 2020 by the Great Place to Work Institute. It is a validation of our cohesive, transparent and high-performance work environment.

3,788

New employees recruited in 2019-20



Accelerated Corporate Entrepreneurship (ACE)

This programme aims to transform functional leaders into organisational visionaries and build a talent pipeline for C-Suites in the financial services sector. This four-module leadership transformation journey in partnership with INSEAD Business School has the right mix of left and right brain activities, which is unique. Each module is focused on transforming the analysts, tacticians and problem solvers into integrators, strategists and agenda setters, respectively.

For eight months, the employees in E&S-band who lead a function or a business and are next in line to the existing Steering Committee Members (SCOM) go through this programme. Based on the Personal Leadership Agenda set by the participants during the programme, we look to provide personalised coaching. Lessons from driving, drama, orchestra, along with a poetry workshop and session on decoding artists' mindset - painting and arts were covered under the programme.



Corporate Social Responsibility

Partnering community wellbeing

Addressing community priorities is intrinsic to our sustainable model of value creation for all stakeholders. Our citizenship initiatives are aligned to our mission of transforming rural lives, while contributing to the wellbeing of people and the planet. Our intervention areas comprise health, education, employment and livelihood generation, afforestation, rural development and community welfare.



80.37%

Employee volunteering participation in 2019-20

A total of 17,523 employees volunteered and contributed 1,86,832 man-hours in various CSR programmes and employees volunteering participation was 80.37% in 2019-20.

Shiksha-Mahindra Finance Saksham Scholarship

The programme provided 2,800 scholarships for children of Drivers and Automobile Dealership employees, studying in Classes 5th to 12th.

Shiksha-Nanhi Kali

It is an effort to provide educational support to 9,927 underprivileged girls from poor urban and remote rural areas across India.

Dhan Samwad

Dhan Samwad imparts financial literacy through workshops, along with web-based mobile application, sensitising 12,000 people to inculcate good financial practices for better finance management.

Hunnar – Skill Development Training for People with Disabilities (PwD)

Hunnar provides multiple sector skills to 250 specially abled people to employ them in Various sectors such as retail, hospitality and ITeS.



Hunnar-Mahindra Pride School

Livelihood training in ITeS, retail and hospitality followed by placements was provided to 2,404 young people through the Mahindra Pride Schools and 30,143 students were trained through the Mahindra Pride classroom model.

Sehat: Ambulance donation programme

We improved access to healthcare for marginalised populations by providing 14 ambulances to various organisations across India.

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 1,257 locations and 7,624 blood units were collected.

Swachh Bharat

Aligned with the government's Clean India Campaign, this programme focuses on creating awareness about cleanliness and hygiene in rural and urban community.

Mahindra Hariyali

It is an initiative to improve green cover and protect biodiversity in the country. We planted over 1 lakh saplings across India under this initiative.





COVID-19 Crisis Support

We contributed Rs. 10 crore to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) to combat COVID-19 pandemic and to provide relief to the affected citizens.

Our efforts have been recognised with the following awards

IDF CSR Award

Won the IDFC CSR Award from the Indian Development Foundation for excellent participation in resource mobilisation for humanitarian projects.

Equal Opportunity Employer Award

Honoured by Sarthak Educational Trust for ensuring equal employment opportunities and sustainable employment prospects to person with disability.



Environmental Impact

Adopting positive change

Our approach to environment protection and conservation of natural resources is guided by our internal policies and applicable external standards. This is part of our broader sustainability mandate. We integrate sustainability into our business strategy and practices, judiciously balancing our priorities.

Enhancing climate resilience

As we cater primarily to rural India, which relies largely on agriculture, climate change poses a significant threat to our business. We are addressing this challenge through a multi-pronged approach to support a low-carbon economy, strengthening our own risk assessment method by including analysis of risks induced by climate change and undertaking initiatives to reduce our energy consumption and GHG emissions as a part of our sustainability roadmap.

Including climate change in our business strategy gives us a strategic advantage within the sector because of the following:

- Reduction in our operational costs owing to projects and initiatives undertaken on sustainability
- Undertook interventions for energy and water reduction at different locations
- Mahindra Finance is the only Indian company from the BFSI sector (and the first NBFC) to be listed in the Dow Jones Sustainability Index Emerging Markets Index, for five years consecutively
- Proactive efforts to reduce CO_2 emissions (carbon footprint) through 'Mahindra Hariyali', by planting over 1 lakh saplings across the country.
- Only NBFC from India to have made it to the 'Sustainability Yearbook 2019'
- Became the 1st financial company in India to be committed towards call to action for Science Based Targets (SBTi) in 2018. The SBTi requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science. Taking on emission and carbon footprint reduction targets as per the SBTi framework is a testimony of our continuing efforts to combat climate change

SCIENCE BASED TARGETS

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM

CDP DISCLOSURE INSIGHT ACTION



Energy/emission reduction initiatives

In order to manage our environmental footprint and reduce it we have undertaken several emission and energy reduction initiatives:

Energy conservation

Use of LED Lights in place of CFL at offices

Installation of higher efficiency Air Conditioners (3 star and above) and Blade Servers

Quality improvement initiatives with actions focused on energy conservation

Water saving

Watershed management project in communities on pilot scale

Rainwater harvesting in communities on pilot scale

Aerators in taps of offices

Waste reduction

Use of technology and digitisation of processes to make them paperless

Re-using and recycling of wastes

Awards and Accolades

Recognitions that inspire

Listed in Top 20 India's Best Workplaces 2019 in the BFSI Industry by the Great Place To Work institute

Awarded first position for Excellence in Cost Management – F 2018 at an award ceremony at Delhi in November 2019

Recognised among best 50 People Capital Index (PCI) Companies 2019 which measures companies with best people development practices

Won the Indian Oil Logistics Award CV Financer of the Year 2019

Won Marketing Award for 'Best Customer Engagement' at ABP News, BFSI Awards 2019 (Sutradhar Samrudhi Program-Direct Marketing initiative)

Made it to one of the most prestigious global benchmarks for corporate responsibility and sustainability, the Dow Jones Sustainability Index (DJSI), in the Emerging Markets Category for the 7th consecutive year





Won the 'Best Employer' by Aon in August 2019. The results were based on employee experience scores, CEO intent and design of HR practices

Awarded Global Corporate Sustainability Award (GCSA) under the category Reporting (Emerging Market) hosted by Alliance for Sustainable Development Goals (A□SDGs), Taiwan

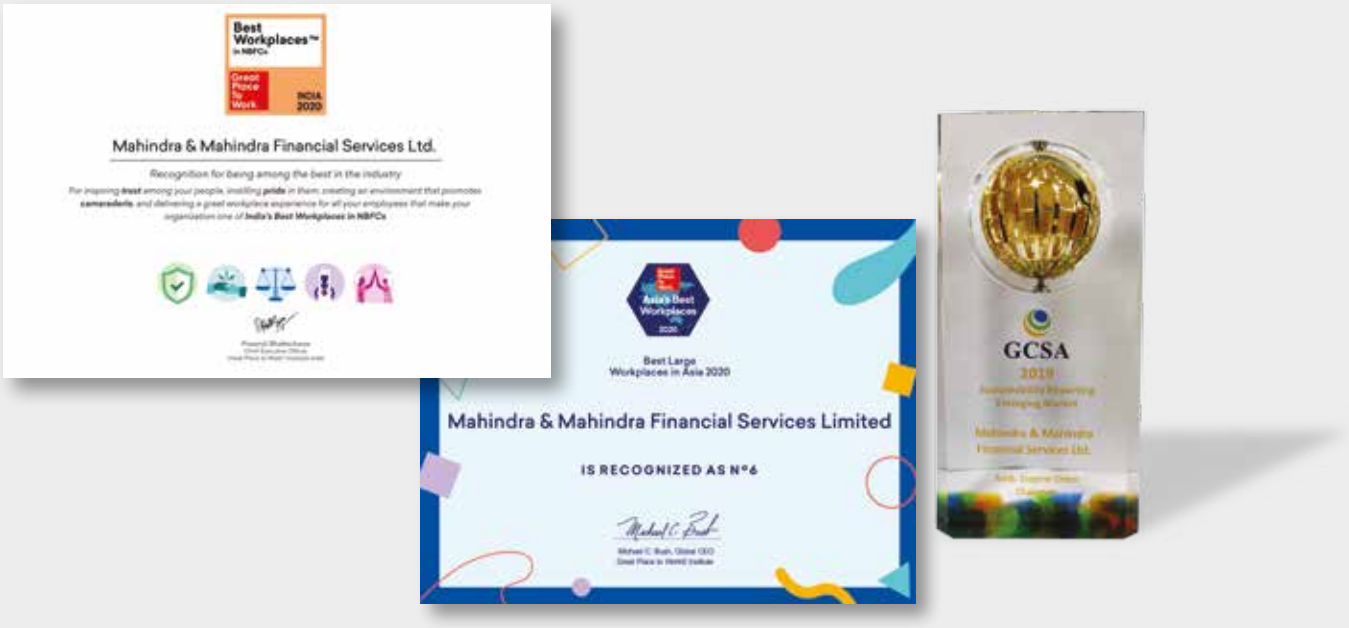
Received performance band C in the CDP assessment 2018-19 implying that we are at 'Awareness' band this year. This is same as the Asia regional average of C, and same as the Financial services sector average of C

Honoured with the IDF CSR Award 2019 for participation in Resource Mobilisation for Humanitarian Causes

Ranked 49th amongst Top 100 Indian companies for Sustainability & CSR under 'Responsible Business Rankings 2019' by Futurescape

Awarded at the 16th National Award for Excellence in Cost Management - 2018

Included in the renowned FTSE4Good Index Series constituent, a testimony to our continued leadership in Environmental, Social and Governance (ESG) performance



Board of Directors

Insightful and impactful governance



Mr. Dhananjay Mungale
Chairman and Independent Director



Mr. Chandrashekhar Bhave
Independent Director



Ms. Rama Bijapurkar
Independent Director



Mr. Milind Sarwate
Independent Director



Mr. Arvind V. Sonde
Independent Director



Dr. Anish Shah
Non-Executive
Non-Independent Director



Mr. V. S. Parthasarathy
Non-Executive
Non-Independent Director



Mr. Ramesh Iyer
Vice-Chairman & Managing Director



Mr. V. Ravi
Executive Director &
Chief Financial Officer

Summary of Results

Sr. No.	Particulars	F-2020	F-2019	F-2018	F-2017	F-2016	F-2015	F-2014	F-2013	F-2012	F-2011
1	Estimated Value of Assets Financed	4238819	4621032	3777290	3165914	2670633	2433110	2540002	2383858	1950433	1441987
2	No. of Contracts	6858082	6100619	5339238	4713066	4156944	3634688	3119034	2557172	2024038	1557622
3	Total Assets*	7407121	6707799	5279274	4583684	3946208	3507415	3166572	2549242	1856156	1368297
4	Total Income*	1024514	880981	668520	623754	590510	558471	495300	389470	279459	197751
5	Profit before depreciation & tax*	146206	244267	171102	66609	107907	129516	137006	130144	94482	71824
6	Depreciation*	11829	6023	4419	4602	4089	4152	2430	2224	1956	1579
7	Profit before tax*	134376	238244	166682	62007	103818	125364	134577	127920	92526	70245
8	Profit after tax*	90640	155706	107609	40023	67260	83178	88723	88269	62012	46311
9	Dividend %	0	325	200	120	200	200	190	180	140	100
10	Equity Share Capital*	12307	12298	12290	11301	11292	11283	11271	11260	10269	10245
11	Reserves & Surplus*	1124079	1078505	949902	636424	597519	555658	498151	434197	284832	238764
12	Net Worth*	1136385	1090802	962191	647724	608811	566941	509422	445458	295101	249009
13	No. of Employees Engaged	21862	21789	18733	17856	15821	14197	12816	11270	9715	8723
14	No. of Offices	1322	1321	1284	1182	1167	1108	893	657	607	547
15	Earnings Per Share - Basic (Rupees)* (Face value - Rs. 2/- per share)	14.74	25.33	18.52	7.09	11.92	14.75	15.75	16.59	12.09	9.57
16	Earnings Per Share - Diluted (Rupees)* (Face value - Rs. 2/- per share)	14.71	25.28	18.49	7.04	11.83	14.62	15.60	16.40	11.93	8.91

*Figures for F-2020, F-2019 and F-2018 are as per Ind AS and for other financial years as per IGAAP.

COVID-19 Response

On course with sharper focus

At Mahindra Finance, we stand together in our battle to combat the COVID-19 pandemic. We are committed to supporting our customers, employees, stakeholders, vendors, government agencies and the community at large in responding to the unprecedented health crisis.

We have designed COVID-specific strategies as a part of our business continuity plan.

- During the lockdown, we took the initiative to provide support to our customers through regular interaction
- Regular digital marketing campaigns on awareness, education, engagement and motivational aspects were conducted
- Moratorium option given to all eligible customers
- The wellbeing of our people is always our utmost priority. We undertook several initiatives for their safety and awareness during the COVID-19 outbreak
- For the March quarter, we made a provision of Rs. 574.01 crore as a prudent measure for any unforeseen event in future

Moratorium

In accordance with our Board-approved Moratorium Policy, we granted moratorium on the payment of instalments which were due between March 1, 2020 and May 31, 2020 to all eligible borrowers, in line with the RBI guidelines. We informed our customers of the interest that would accrue and be payable by them if the moratorium period is availed. The simplicity of the process to avail the moratorium and prompt communication through various mediums was appreciated by the customers.

Collections

Our field executives typically visit customers to collect instalments as they become due. However, on account of the 'stay-at-home' orders issued in various jurisdictions, we have been calling our customers and sending them intimations on phone. We inform our customers of the different digital modes through which they can make their payments and we intend to actively focus on our collections after the completion of the lockdown.

Outlook

India's economy is likely to rebound after the entire nation experiences graded exit; and there are strong indicators for a fast recovery. Besides, improved farm cashflow after harvest is expected to strengthen our earnings in the foreseeable future. With the improvement in cashflows, the demand for our products is likely to gradually touch pre-COVID levels.

The demand for tractors and farm equipment is likely to pick up first; that for heavy commercial vehicles, especially fleet operated, the taxi segment and bus segment will take a comparatively longer. Infrastructure spend is likely to kickstart once entire country comes out of the lockdown phase with a definite future roadmap.

Corporate Information

Directors
Dhananjay Mungale (Chairman)
C. B. Bhave
Rama Bijapurkar
Milind Sarwate®
Arvind V. Sonde*
V. S. Parthasarathy
Dr. Anish Shah
Ramesh Iyer
(Vice-Chairman & Managing Director)
V. Ravi (Executive Director &
Chief Financial Officer)
®Appointed with effect from 1st April, 2019
**Appointed with effect from 9th December, 2019*

Company Secretary
Arnavaz M. Pardiwalla

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

Corporate Office
Mahindra Towers, 'A' Wing,
4th Floor, Dr. G. M. Bhosale Marg,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018.
Tel.: +91 22 66526000
Fax: +91 22 24984170/71

Committees of the Board
Audit Committee
C. B. Bhave (Chairman)
Dhananjay Mungale
Rama Bijapurkar
Milind Sarwate
Arvind V. Sonde
V. S. Parthasarathy
Dr. Anish Shah

Nomination and Remuneration Committee
C. B. Bhave (Chairman)
Dhananjay Mungale
V. S. Parthasarathy
Milind Sarwate
Dr. Anish Shah

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
Arvind V. Sonde
V. S. Parthasarathy

Corporate Social Responsibility Committee
Dhananjay Mungale (Chairman)
Rama Bijapurkar
Ramesh Iyer
V. Ravi

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

Committee for Strategic Investments
Dhananjay Mungale (Chairman)
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,
29, Senapati Bapat Marg, Dadar West,
Mumbai - 400 028.
Tel.: +91 22 6230 0451
Fax: +91 22 6230 0700
E-mail: debenturetrustee@axistrustee.com
complaints@axistrustee.com

Registrar and Share Transfer Agents
KFin Technologies Private Limited
(Formerly known as Karvy Fintech
Private Limited)
Selenium Building, Tower B,
Plot Number 31-32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad - 500 032, Telangana, India.
Tel.: + 91 40 67162222
Fax: + 91 40 23001153
Website: www.kfintech.com
E-mail: einward.ris@kfintech.com

Bankers
Axis Bank Ltd.
Bank of America
Bank of Baroda
Bank of India
Bank of Maharashtra
BNP Paribas S.A.
Canara Bank
Central Bank of India
Citibank N.A.
Corporation Bank
Development Bank of Singapore Ltd.
Deutsche Bank AG
Federal Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Industrial & Commercial Bank of China Ltd.
IndusInd Bank Limited
Karnataka Bank
Kotak Mahindra Bank Limited
Oriental Bank of Commerce
Punjab National Bank
Qatar National Bank (Q.P.S.C)
Shinhan Bank
Société Générale
Standard Chartered Bank
State Bank of India
South Indian Bank
The Bank of Novascotia
The Catholic Syrian Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Union Bank of India
United Bank of India
Yes Bank Limited

List of Institutions
National Bank for Agriculture and Rural
Development (NABARD)
Micro Units Development and Refinance
Agency Ltd. (MUDRA)

Board's Report

To,

The Members of
Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Thirtieth Report together with the audited financial statements of your Company for the Financial Year ended 31st March, 2020.

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

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 15% to Rs. 11,996.5 Crores as compared to Rs. 10,430.9 Crores in 2018-19;
- Consolidated income from operations for the year was Rs. 11,883.0 Crores as compared to Rs. 10,371.7 Crores in 2018-19, a growth of 15%;
- Consolidated profit before tax for the year was Rs. 1,602.0 Crores as compared to Rs. 2,840.8 Crores in 2018-19;
- Consolidated profit after tax and non-controlling interest for the year was Rs. 1,075.1 Crores as compared to Rs. 1,827.3 Crores in 2018-19.

FINANCIAL RESULTS

Rs. in Crores

	Consolidated		Standalone	
	March 2020	March 2019	March 2020	March 2019
Total Income	**11,996.5**	10,430.9	**10,245.1**	8,809.8
Less: Finance Costs	**5,390.6**	4,432.3	**4,828.7**	3,944.6
Expenditure	**4,902.9**	3,129.3	**3,954.3**	2,422.6
Depreciation, Amortization and Impairment	**146.9**	75.5	**118.3**	60.2
Total Expenses	**10,440.4**	7,637.1	**8,901.3**	6,427.4
Profit before share of Profit of Associates and Tax	**1,556.1**	2,793.8	**1,343.8**	2,382.4
Share of Profit of Associates	**45.9**	47.0	-	-
Profit Before Tax	**1,602.0**	2,840.8	**1,343.8**	2,382.4
Less: Tax expense				
Current tax (including (Excess) / Short Provision for Income Tax of earlier years)	**646.1**	711.4	**556.9**	576.8
Deferred tax	**(129.9)**	262.1	**(119.5)**	248.5
Profit for the year	**1,085.8**	1,867.3	**906.4**	1,557.1
Less: Profit for the year attributable to Non-controlling interests	**10.7**	40.0	-	-
Profit for the Year attributable to Owners of the Company	**1,075.1**	1,827.3	**906.4**	1,557.1
Balance of profit brought forward from for earlier years	**3,957.3**	3,282.5	**3,834.0**	3,193.1
Other Comprehensive Income/(Loss)	**(14.7)**	(9.5)	**(11.3)**	(8.6)
Transfers to Debenture Redemption Reserve	-	(146.7)	-	(146.7)
Transfers from Debenture Redemption Reserve	**223.7**	-	**223.7**	-
Balance available for appropriation	**5,241.4**	4,953.6	**4,952.8**	4,594.9
Less: Appropriations				
Dividend paid on Equity Shares (including tax thereon)	**484.2**	296.6	**477.9**	293.8
Transfers to General Reserves	-	155.7	-	155.7
Transfers to Statutory Reserves	**222.8**	385.2	**181.3**	311.4
Add / Less: Other Adjustments:				
Gross obligation at fair value to acquire non-controlling interest	**43.6**	(158.8)	-	-
Balance profit carried forward to balance sheet	**4,578.0**	3,957.3	**4,293.6**	3,834.0

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 181.3 Crores to the Statutory Reserve. An amount of Rs. 4,293.6 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

With a view to conserve capital, given the challenging situation caused by outbreak of the COVID-19 pandemic, the Board of Directors has not recommended any dividend on Equity Shares of the Company for the Financial Year ended 31st March, 2020.

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://mahindrafinance.com/discover-mahindra-finance/policies**.

During the year, an amount of Rs. 7,82,488 being the unclaimed/unpaid dividend of the Company for the Financial Year ended 31st March, 2012 was transferred in September, 2019 to the Investor Education and Protection Fund Authority.

OPERATIONS

The year under review has been one of the most challenging years for your Company. The year started with the Lok Sabha elections in April – May 2019 followed by extreme weather conditions with floods on the one hand and drought in certain regions on the other. Overall the rainfall was normal in most States and saw increasing water levels foreboding well for rural cash flows especially for the Rabi crop in March 2020.

The year continued to witness sustained good collection efficiencies, month after month as there was a continuous deployment of existing assets, though the demand for new vehicles was subdued. Even in these times of lower market volumes your Company was able to increase its penetration in most vehicle and customer segments and also maintained collection efficiencies by continuously engaging with customers.

Your Company remains a significant financier to its customers in semi-urban and rural geographies by providing a wide range of easy and affordable products and services. Your Company expanded vide its channel connect with leading car dealers, and yet again emerged as a major financier for Maruti vehicles in semi-urban and rural India during this fiscal. Your Company has retained its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its lending to vehicles of other leading Original Equipment Manufacturers (OEMs) and also continued to be the preferred financier for Hyundai, Renault and Nissan range of vehicles.

During the year under review, the total value of assets financed was Rs. 42,388.2 Crores as against Rs. 46,210.3 Crores during the corresponding period last year, a decline of 8.3% over the same period in the previous year. While the Company has gained market share in many of the product lines, however in view of declining sales of vehicles, tractors, etc., the disbursements have been lower. The outbreak of COVID-19 pandemic has resulted in further slowdown in economic activities across the country, which even otherwise was on a slow pace. The impact of the pandemic led to closure of all the Company's branch offices, business and recovery touch points and completely halted the field operations from the last week of March 2020. As an organization, your Company has been strictly adhering to social distancing norms and lockdown announcements in accordance with the directives issued by the Central, State Government and Local Administration Guidelines.

SME LENDING

The SME lending faced significant head winds during the year due to the weak economic environment and in particular the slowdown in the auto segment. The lockdown in March caused significant disruption in business and consequently, the AUM as of March 2020 declined by 2% in comparison to March 2019. To counter the effects of the slowdown, your Company focused on strengthening its systems to reduce risk and enhance customer centricity. The Company developed a robust early warning system (EWS) and forged tie-ups with few fintechs to strengthen its credit assessment capabilities and monitor the customers better. Your Company also strengthened its product offerings and broadened its tie-ups with more OEMs. It is expected that with these measures, your Company would be able to grow its book significantly once the economic activity picks up.

Network Expansion

Your Company has an extensive pan-India distribution network with 1,322 offices spanning across 27 States and 7 Union Territories as of 31st March, 2020, which is one of the largest amongst Non-Banking Financial Companies. Your Company's widespread office network reduces its reliance on any one region in the country

Board's Report

and allows it to apply best practices developed in one region to other regions. The geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts. In addition, the Company's extensive office network benefits from a de-centralized approval system, which allows each office to grow its business organically as well as leverage its customer relationships by offering distribution of insurance products and mutual funds. Your Company services multiple products through each of its offices, which reduces operating costs and improves total sales. Your Company believes that the challenges inherent in developing an effective office network in rural and semi-urban areas have facilitated in catering to the diverse financial requirements of its customers by identifying and understanding the needs and aspirations of the people.

Getting future ready through Digital, Technology and Analytics

Digital

Your Company has an enhanced on-line and in-mobile presence to provide a superior digital experience to its customers. Employees, customers and partners are being enabled digitally for all their needs and substantial progress has been made in this direction. Today, the entire lending process is digitally enabled, which has facilitated the EMI collections being received through Digital and on-line means. Your Company and its subsidiaries have embraced digital in performing different activities like customer acquisition, offering Fixed Deposits, Mutual Funds and Insurance products.

Technology

Information technology has enabled the automation and digitisation of processes across the organisation, empowers employees with the workflows and knowledge for efficiency and controls, and engenders business products, analytical models and decision-making. The Company's digital channels of multi-lingual website, mobile app, and contact centre too are increasingly popular with the customers. Your Company has successfully leveraged enterprise technology platforms such as enterprise service bus, customer relationship management, mobile application management, datalake, and business intelligence.

Analytics

Your Company's presence for more than 25 years in the rural and semi-urban markets, working with several profiles gives them a huge advantage, applying Analytics and Artificial Intelligence (AI) on the data and the data base leading to customized product designed delivered with speed and personalized offerings with lower risks. Your Company has launched its proprietary algorithms to offer faster loan approvals at dynamic interest rates to low risk customers which shall help in gaining market share, improving portfolio quality and profitability. Customer acquisition, retention, cross selling and collections will be substantially enhanced with the combined Integrated Activation of Digital, Analytics and Technology.

The overall disbursement stood at Rs. 42,388.2 Crores as compared to Rs. 46,210.3 Crores in the previous year. Total Income grew by 16% at Rs. 10,245.1 Crores for the year ended 31st March, 2020 as compared to Rs. 8,809.8 Crores for the previous year. Profit Before Tax (PBT) declined by 44% at Rs. 1,343.8 Crores as compared to Rs. 2,382.4 Crores for the previous year. Profit After Tax (PAT) declined by 42% at Rs. 906.4 Crores as compared to Rs. 1,557.1 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 77,160 Crores as at 31st March, 2020 as against Rs. 68,948 Crores as at 31st March, 2019, a growth of 12%.

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 163 branches covering 24 States.

As on 31st March, 2020, the amount of Assets Under Management outstanding through the Company's Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 1,384.93 Crores and the number of clients stood at 60,628.

MORATORIUM OF LOANS

In accordance with the Board approved Moratorium Policy read with the RBI Guidelines on the COVID-19 Regulatory Package announced on 27th March, 2020 and 17th April, 2020, your Company has granted a moratorium of three months on the payment of all installments and/or interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 to all eligible customers.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2020 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.

During the year, the Company has not issued any sweat equity shares or equity shares with differential voting rights.

As on 31st March, 2020, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

STOCK OPTIONS

During the year under review, no Options were granted to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2010 ("2010 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.

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 available for inspection by the Members through electronic mode.

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://mahindrafinance.com/investor-zone/financial-information#Financialresults.**

ECONOMY

Global and Domestic Growth

The global economic activity has been slow paced but differentiated across geographies. For Calendar Year (CY) 2020, the global growth is at 2.9% with advanced economies having growth of 1.7% while emerging and developed economies having growth of 3.7% with India's growth at 4.2%. With the onset of the COVID-19 pandemic in the 1st quarter of CY 2020, there is a high and rising human cost worldwide.

Financial markets have become extremely volatile from January onwards due to the outbreak of the pandemic. Panic sell-offs have resulted in wealth destruction across advanced and emerging economies. US dollar is the only safe haven in a highly uncertain outlook. On crude, disagreement on production cuts has led to supply scale-ups and a price war resulting in price being under pressure.

Outlook

This health crisis, never seen before, is having a severe impact on economic activity. This has resulted in a negative growth outlook for the world economy at -3.0% and 5.8% respectively in Calendar Year (CY) 2020 and CY 2021. This shall plunge the economy into the worst recession since the Great Depression, far worse than Global Financial Crises. Emerging market growth is expected at -1.0% and 6.6% respectively in CY 2020 and CY 2021. India's growth at 1.9% and 7.4% in the coming years is amongst the most resilient economies on account of its dependence on agriculture and consumption.

The growth in CY 2021 assumes fading of the pandemic by the second half of 2020, containment activity can then be gradually unwounded and economy normalizing thereafter. The coming year shall however continue to be a year of uncertainty and shall be dependent upon government policies and global financial market conditions. Effective policies to contain impact of pandemic may cause short term toll on economic activity but shall be an investment for long term human and economic health.

Board's Report

Domestic Economy

Few data releases on domestic development are available but many of them are disjointed to allow a comprehensive assessment of the state of economy. The continuing resilience of agriculture and allied activities on the back of record production with higher buffer stock will auger well. The acreage under Kharif sowing is much higher than previous year despite the lockdown. The India Metrological Department (IMD) anticipates rainfall at 100 percent of the long period average.

During the year under review, headline Consumer Price Index (CPI) inflation had moved up to 7.6% in January 2020, highest since July 2014. It has thereafter declined sharply on the back of food inflation coming down and CPI inflation for March 2020 was at 5.9%, based on partial information. It is expected that inflation may recede even further except for any supply disruptions and settle well below the 4% mark by the second half of FY 2021.

In its 7th bi-monthly monetary policy, Reserve Bank of India continuing with its measures to alleviate financial stress, announced additional measures to provide liquidity support which apart from reducing the policy rates and injecting liquidity also permitted providing moratorium by financial institutions to its customers.

Finance

The NBFC sector continued to experience liquidity problems in the financial year 2019-20 with the spreads over the G-Sec also continuing to widen for the sector. The risk-appetite further weakened in the third quarter of FY 2020 due to uncertainties caused by CoronaVirus (COVID-19). This led to funding primarily being available to companies having strong parentage, brand and business model, robust corporate governance and conservative ALM. Your Company continued to focus on managing cash efficiently and ensured that it had adequate levels of liquidity apart from back-up lines of credit to support business requirement and near term liability maturity.

During the year under review, the Reserve Bank of India ("RBI") held seven Bi-monthly Monetary Policy Committee ("MPC") meetings. The Policy Repo rates under the Liquidity Adjustment Facility ("LAF") was at 6.25% at the beginning of the year. Out of the 7 MPC meetings held during the year, the Policy rates were reduced in 5 of those and remained unchanged in the balance two. This led to a cumulative reduction of 185 basis points during the financial year with the Policy Repo rate finally closing at 4.40%. The initial reduction in policy rates were with an accommodative stance to maintain a balance between growth and inflation, while a sharper 75 basis points cut in March 2020 was primarily to mitigate the impact of COVID-19 on the economy.

At the start of the fiscal year (April 2019), 10-year G-Sec benchmark yields (7.26% Government Stock 2029), was trading at 7.35% levels which after a slew of cuts led to a fall in G-Sec rates and it closed the year at 6.52%. The shorter duration paper of around 3 years has seen a much higher reduction in yields coinciding with the Long Term Reverse Repo Operation (LTRO). With further announcement and policy measures being announced, the expectation of further rate cuts and reduction in yield is anticipated as we wade through the pandemic.

During the third quarter of the year under review, a new 10-year benchmark (6.45% GS 2029) was introduced in October 2019. Its yield continues to fall and closed the year at 6.14%. During the year, the INR depreciated sharply by 9% from INR 69.17 to INR 75.39 per USD demonstrating flight to safety towards safe-haven.

Your Company has been identified as a "Large Corporate" under the framework provided by the Securities and Exchange Board of India and accordingly, has ensured that more than 25% of its incremental borrowings during the year was by way of issuance of Debt securities.

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 continues to expand its borrowing profile by tapping into new lenders and geographies.

During the year, your Company has successfully completed 10 (ten) securitisation transactions aggregating to Rs. 7,721.60 Crores and raised upwards of USD 200 million through External Commercial Borrowings.

- **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") and raised an amount aggregating to Rs. 4,957.80 Crores on a private placement basis, in various tranches.

Details of all the above-mentioned issues were provided to the Board on a periodic basis.

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.

The Company is in compliance with the applicable guidelines issued by the Reserve Bank of India, as amended from time to time.

The Company has been regular in making payments of principal and interest on all the NCDs issued by the Company on a private placement basis and through public issue. 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)**

  During the year under review, your Company had raised funds in the overseas market amounting to Rs. 35,000 lakhs (equivalent to USD 50 million) through issue of Rupee denominated USD settled, Unlisted, Secured Notes ("Masala Bonds") under External Commercial Borrowings accessed through automatic route. The net proceeds from the issue of these Masala Bonds were applied for the purpose of on-lending, in accordance with the directions issued by the RBI. The Rupee Denominated Medium Term Note (MTN) programme of your Company, is listed on the Singapore Exchange Securities Trading Limited.

INVESTOR RELATIONS

Your Company has been continuously interacting by participating either in-person meetings or through use of technology i.e. conference calls, video-conferencing, Tele-presence meetings and endeavours to further improve its engagement with Domestic and International investors/ analysts. 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. With the ongoing pandemic, your Company has lately been interacting only by tele-conference or through the use of video-conferencing applications.

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, 2020, the Capital to Risk Assets Ratio (CRAR) of your Company was 19.6% 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 15.4% and Tier II capital adequacy ratio stood at 4.2% 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.

Board's Report

CREDIT RATING

Your Company believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates.

The credit rating details of the Company as on 31st March, 2020 were as follows:

Credit Rating*	India Ratings & Research Private Limited	Outlook
Long-term (incl. MLD) Debt instruments and Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND AAA IND PP-MLD AAA emr	Stable
Commercial Paper Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND A1+	–
	CARE Ratings Limited	Outlook
Long-term Debt instruments and Subordinated Debt Programme	CARE AAA	Stable
	Brickwork Ratings India Private Limited	Outlook
Long-term Subordinated Debt Programme	BWR AAA	Stable
	CRISIL Limited	Outlook
Fixed Deposit Programme	CRISIL FAAA	Stable
Commercial Paper Programme and Bank Loan Facilities	CRISIL A1+	–
Long-term Debt Instruments, Subordinated Debt Programme and Bank Loan Facilities	CRISIL AA+	Stable

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2019-20. 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:

Business & Marketing:

- Won the Indian Oil Logistics Award CV Financer of the Year 2019.
- Bagged the first position for Excellence in Cost Management – 2018 in 16th National Awards for "Excellence in Cost Management – 2018" in Banking, Financial Services and Insurance Category.
- Won the Marketing Award for "Best Customer Engagement" at ABP News – BFSI Awards 2019.

CSR & Sustainability:

- Won the Global Corporate Sustainability Award in the award category: Reporting, Emerging Market at Taipei, Taiwan.
- Honoured with the IDF CSR Award 2019 for participation in Resource Mobilization for Humanitarian Causes.
- Listed in the renowned FTSE4 Good Emerging Markets Index in the reporting year.
- Ranked 49th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2019 by Futurescape.
- Recognized as the only Financial Institute from India to be in the DJSI Sustainability Index for Emerging Markets category, for 7th year in a row.
- Won the 8th India CSR Awards – Recognition for Excellence in Corporate Social Responsibility for the category; Livelihood Creation: Project Hunnar.

Human Resources

- Ranked 25th among "India's Best Companies to Work For 2020", by Great Place to Work® Institute.
- Ranked 6th among "Best Large Workplaces in Asia 2020" by Great Place to Work® Institute.
- Won the 'Best Employer Award' by Aon Best Employers-India 2019 Programme.
- Recognized amongst the Best 50 People Capital Index (PCI) Companies 2019.
- Recognized among 'Best Companies in Career Management 2020' by Great Place to Work® Institute.
- Recognized among 'India's Best Workplaces in NBFC 2020' by Great Place to Work® Institute.
- Recognized among 'India's 25 Best Workplaces in BFSI 2020' by Great Place to Work® Institute.

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 areas of the country.

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

As on 31st March, 2020, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 8,853.95 Crores, with an investor base of over 2,28,565 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:

- Call center activation;
- Activation of Toll free number exclusively for Fixed Deposit investors;
- Welcome calls with Feedback survey;
- Extending Deposit acceptance module to channel partners through digital mode which enhances the transaction turn-around time and offers convenience to all stakeholders;
- Initiated the process of updating CKYC (Central Know Your Customers) data for all existing depositors, wherever the same is not updated.

As at 31st March, 2020, 7,464 Deposits amounting to Rs. 7.67 Crores had matured for payment and remained unclaimed. The unclaimed Deposits have since reduced to 6,911 Deposits amounting to Rs. 6.69 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, 2020, 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: 7,464.

ii. the total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 7,66,65,649.

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/reminders every 3 months to all those Fixed

Board's Report

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, an amount of Rs. 0.05 Crores has been transferred to the IEPF Authority.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

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

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

SUSTAINABILITY INITIATIVES

From the outset, Sustainability has been deeply embedded in the Company's business model. At the heart of our organizational strategy is an inclusive business model which enables the residents of semi-urban and rural India to access formal channels of credit/finance, helping them create long-term value. In line with the Mahindra Group's motto: 'Rise for Good' we are also gearing up to be future ready by making sustainability and climate change an integral part of the business strategy & risk framework. Your Company has been enabling customers to meet their aspirations through financial product offerings. It has helped 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 and prospects in the remote areas your Company has helped customers to forge ahead. The Company lays strong emphasis on customer centricity with its customer base spread across more than 3.8 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 the Company released its first standalone Sustainability Report. In FY 2018-19, the Company released its Seventh Sustainability Report with the theme "Change is Good". The report adheres to the Global Reporting Initiative's (GRI) Standards and is based on Integrated Reporting framework. The report is externally assured by KPMG. The Content index has been checked by GRI and carries the GRI logo. The Report expounds how 'Change' has been a harbinger of possibilities and prompted the Company to transcend the value-creation abilities. It also showcases how the agile culture has enabled the Organisation to believe 'Change is Good' and set further on the road to success.

This Report is hosted on the Company's website at the web-link: **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.pdf**.

Your Company continued to focus on integrating Sustainability into the business practices and on building awareness for different stakeholders by taking various initiatives to engage them. In FY 2018-19, 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. In the reporting year the Company's preliminary validation for carbon reduction target setting is complete. The SBTi Team has also invited the Company for methodology development exercise for Financial Institutions.

Your Company was recognized for its Sustainability initiatives during the year under review, by way of:

- Winning the Global Corporate Sustainability Award (GCSA) in Taipei, Taiwan on 28th November, 2019. The award category was Reporting (Emerging Market) for Sustainability Report 2017-18.

- Being ranked 49th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2019 by Futurescape.

- Getting listed in the renowned FTSE4Good Emerging Markets Index in the reporting year. FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices.

- Retaining the status of getting listed on the Dow Jones Sustainability Index ("DJSI")-2019 under the 'Emerging Market Trends' for the seventh consecutive year. Your Company was 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 management plans and actions.

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 and also attained Band - A in the Supplier Engagement Rating.

Sensitising the employees to a novel concept such as Sustainability has been one of the key initiatives of the Company for the Financial Year. Capacity building on Sustainability has been driven by Sustainability Courses on Coursera Platform and through Sustainability channel on Edcast. Both of these are global knowledge building/ learning platforms.

During the year, your Company made proactive efforts to reduce CO2 emissions (carbon footprint) through Project "Mahindra Hariyali", by planting more than 1 lakh saplings throughout the country.

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 2019-20 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://mahindrafinance.com/discover-mahindra-finance/sustainability**.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

With a vision to transform rural and semi-urban India into a self-reliant, flourishing landscape, your Company started its journey in 1991 and has become one of the leading NBFCs with an employee base of over 21,000 employees all over India. By supporting about 100 NGOs and implementing partners in the areas of Education & Livelihood, Healthcare and Environment, the Company strives to become an asset in the communities where it operates.

Building on the momentum created last year through several education and livelihood projects, the Mahindra Finance Scholarship Program underwent a revamp and started the new version, Mahindra Finance Saksham Scholarship for the children of the driver community and the employees of Automobile dealers. In this year, your Company provided scholarship to 2,800 students studying from Grade 5th to 12th across India, organised 19 visits to Municipal Schools through which 2,482 students got benefitted. Your Company continued

Board's Report

financial support to run a vocational skill building center i.e. Divyang Vikas Kendra for 250 People with Disability to enhance their employability and to provide them independent and sustainable source of income. Further, your Company introduced Dhan Samvaad - Financial & Digital Literacy program empowering working population with the knowledge of sound financial practices to enable them in managing their finances better by conducting workshops along with web-based mobile application on financial literacy. Reaffirming its commitment to the cause of education, your Company continued its support to Nanhi Kali Program which has benefitted 9,927 underprivileged girl children from socially and economically marginalised families living in urban, rural and tribal parts of India. To promote inclusive growth of socially and economically disadvantaged youth, your Company continued its support to Mahindra Pride School which skilled 2,404 youth, out of which, 2,120 have been absorbed in various organisations. Further, Mahindra Pride Classrooms supported an additional 40-120 hours of training to 30,143 final year students covering English speaking course, Life Skills, Aptitude, Interview, Group Discussion and Digital Literacy through Polytechnics and Arts & Science Colleges in 14 States.

Under Healthcare, the three major initiatives implemented by your Company were nationwide Blood Donation Drives, Sehat and Ambulance Donation with the aim of providing access to healthcare services to patients residing in remote and rural areas.

Your Company also organised cleanliness drives in the vicinity of its corporate office and branch offices under the Swachh Bharat Abhiyan to create awareness about everyday sanitation practices as well as prevention of common diseases.

Your Company also contributes towards increasing the green cover through the Mahindra Hariyali project. Every year, employees of the Company pan-India, plant trees in selected locations. Over 1 Lakh saplings were planted in this year.

Your Company also made a contribution to the PM CARES Fund to combat the COVID-19 pandemic and extended support to flood affected victims in Odisha, Maharashtra and Bihar.

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. 27.97 Crores towards Corporate Social Responsibility on CSR projects/programs. Your Company is in compliance with the statutory requirements in this regard.

Out of total contribution of Rs. 10 Crores made by the Company to the PM CARES Fund a contribution of Rs. 4.83 Crores has been allocated from the CSR spend of FY 2019-20 and Rs. 5.17 Crores would be apportioned towards the CSR spend of the Company for FY 2020-21.

CSR COMMITTEE

During the year under review, the CSR Committee comprised of Mr. Dhananjay Mungale (Chairman), Ms. Rama Bijapurkar, 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 Dr. Anish Shah, as a Member of the Committee with effect from 16th May, 2020, the Committee stands reconstituted effective from 16th May, 2020 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

CSR POLICY

The CSR Policy of the Company duly amended, is hosted on the Company's website at the web-link: **https://mahindrafinance.com/rise-for-good/csr-overview** 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, 2020 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, 2020 has been placed on the website of the Company and can be accessed at **https://mahindrafinance.com/investor-zone/financial-information#Financialresults**.

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(s).

The Board of Directors met seven times during the year under review, on 24th April, 2019, 23rd July, 2019, 13th August, 2019, 23rd September, 2019, 22nd October, 2019, 28th January, 2020 and 5th March, 2020. 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 29th Annual General Meeting (AGM) of the Company was held on 23rd July, 2019.

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 21st August, 2019 and 4th March, 2020. 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, Ms. Rama Bijapurkar, Mr. Milind Sarwate, Mr. Arvind V. Sonde, Mr. V. S. Parthasarathy and Dr. Anish Shah as Members.

Mr. Arvind V. Sonde has been appointed as an Independent Director of the Company with effect from 9th December, 2019 and was inducted as a Member of the Committee with effect from 28th January, 2020.

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

Appointment/Re-appointment and Cessation of Directors

i) Appointment of Mr. Milind Sarwate as an Independent Director

As mentioned in the previous Annual Report, Mr. Milind Sarwate was appointed as an Independent Director of the Company with effect from 1st April, 2019 for a term of five consecutive years, vide an Ordinary Resolution passed by means of a Postal Ballot on 31st March, 2019.

ii) Re-appointment of Mr. Dhananjay Mungale, Ms. Rama Bijapurkar and Mr. C. B. Bhave, as Independent Directors for a second term

Mr. Dhananjay Mungale and Ms. Rama Bijapurkar were re-appointed at the 29th Annual General Meeting held on 23rd July, 2019, as Independent Directors of the Company for a second term of five consecutive years each, commencing from 24th July, 2019 to 23rd July, 2024, by passing a Special Resolution.

Based on the recommendation of the Nomination and Remuneration Committee and on the proposal of the Board of Directors, Mr. C. B. Bhave was re-appointed as an Independent Director of the Company for a second term of five consecutive years commencing from 3rd February, 2020 to 2nd February, 2025, by way of a Special Resolution passed by means of a Postal Ballot on 8th December, 2019.

Board's Report

iii) Appointment of Mr. Arvind V. Sonde as an Independent Director

Pursuant to the recommendation of the Nomination and Remuneration Committee and on the proposal of the Board of Directors, Mr. Arvind V. Sonde was appointed as an Independent Director of the Company for a term of five consecutive years commencing from 9th December, 2019 to 8th December, 2024, vide an Ordinary Resolution passed by means of a Postal Ballot on 8th December, 2019.

iv) Retirement by rotation of Mr. V. S. Parthasarathy

Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. V. S. Parthasarathy is 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.

v) Completion of Tenure of Mr. V. Ravi as Executive Director & Chief Financial Officer

Mr. V. Ravi was appointed as a Whole-time Director of the Company under the provisions of the Companies Act, 2013, designated as "Executive Director & Chief Financial Officer" for a period of 5 (five) years with effect from 25th July, 2015 to 24th July, 2020, by the Shareholders by means of a Postal Ballot on 16th June, 2016. Accordingly, Mr. V. Ravi would cease to hold office as Executive Director & Chief Financial Officer of the Company upon completion of his tenure as approved by the Shareholders and consequent to his retirement from the services of the Company.

Mr. V. Ravi has been associated with the Company since inception, and has had an illustrious career spanning over 34 years of service (of which 5 years were as an Executive Director). Mr. V. Ravi was part of the founding team of the Company and its subsidiaries and joint venture(s). His vast experience in financial reporting and processes, expertise in fiscal management and in streamlining various major functions like Finance & Accounts, Treasury and Information Technology, was pivotal in growth and diversification initiatives of the Company, over a period of time.

The Board has placed on record its deep appreciation of Mr. V. Ravi's immense contribution and valuable services during his long association with the Company and acknowledged Mr. Ravi's outstanding experience and expertise in serving the Company including the Group's Financial Services Sector companies.

Declaration by Directors

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under 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.

Declaration by Independent Directors

All the Independent Directors of the Company have given declarations and confirmed that they meet the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The Board of the Company after taking these declarations on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant proficiency, expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management of the Company

In accordance with the provisions of Section 150 of the Act read with the applicable Rules made thereunder, the Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar ["IICA"]. The Independent Directors unless exempted, are required to pass an online proficiency self-assessment test conducted by IICA within one year from the date of their registration in the IICA databank.

Pursuant to the above, the Company has received Declarations of compliance under Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, from all the Independent Directors of the Company confirming that they have registered their names in the data bank of Independent Directors maintained with the IICA.

The Independent Directors of the Company except Mr. Arvind V. Sonde, are exempt from the requirement to undertake the online proficiency self-assessment test. Mr. Arvind V. Sonde has passed the online proficiency self-assessment test undertaken by him.

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.

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, 2020, 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, 2020 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, 2020 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, 2020.

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, 2020.

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

Board's Report

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 2019-20, 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://mahindrafinance.com/media/236819/familiarisation-programme-for-independent-directors-2019-20.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.

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.

The Policy on Remuneration of Directors, as amended, and the Remuneration Policy for Key Managerial Personnel and Employees of the Company 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 consecutive 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.

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 2019-20 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 2019-20 is appended to this Report as "**Annexure VI**".

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

Secretarial Audit of Material Unlisted Indian Subsidiary

Mahindra Rural Housing Finance Limited ("MRHFL"), a material subsidiary of the Company undertakes Secretarial Audit every year under Section 204 of the Companies Act, 2013. The Secretarial Audit of MRHFL for the Financial Year 2019-20 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report of MRHFL submitted by Messrs. KSR & Co., Company Secretaries LLP, does not contain any qualification, reservation or adverse remark or disclaimer. The Secretarial Audit Report is appended as "**Annexure VII**" and forms part of this Report.

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 amendment(s) made in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is uploaded on the Company's website at the web-link: **https://mahindrafinance.com/discover-mahindra-finance/policies**.

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

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the Financial Statements for the year ended 31st March, 2020.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March, 2020 about future events that the Management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The spread of COVID-19 pandemic and the subsequent pan-India lockdown announced by the Government of India are the events which have continued till the date of the announcement of financial results of the Company. The uncertainty on the restart of the Company's complete operations still prevails. Your Company has initiated the process of resuming operations in its branch offices located in the green and orange zones identified under the COVID-19 guidelines.

Board's Report

Other than the above mentioned situation affecting the Company, there is no material change and commitment that have occurred after the closure of the Financial Year 2019-20 till the date of this Report, which would affect the financial position of your Company.

RISK MANAGEMENT POLICY

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

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including 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.

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://mahindrafinance.com/media/125151/whistle-blower-policy.pdf**.

No personnel have been denied access to the Audit Committee.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

The Company's Subsidiaries, Joint Venture and Associates 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 companies 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. This Policy has been hosted on the website of the Company and can be accessed through the web-link: **https://mahindrafinance.com/investor-zone/corporate-governance#Policies**.

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 2.23 million insurance cases, with a total of 22,33,711 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra Loan Suraksha" (MLS) decreased from 8,13,742 lives covered with a Sum Assured of Rs. 27,765 Crores in the Financial Year 2018-19 to 6,84,186 lives covered with a Sum Assured of Rs. 25,391 Crores in the Financial Year 2019-20. A substantial portion of MLS continues to be covered in the rural markets.

MIBL achieved a growth of 7% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 2,265.10 Crores in the Financial

Year 2018-19 to Rs. 2,431.89 Crores in the Financial Year 2019-20. The Total Income increased by 4% from Rs. 323.36 Crores in the Financial Year 2018-19 to Rs. 336.89 Crores in the Financial Year 2019-20. The Profit before Tax decreased by 28% from Rs. 102.89 Crores to Rs. 73.90 Crores and the Profit after Tax decreased by 25% from Rs. 71.49 Crores to Rs. 53.36 Crores during the same period.

MIBL has been able to reach the benefit of insurance to over 3 lakh 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. 1,527.6 Crores as compared to Rs. 1,383.9 Crores for the previous year, registering a growth of 10.4%. Profit before tax was 43.9% lower at Rs. 205.6 Crores as compared to Rs.366.2 Crores for the previous year. Profit after tax was 40.7% lower at Rs. 148.6 Crores as compared to Rs. 250.5 Crores for the previous year.

During the year under review, MRHFL disbursed loans aggregating to Rs. 1,876.4 Crores as against Rs. 2,581.1 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.1.97 lakhs. During the year under consideration, MRHFL disbursed home loans to around 95,523 households (in addition to around 9,50,375 existing households as on 31st March, 2019). 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, Bihar and Odisha.

Mahindra Asset Management Company Private Limited

Mahindra Asset Management Company Private Limited (MAMCPL), a subsidiary of the Company acts as an Investment Manager for the schemes of Mahindra Mutual Fund. As on 31st March, 2020, MAMCPL was acting as the Investment Manager for thirteen schemes.

The Average Assets under Management in these thirteen schemes were Rs. 4,771 Crores in March 2020 as compared to Rs. 4,871 Crores in March 2019. Of these assets, Rs. 1,616 Crores were in equity schemes in March 2020 as compared to Rs. 1,449 Crores in March 2019. MAMCPL has empaneled more than 14,200 distributors and opened 1,90,330 investor accounts in these schemes recording a rise of more than 19%.

During the year under consideration, the total income of MAMCPL was Rs. 17 Crores as compared to Rs. 28.1 Crores for the previous year. The reduction in income is mainly due to the change in the accounting treatment of certain items of Scheme related expenses, consequent upon the change in the SEBI Regulations in this regard, with effect from October 2018. The operations for the year under consideration have resulted in a loss of Rs. 37.9 Crores as against a loss of Rs. 39.5 Crores during the previous year.

Mahindra Trustee Company Private Limited

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

During the year, MTCPL earned trusteeship fees of Rs. 20.9 lakhs and other income of Rs. 1 lakh as compared to Rs. 23.5 lakhs and Rs. 1.1 lakh respectively, for the previous year. The total expenses for the year were Rs. 23.7 lakhs as against Rs. 25.3 lakhs in the previous year. MTCPL recorded a loss of Rs. 1.8 lakh for the year under review as against a loss of Rs. 0.8 lakh in the previous year.

Equity Infusion by Manulife Investment Management (Singapore) Pte. Limited

Manulife Investment Management (Singapore) Pte. Limited (formerly known as Manulife Asset Management (Singapore) Pte. Limited) ("Manulife") has acquired a 49% stake in MAMCPL and MTCPL on 29th April, 2020, pursuant to the execution of the Share Subscription Agreement and Shareholders' Agreement by and amongst the Company, MAMCPL, MTCPL and Manulife on 21st June, 2019. Consequently, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% respectively, and accordingly, MAMCPL and MTCPL have ceased to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries.

Mahindra Finance CSR Foundation

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.

Board's Report

JOINT VENTURE

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 2.3% to USD 772.22 Million for the year ended 31st March, 2020 as compared to USD 755.11 Million for the previous year.

Total Income grew by 1.69 % to USD 68.84 Million for the year ended 31st March, 2020 as compared to USD 67.68 Million for the previous year. Profit before tax was 1.55 % lower at USD 18.06 Million as compared to USD 18.34 Million for the previous year. Profit after tax was 5.84% lower to USD 13.18 Million as compared to USD 13.95 Million in the previous year.

Names of Companies which have become or ceased to be Subsidiaries, Joint Ventures or Associate Companies during the year

Pursuant to the execution of the Share Subscription, Share Purchase and Shareholders' Agreement by the Company with Ideal Finance Limited (Sri Lanka) ("Ideal Finance") and its existing Shareholders on 28th February, 2020, the Company has acquired 5,56,39,098 Equity Shares of Ideal Finance aggregating to 38.20% of the paid-up share capital of Ideal Finance.

Accordingly, Ideal Finance has become an Associate of your Company, pursuant to Section 2(6) of the Companies Act, 2013.

During the year under review, no company has ceased to be a Subsidiary, Joint Venture or Associate of your Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company, its subsidiaries, associates and joint venture for the Financial Year 2019-20, 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, associates and joint venture.

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 each of the subsidiaries are available on the website of the Company and can be accessed at the web-link: **https://mahindrafinance.com/investor-zone/financial-information#Financialresults**.

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 the 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.

Your Company's Internal Financial Controls were deployed through Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), that addresses material risks in your Company's operations and financial reporting objectives. Such controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by The Institute of Chartered Accountants of India. The risk control matrices are reviewed on a yearly basis and control measures are tested and documented on a quarterly basis. Based on the results of such assessments carried out by Management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Your Company recognises Internal Financial Controls cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of its inherent limitations. Also, projections of any evaluation of the Internal Financial Controls to future periods are subject to the risk that the Internal Financial Control may become inadequate because of changes

in conditions or that the degree of compliance with the policies or procedures may deteriorate. 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 2019-20.	Mr. Dhananjay Mungale	Chairman (Independent Director)	11.13X
		Mr. C. B. Bhave	Independent Director	8.75X
		Ms. Rama Bijapurkar	Independent Director	8.36X
		Mr. Milind Sarwate **	Independent Director	8.70X
		Mr. Arvind V. Sonde ***	Independent Director	2.25X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	185.82X
		Mr. V. Ravi	Executive Director & Chief Financial Officer	95.61X
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	29.08X

* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.
** Appointed as an Independent Director of the Company w.e.f. 1st April, 2019.
*** Appointed as an Independent Director of the Company w.e.f. 9th December, 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 2019-20.	Mr. Dhananjay Mungale	Chairman (Independent Director)	7.67
		Mr. C. B. Bhave	Independent Director	6.92
		Ms. Rama Bijapurkar	Independent Director	12.60
		Mr. Milind Sarwate **	Independent Director	N.A.
		Mr. Arvind V. Sonde ***	Independent Director	N.A.
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Dr. Anish Shah	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Vice-Chairman & Managing Director	-8.35
		Mr. V. Ravi	Executive Director & Chief Financial Officer	19.78
		Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	28.73

* Mr. V. S. Parthasarathy and Dr. Anish Shah do not receive any remuneration from the Company.
** Appointed as an Independent Director of the Company w.e.f. 1st April, 2019.
*** Appointed as an Independent Director of the Company w.e.f. 9th December, 2019.

3.	Percentage increase in the median Remuneration of employees in the Financial Year 2019-20	19.97% considering employees who were in employment for the whole of the Financial Year 2018-19 and Financial Year 2019-20.

Board's Report

4.	Number of Permanent employees on the rolls of the Company as on 31st March, 2020	21,862
5.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2019-20 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 2018-19 and Financial Year 2019-20, the average increase is 20.24%. **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 2018-19 and Financial Year 2019-20.

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 exercised 1,650 Stock Options of the Holding Company, during the year, which were granted in the earlier year(s).

During the year under review, Mr. Ramesh Iyer and Mr. V. Ravi have received remuneration from the Company's subsidiary, Mahindra Insurance Brokers Limited, in form of Employees' Phantom Stock Options amounting to Rs. 99,00,240 and Rs. 9,90,024, respectively.

Mr. Ramesh Iyer and Mr. V. Ravi have not exercised ESOPs of Mahindra Rural Housing Finance Limited, the subsidiary company, during the year, which were granted in the earlier year(s).

The Company had 21 employees who were in receipt of remuneration of not less than Rs.1,02,00,000 during the year ended 31st March, 2020 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 on your Company's website and can be accessed at the web-link: **https://mahindrafinance.com/investor-zone/financial-information#Financialresults**. Any Member interested in obtaining a copy of the same may write to the Company Secretary at the investor Email Id: **investorhelpline_mmfsl@mahindra.com**.

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

The 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, **("POSH Act")** 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 POSH Act to redress complaints received regarding sexual harassment.

The Company has an online e-learning module for employees covering topics pertaining to POSH awareness, reconciliation before filing POSH complaint, consequences of filing false complaint(s), etc. Training on POSH is an integrated part of induction to new joinees.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2019-20, pursuant to the POSH Act 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 programme against sexual harassment carried out – One workshop was conducted under the "Speak-up" campaign for the employees.

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 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 paper 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 : 15th May, 2020

Board's Report

ANNEXURE I TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

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.

Board's 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://mahindrafinance.com/discover-mahindra-finance/policies**. 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, 2020

Business Responsibility Report for the year 2019-20

(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, 2019 to 31st March, 2020
7.	**Sector(s) that the Company is engaged in (industrial activity code-wise):**	:	**Description of the main products/services** — **NIC code for the product or service** Asset Financing — 64990
8.	**List three key products/services that the Company manufactures/provides (as in balance sheet):**	:	**1) Vehicle/Tractor Financing** **2) Small and Medium-sized Enterprises (SME) Financing** **3) Investments and Advisory**
9.	**Total number of locations where business activity is undertaken by the Company**	:	**i. Number of International Locations (Provide details of major 5)** — **ii. Number of National Locations** The Company has presence in India and operates through its Associates viz. Mahindra Finance USA LLC, in United States and Ideal Finance Limited, in Sri Lanka. — 1,322 offices as on 31st March, 2020.
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)**	:	12,306.95 Lakhs
2.	**Total Turnover (INR)**	:	10,24,513.79 Lakhs
3.	**Total profit after taxes (INR)**	:	90,640.39 Lakhs
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	:	INR 2,797.36 Lakhs 2.45% of average Net Profits of the preceding three Financial Years.
5.	**List of activities in which expenditure in 4 above has been incurred**	:	**Education:** A. Mahindra Finance Saksham Scholarship: Provided 2,800 Scholarships for children studying in 5th to 12th Grade of Drivers and Automobile Dealership employees. B. Gyandeep: Assisted in education of underprivileged community by providing quality education, uniforms, notebooks, textbooks, laptops, necessary infrastructure and facilities to educational and other institutions, etc. Conducted 19 visits to Municipal Schools, benefitting 2,482 students. C. Leadership through CSR (SEED Program): The Program trained employees in a Rural Environment to come up with CSR based idea / project for improvement and develop Leadership Competency in the process. Two batches of the SEED program were conducted in which 44 employees participated and 7 CSR projects were approved to be implemented during one year duration.

Board's Report

D. Nanhi Kali: Objective of the project is to impact the nation's development through education of the girl child. The purpose of the project is to curtail the high dropout rate prevalent amongst school girls in India, while ensuring that girls attend school with dignity and attain quality education. In F.Y. 2019-20, the Company supported education of 9,927 marginalised girls.

E. Dhan Samvaad: Organised 400 financial literacy workshops along with Web based Mobile Application on financial literacy for sensitizing 12,000 working population to inculcate good financial practices for better money management. The project is implemented in Gujarat, Madhya Pradesh and West Bengal.

Health:

A. Jeevandan: On the occasion of Founder's Day, Blood Donation Camps were organized with the help of employees across India at 1,257 branches. Around 23,572 employees contributed 1,19,583 man hours and 8,349 number of blood units were collected.

B. Ambulance Donation Program: This program promotes access to healthcare for marginalised population by providing ambulances. This year we donated 14 ambulances to 14 NGOs across India.

C. Health Check-up Camps: Conducted 16 Health Check-up camps across India on general health and provided medical aid benefitting 1,175 persons.

D. Swachh Bharat: The program supports Prime Minister's clean India campaign by spreading awareness about Swachh Bharat Abhiyan. Our employees volunteered in 20 activities and created awareness, distributed dustbins, provided water purifiers, repaired washrooms which benefited 6,395 people.

E. Contribution made to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) for combating, containment and relief efforts against the COVID-19 pandemic in India.

Livelihood:

A. Divyang Vikas Kendra: Multiple sector skills were provided to Persons with Disability ("PwDs") so as to enable them to get employment in sectors such as Retail, Hospitality and ITES. Through this program we trained 250 PwDs at Bhopal to make them employable.

B. Mahindra Pride Schools: This is a livelihood training school which provides 3 months intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged backgrounds. In F.Y. 2019-20, the Company supported the schools in Pune, Patna and Chennai which skilled 2,404 students.

C. Mahindra Pride Classrooms (MPC): MPC's provide 40-120 hours of training to final year students covering English speaking, Life skills, Aptitude, Interview, Group Discussion and Digital Literacy. In F.Y. 2019-20, 30,143 students were supported by the Company from 16 states in India.

Environment:

A. Hariyali: The program is meant to increase green cover in the country by planting trees in multiple locations across India and supporting Environmental conservation and restoration projects. 1,01,129 saplings have been planted across India with the participation of employees.

		Other Program: A. Flood Relief Work: - The Company extended support to the victims in Odisha by donating INR 50 Lakhs from CSR budget. - Distributed 200 Relief Kits to 200 flood affected families of Kolhapur and Sangali districts of Maharashtra. - Conducted free health check-up camps at Muzaffarpur, Madhubani and Sitamarhi in Bihar. B. Culture: Preservation and promotion of fine arts & culture. C. Welfare of the armed forces. D. Sports: Promoting Taekwondo amongst school students. E. Samantar: Visit to Orphanages, Old Aged Homes and Differently Abled Homes. Our employees conducted 19 activities, benefitting 1,125 people.

SECTION C: OTHER DETAILS

1.	**Does the Company have any Subsidiary Company/ Companies?**	Yes, the Company has five Subsidiary Companies as on 31st March, 2020. 1) Mahindra Insurance Brokers Limited [MIBL] 2) Mahindra Rural Housing Finance Limited [MRHFL] 3) Mahindra Asset Management Company Private Limited [MAMCPL] 4) Mahindra Trustee Company Private Limited 5) Mahindra Finance CSR Foundation (Section 8 Company)
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, Mahindra Rural Housing Finance Limited and Mahindra Asset Management Company Private Limited participate in the Company's BR initiatives and also have been included in the scope of M&M - Financial Services Sector (FSS) next Sustainability Report. The FSS Sustainability Reports of last 7 years are available on the Company's website at - **https://mahindrafinance.com/discover-mahindra-finance/sustainability**. 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. 2019-20.
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 Company's suppliers. The Company also encourages and appreciates its suppliers who adopt sustainability focused practices and promote them. In F.Y. 2018-19, the Company formulated 'Vendor & Supplier Code of Conduct', it sets forth key social, environmental and governance standards that the Company expects its suppliers and dealers to follow. Since, the business reach is widespread across the country, the number of dealers and suppliers which 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 Sustainability Roadmap of the Company, increasing the coverage of dealers and suppliers is taken up as one of the focus areas.

Board's Report

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

**Mr. Vinay Deshpande has superannuated from the services of the Company on 31st March, 2020.*

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 operationalized 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

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
6	Indicate the link for the policy to be viewed online?	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]	Y[2]
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	N.A.	Y	Y	Y	Y	N.A.	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]	Y[3]

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

Notes:

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

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

- https://mahindrafinance.com/media/124190/mmfsl_businessresponsibilitypolicy_signed.pdf
- https://mahindrafinance.com/media/125149/coc_directors.pdf
- https://mahindrafinance.com/media/125158/code_for_independent_directors.pdf
- https://mahindrafinance.com/media/125150/corpgov_mgmt_emp.pdf
- https://mahindrafinance.com/investor-zone/fair-practice-code
- https://mahindrafinance.com/media/124191/internal_guidelines_on_corporate_governance_15_03_2019.pdf
- https://mahindrafinance.com/media/44942/csr-policy_final-2-1.pdf
- https://mahindrafinance.com/media/44959/sustainability_policy_fss_final.pdf
- https://mahindrafinance.com/media/125151/whistle-blower-policy.pdf

Other Policies with respect to 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, Guideline for Disciplinary Actions, 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 have 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

Board's Report

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 7th Sustainability Report for F.Y. 2018-19 with the theme 'Change is good' based on the GRI Standards using the Integrated Reporting Framework. The report has its GRI Content Index checked by GRI. The report also aligns with the National Voluntary Guidelines and UN Sustainable Development Goals and is externally assured by KPMG. It highlights the Company's endeavours towards adapting an Agile culture and changing needs. The Sustainability Report for the F.Y. 2018-19 can be accessed at the web-link: **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.pdf**.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

The Company has 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.

Further, during the year under review,18 complaints were received from Debenture holders and 18 complaints were received from Fixed Deposit holders. 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 enables the residents of semi-urban and rural India to access formal channels of credit/finance, thus helping them create long-term value. The Company's businesses focus on the key necessities of people and enable them to earn their livelihood through financial products offered by it. The Company also helps people to 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 the 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.

The Company has presence in over 3.82 lakh 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.

Environmental concerns are also factored into our product and service considerations. Climate Change pattern can significantly impact our business as our loan recovery schemes for rural customers are structured around the crop harvest pattern. Hence, weather reports are assessed on a regular basis and aligned with business operations to protect our customers and minimize the risk impact.

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 at certain branches 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.

The Company has sent 23,086 kgs. of waste generated at Head Office for responsible disposal and recycling. In return Company has received 66,000 Swachh Bharat Points which can be redeemed for environmentally friendly office stationary items from the vendor partner.

At the Company's Corporate Office in Mumbai, dry and wet waste segregation along with recycling has been initiated during the Financial Year 2019-20.

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, the Company encourages its suppliers and vendors to adopt sustainable practices.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their 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 the Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators at Page No. 31 in the Company's previous Sustainability Report available at the web-link - **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.pdf**.

As a part of the 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 recognizes the good practices followed by them.

Board's Report

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

Yes, the Company has a mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste (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 60 Tons of these materials have been responsibly managed at the Company's Corporate Office in Mumbai.

The Company is collaborating with Record Management Agencies to take up initiatives on waste reduction and approximately 45 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.

Principle 3

1. Please indicate the Total number of employees

	No. of employees
Permanent employees	21,862

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

	No. of employees
Temporary/Contractual/Casual employees	2,113

3. Please indicate the number of permanent women employees

820

4. Please indicate the number of permanent employees with disabilities

60

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 on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as at the end of the financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	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 10 hours man-days per person in F.Y. 2019-20.

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

Permanent Employees	73.5%
Permanent Women Employees	40%
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. 14-15 of its previous Sustainability Report available at web-link - **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.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 the Company's Sustainability Report and Annual Report.

   Annual Report of the Company can be accessed at the web-link: **https://mahindrafinance.com/investor-zone/financial-information#Financialresults**

   Kindly refer to Social Performance Section in the Company's previous Sustainability Report on Page Nos. 44-50 available at web-link: **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.pdf**

Principle 5

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

   The 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 the 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 and the 'Vendor & Supplier Code of Conduct' which are important to the Company have 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

Board's Report

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 all 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. In the current financial year, the Company's **preliminary validation for carbon reduction target setting is complete.** The SBTi Team has also invited the Company for methodology development exercise for Financial Institutions.

- Also, the Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the 7th 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. The Company was also felicitated by RobecoSAM on 8th January, 2020 at BSE Limited for making it to the Emerging Markets Index.

- The Company has won the Global Corporate Sustainability Award in Taipei, Taiwan on 28th November, 2019 for the Sustainability Report 2017-18. The award category was **Reporting (Emerging Market)**. It was presented by Vice-President of Taiwan. Global Corporate Sustainability Award was hosted by Alliance for Sustainable Development Goals (ASDGs). The Panel Judge Committee comprises of 18 experts from professional services, academics and government agencies. The judging criteria were: Credibility, Completeness, Communication, Multimedia applications and content quality.

- 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. Also, the Company attained Band- A in the Supplier Engagement Rating of CDP.

- The Company, under Mahindra Hariyali project, planted 1,01,129 saplings across India in this year. It is an initiative to improve green cover and protect biodiversity in the country.

- Mr. Anand Mahindra, Chairman of the Mahindra Group, at Davos 2018 reaffirmed his pledge to Climate change mitigation by committing all Mahindra Group companies to setting Science based targets which aim to limit global temperature rise to 1.5-2 degrees. He also made a bold statement announcing all Mahindra Group companies to become Carbon neutral by 2040. Aligning to Mr. Mahindra's commitment, FSS has developed its Carbon Neutrality Roadmap 2040.

- On the Capacity building front, sensitizing the employees to a novel concept such as Sustainability has been taken as one of the key initiatives for the Financial Year. Capacity building on Sustainability has been driven by:

  - Sustainability Courses on Coursera
  - Sustainability channel on Edcast
  - Video bytes by Senior management on Sustainability (during webcasts)
  - Human Rights E-learning module is introduced in employee portal and is mandated for all the employees.

- Since 2015, the Company has been releasing Quarterly Sustainability Newsletter **"Beyond Profit"** to communicate Sustainability & CSR Highlights internally across Financial Services Sector. The message and inputs of the Senior Management of the Company and its subsidiaries, viz. MIBL and MRHFL are also captured in Newsletter.

- Through **'I Am Responsible Initiative'** the Company encourages employees to make Sustainability personal and to make a social contribution through its monthly calendar activities. We take it upon ourselves as an organization to make sure each of our employees become part of it to bring a positive change in society. This initiative is driven in alignment with Sustainability Calendar which is designed with Sustainable Development Goals as an overarching framework.

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. 50-54 of Company's previous Sustainability Report available at the web-link: **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.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:

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) Segregation of dry and wet waste.
4) 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, the 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 57 branches, LED Lights in place of CFL in offices and installation of solar panels in various offices. Also, the 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 previous Sustainability Report on Page No. 54 at - **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.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://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.pdf**)

Your Company under various initiatives is constantly in pursuit to reduce its carbon footprint and waste generated.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as 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), National Committees, Finance Industry Development Council (FIDC) and Bombay Chamber of Commerce and Industry (BCCI).

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

Board's Report

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 forum of various chambers, association and educational institutes.

Further details regarding the same can be referred in section 'Commitment to External Initiatives – Public Policy Participation' on Page No. 11 of Company's previous Sustainability Report available on web-link - **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.pdf**

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

Yes, the Company's Senior Management has suggested 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://mahindrafinance.com/investor-zone/financial-information#Financialresults.**

Kindly refer the Social Capital Section in the Company's previous Sustainability Report on Page Nos. 44 - 49 available at web-link: **https://mahindrafinance.com/media/124177/mahindra_finance_sr_2019_final.pdf**

These details are also available on the website:

- CSR Section:

  https://mahindrafinance.com/rise-for-good/csr-overview

- Sustainability Section:

  https://mahindrafinance.com/discover-mahindra-finance/sustainability

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.

During the year under review, Mahindra Finance CSR Foundation has been incorporated 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.

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 available at the web-link: **https://mahindrafinance.com/investor-zone/financial-information#Financialresults**

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

- CSR Section:

  https://mahindrafinance.com/rise-for-good/csr-overview

- Sustainability Section:

  https://mahindrafinance.com/discover-mahindra-finance/sustainability

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. Also, Social Audit is been carried out by the third party for high budget CSR projects to understand an overview on the performance and progress of the project.

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 and people with disability in IT skills, Retail Management, etc. Through the projects in healthcare, your Company strengthened rural infrastructure by donating ambulances and conducting health check-up camps and donating blood. In the area of environment, the Company planted over 1,00,000 saplings in a move to prevent the ill-effects of deforestation.

The Company contributed Rs. 2,797.36 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 consistently monitored, online and offline. Offline monitoring includes follow-up and interaction with the implementing agencies, site visits to monitor the projects and preparation of a progress report to ensure speedy and smooth completion of the project. Online monitoring happens on a cloud-based technology platform called Goodera Enterprise which collects data from partners at regular intervals and provides dashboards for analysis to support Mahindra Finance in monitoring and evaluation of the initiatives.

Principle 9

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

Customer complaints are treated very seriously in the organization. Out of the total complaints 15.85% are pending for the resolution as at the end of the year. There were 1,955 consumer cases pending as on 31st March, 2020. The 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 organization, India's linguistic diversity is a challenge. To overcome this barrier the Company employs multilingual teams, comprising of local people. The Company's website is also multilingual and provides information to its audience in English and 5 Indian regional languages. The Company also has a Customer Contact Center, where customers can call in case of any queries, requests or complaints. The Customer Contact Center provides support in 10 languages, which include 9 regional languages.

The Company's employees educate customers about the loan products they avail and thus build deeper

Board's Report

partnerships with them. The Company focuses on engaging and hiring local people as a part of its workforce in order to have 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.

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 cases are 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. From F.Y. 2020-21 we intend to conduct a customer satisfaction study, the modalities of this study are currently being worked out.

ANNEXURE III TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

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 in which the Company invests its majority funds. Given below is a description of the major projects under each focus area:

- Healthcare: Under this pillar the Company has three primary brands namely Ambulance Donation, Sehat and Jeevandan which support a comprehensive range of activities such as donating ambulance to remote locations, diagnosing diseases and providing medical services in health camps and supporting treatment of needy underprivileged with ailments. The Company also conduct Swachh Bharat initiatives to create awareness about sanitation and hygiene. This year the Company has also contributed to the PM CARES Fund to support the victims of COVID-19 pandemic.
- Education & Livelihood: Under the brand names- Nanhi Kali, Hunnar, Gyandeep and Mahindra Pride School and Classrooms the Company provides the necessary financial assistance to educate, employ and empower underprivileged children, youth and people with disabilities. Additionally, the Company has launched Dhan Samvaad, a financial literacy program for the working population.
- Environment: The Company's key environment initiative i.e. project Hariyali, the Company has mobilised its employees nation-wide to make the country clean and green by planting trees.

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

The CSR Policy and details of the projects undertaken by the Company are available at web-link: **https://mahindrafinance.com/rise-for-good/csr-overview.**

2. The Composition of the CSR Committee: Mr. Dhananjay Mungale (Chairman), Ms. Rama Bijapurkar, Mr. Ramesh Iyer, Mr. V. Ravi and Dr. Anish Shah.

   Dr. Anish Shah resigned as a Member of the CSR Committee with effect from 16th May, 2020. The re-constituted CSR Committee currently comprises of Mr. Dhananjay Mungale (Chairman), Ms. Rama Bijapurkar, Mr. Ramesh Iyer and Mr. V. Ravi.

3. Average net profit of the Company for last three Financial Years: Rs. 1,14,007.92 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 2,280.16 Lakhs

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

   (a) Total amount spent for the Financial Year: Rs. 2,797.36 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 2019-20:

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)	Nellore (Andhra Pradesh), Kochi (Kerala), Ujjain, Mandla (Madhya Pradesh), Ahmednagar, Raigad (Maharashtra), Jalandhar (Punjab), Sriperumbudur (Tamil Nadu), Bareilly (Uttar Pradesh), Bengaluru (Karnataka), Bharatpur (Rajasthan), South 24 Parganas (West Bengal), Ranchi (Jharkhand), Tehri Garhwal (Uttarakhand)	100.44	100.44	0.00	100.44	Through Implementing Agencies: Yashodeep Foundation, Sau Mathurabai Bhausaheb Thorat Sevabhavi Trust, Simhapuri Vydya Seva Samithi, Youth Football Club, Society of St. Vincent De Paul Ernakulam Central Council, Ujjain Charitable Trust Hospital and Research Centre, RMD Pain And Palliative Care Trust, The National Society For Prevention of Blindness, Sanchalana, Maa Madhuri Brij Varis Sewa Sadan Apna Ghar Sanstha, Sabuj Sangha, Ramakrishna Mission, Garhwal Community Development & Welfare Society, The Diocesan Corporation of Jabalpur
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, Nashik, 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	3.51	3.51	0.00	3.51	Directly and Through Implementing Agencies

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 medical facilities by providing medical equipment and running costs to various institutions 2) Providing financial assistance for the needy to improve their medical condition 3) Conducting various medical camps for general health, eye check-up and other ailment and providing related medical aid 4) Promoting awareness about hygiene and sanitation in the communities	(i)	Mumbai, Thane, Pune, Palghar, Gangapur (Maharashtra), Kadapa (Andhra Pradesh), Muzaffarpur, Madhubani, Sitamarhi, Patna (Bihar), Dhaneli (Chhattisgarh), Rajkot (Gujarat), Baddi (Himachal Pradesh), Dhanbad (Jharkhand), Kumbalgodu (Karnataka), Idukki (Kerala), Bhopal (Madhya Pradesh), Patiala (Punjab), Chennai (Tamil Nadu), Faizabad, Lalitpur, Mauranipur (Uttar Pradesh)	49.38	49.38	0.00	49.38	Directly and Through Implementing Agencies: Mandke Foundation, Think Foundation, The Brindaban Seva Sangham, Indian Development Foundation, Sri Shanmukhananda Fine Arts And Sangeetha Sabha, Indian Cancer Society, Rasika Ranjani Sabha, Santulan

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
4	**Swachh Bharat:** Supporting PM's clean India campaign by Spreading awareness about Swachh Bharat Abhiyan	(i)	Vijayawada (Andhra Pradesh), Patna (Bihar), Raipur (Chhattisgarh), Ambala (Haryana), Shimla (Himachal Pradesh), Ranchi (Jharkhand), Mysore, Bengaluru (Karnataka), Kasargod (Kerala), Indore (Madhya Pradesh), Nagpur, Aurangabad, Mumbai (Maharashtra), across Odisha, Alwar (Rajasthan), Chennai (Tamil Nadu), Dehradun (Uttarakhand), Meerut, Agra (Uttar Pradesh), Krishnanagar (West Bengal), Delhi	3.10	3.10	0.00	3.10	Directly and Through Implementing Agencies
5	**Gyandeep:** Assisting education of underprivileged community by providing scholarships, quality education, uniforms, notebooks, textbooks, laptops, benches and necessary infrastructure including mobile educational van & other facilities to educational and other institutions, etc.	(ii)	Solapur, Palghar, Raigad, Mumbai, Pune, Navi Mumbai, Thane, Nashik (Maharashtra), Pillaipakkam, Sriperumbudur, Trivandrum, Kotagiri (Tamil Nadu), Ramanagara, Gadag, Mangalore, Bengaluru (Karnataka), Garankati, 24 Parganas (West Bengal), Dehradun (Uttarakhand), Surat (Gujarat), Jabalpur (Madhya Pradesh), Bhubaneswar (Odisha), Jalandhar (Punjab), Bikaner, Udaipur (Rajasthan), Lucknow, Allahabad (Uttar Pradesh), Kurnool (Andhra Pradesh), Purnea, Muzaffarpur (Bihar), Delhi	82.17	82.17	0.00	82.17	Directly and Through Implementing Agencies: Manasarovar Kamothe Malayali Samajam, Namasankeerthana, Mumbai Mobile Creches, Shivram Trust, Bhajan Samaj Ghatkopar East, Sadguru Sudhindra Educational Charitable Trust, Shree Hariharaputra Bhajan Samaj, Punyabhushan Foundation, G S B Sarvajanik Ganeshotsava Samiti, Gowd Saraswat Brahman Seva Mandal, Warrier Foundation, Vision In Social Arena, Think Foundation, Vivekananda Rock Memorial And Vivekananda Kendra, Saraswatam, Mahindra Finance CSR Foundation, Garankati Jana Sevashram Sangha, Purkal Youth Development Society, Chhedanagar Education Society
6	**Hunnar:** Imparting multiple sector skills to Persons with Disability to employ them in sectors such as Retail, Hospitality and ITES	(ii)	Bhopal (Madhya Pradesh)	37.23	37.23	0.00	37.23	Through Implementing Agency: Sarthak Educational 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
7	**Saathi:** Need assessment to identify problems faced by the driver community in India	(i), (ii)	PAN India	4.07	4.07	0.00	4.07	Directly
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 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	(ii)	Maharashtra, Tamil Nadu, Bihar, Punjab, Kerala, Andhra Pradesh, Telangana, Uttar Pradesh, Gujarat, Delhi, Haryana, West Bengal, Rajasthan, Karnataka, Jammu & Kashmir	815.08	815.08	0.00	815.08	Through Implementing Agency: K.C. Mahindra Education Trust
9	**Nanhi Kali:** Supporting education of marginalised girls	(ii)	Kolhapur, Nashik, Mumbai (Maharashtra), Moga (Punjab), Kolkata (West Bengal), Ratlam (Madhya Pradesh), Prayagraj, Varanasi, Shravasti, Barabanki (Uttar Pradesh), Visakhapatnam (Andhra Pradesh), Ramanathapuram (Tamil Nadu)	318	318	0.00	318	Through Implementing Agency: K. C. Mahindra Education Trust, United Way of Mumbai
10	**Dhan Samvaad:** Empowering working population to inculcate good financial practices for better finance management	(ii)	Gujarat, Madhya Pradesh, West Bengal	51.94	51.94	0.00	51.94	Through Implementing Agency: 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 aid, medical aid and nutritional aid to orphans and differently abled	(iii)	Mumbai, Shirdi, Vasai (Maharashtra), Rajahmundry (Andhra Pradesh), Guwahati (Assam), Muzaffarpur (Bihar), Delhi NCR (Delhi), Karnal (Haryana), Jammu (Jammu & Kashmir), Ranchi (Jharkhand), Davangere (Karnataka), Thrikkakara (Kerala), Bhopal (Madhya Pradesh), Nashik, Nagpur (Maharashtra), Shillong (Meghalaya), Udaipur (Rajasthan), Chengalpattu (Tamil Nadu), Gorakhpur, Meerut (Uttar Pradesh), Kurseong, Berhampur (West Bengal)	15.66	15.66	0.00	15.66	Directly and Through Implementing Agencies: Desire Society, MBA Foundation, Vasai Janhit Trust
12	**Mahindra Hariyali:** Increasing green cover in the country by planting trees in multiple locations across India	(iv)	Muzaffarpur, Patna (Bihar), Bilaspur, Raipur (Chhattisgarh), Karnal, Hisar (Haryana), Shimla (Himachal Pradesh), Jammu (Jammu & Kashmir), Dhanbad, Ranchi (Jharkhand), Chamrajnagar, Kolar, Kanakapura, Ramanagara, Chikmagalur, Hassan (Karnataka), Aleppey (Kerala), Indore, Ratlam, Gwalior, Bhopal, Jabalpur, Satna (Madhya Pradesh), Mumbai, Aurangabad, Pune, Kolhapur, Nagpur, Gondia (Maharashtra), Chandigarh, Ludhiana (Punjab), Mauranipur, Agra (Uttar Pradesh), Asansol, Krishnanagar, Purulia, Kolkata, Kalyani, Burdwan, Bankura & Chandrakona, Kharagpur, Chinsurah, Howrah, Baruipur, Contai, Karimpur, Bishnupur, Rampurhat, Kolkata, Mal Bazar, Malda, Alipurduar (West Bengal), Delhi	78.69	78.69	0.00	78.69	Directly and Through Implementing Agencies: Mahindra Finance CSR Foundation, Haritika, Green Yatra and others

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
13	**Cultural Activities:** Preservation and promotion of the fine arts & culture	(v)	Chennai (Tamil Nadu), Mumbai (Maharashtra)	15.25	15.25	0.00	15.25	Through Implementing Agencies: Charsur Arts Foundation, The Suburban Music Circle, Sangitam Charitable Trust, Shanmukha Priya Charity Trust, Maharashtra Lalit Kala Nidhi
14	**Relief & Rehabilitation Project**	(i), (ii), (viii)	Mumbai, Sangli, Kolhapur (Maharashtra)	54.01	54.01	0.00	54.01	Directly and Through Implementing Agencies: Mahindra Foundation, Habitat For Humanity India Trust
15	**Welfare of the armed forces**	(vi)	Mumbai (Maharashtra)	5.00	5.00	0.00	5.00	Through Implementing Agencies: Sri Shanmukhananda Fine Arts & Sangeetha Sabha
16	**Sports:** Promoting Taekwondo amongst school students by providing necessary infrastructure and running costs	(vii)	Dapoli, Ratnagiri (Maharashtra)	10.00	10.00	0.00	10.00	Through Implementing Agencies: Think Foundation, Mahindra Finance CSR Foundation
17	**Project SEED:** 1) Providing Quality, Affordable & Accessible Healthcare and supporting soil and water conservation, agriculture and counselling centre in Sawanga Jahangir, Washim 2) Providing career counselling, alternate sources of livelihoods and promoting entrepreneurship among tribal youths of district Dang by handholding and training	(i), (x)	Washim (Maharashtra), Dang (Gujarat)	57.03	57.03	0.00	57.03	Through Implementing Agencies: Krushi Vikas Va Gramin Prashikshan Sanstha, Vasundhara Technical Institute, BAIF Institute for Sustainable Livelihoods And Development, Aga Khan Rural Support Programme India

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
18	**Village Adoption Program:** Conducting need assessment for a village adoption program	(i), (ii), (iv), (x)	Washim, Osmanabad, Gadchiroli (Maharashtra) Yadgir, Raichur (Karnataka), Bahraich, Chandauli, Fatehpur, Shravasti, Siddarthnagar (Uttar Pradesh)	13.62	13.62	0.00	13.62	Directly
19	**Animal Welfare Program:** Financial support towards meeting the day-to-day expenses of the charitable organization working for animal welfare	(iv)	Pillaipakkam, Sriperumbudur (Tamil Nadu)	1.00	1.00	0.00	1.00	Through Implementing Agency: Sri Shivarama Goshala
20	Financial support to conduct social activities such as educate poor students, to render medical aid to the poor, giving marriage assistance to the poor	(i), (ii)	Mumbai (Maharashtra)	2.00	2.00	0.00	2.00	Through Implementing Agencies: Gowd Saraswat Brahman Sabha Dahisar-Borivali Charitable Trust
21	**COVID-19 Crisis Support***	(viii)	PAN India	1,000.00	1,000.00	0.00	1,000.00	Through Implementing Agencies: Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)
22	**CSR Administrative Expenses**	-	Mumbai (Maharashtra), Bengaluru (Karnataka), New Delhi (Delhi)	80.18	0.00	80.18	80.18	-
	Total			**2,797.36**	**2,717.18**	**80.18**	**2,797.36**	

** Out of total contribution of Rs. 10 Crores made by the Company to the PM CARES Fund a contribution of Rs. 4.83 Crores has been allocated from the CSR spend of FY 2019-20 and Rs. 5.17 Crores would be apportioned towards the CSR spend of the Company for FY 2020-21.*

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.

(x) Rural development projects.

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

7. 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 : 15th May, 2020

Board's Report

ANNEXURE IV TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2020

[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	**KFin Technologies Private Limited** (Formerly known as Karvy Fintech Private Limited) Unit: Mahindra & Mahindra Financial Services Limited Selenium Building, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, Telangana, India. Email : einward.ris@kfintech.com Website: https://www.kfintech.com Tel. : 040-6716 2222 Fax : 040-2300 1153/2342 0814 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	93.50%

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	98.43%	Section 2(87)(ii)
4.	Mahindra Asset Management Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U65900MH2013PTC244758	Subsidiary Company	100.00%*	Section 2(87)(ii)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
5.	Mahindra Trustee Company Private Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U67100MH2013PTC245464	Subsidiary Company	100.00%*	Section 2(87)(ii)
6.	Mahindra Finance CSR Foundation Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.	U85320MH2019NPL323553	Subsidiary Company	100.00%@	Section 2(87)(ii)
7.	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)
8.	Ideal Finance Limited (Sri Lanka) No. 299 Union Place, Colombo 02000, Sri Lanka.	Foreign Company	Associate	38.20%**	Section 2(6)

Notes :

* *Manulife Investment Management (Singapore) Pte. Ltd., ("Manulife") has acquired a 49% stake in Mahindra Asset Management Company Private Limited ("MAMCPL") and Mahindra Trustee Company Private Limited ("MTCPL") on 29th April, 2020, pursuant to the execution of Share Subscription Agreement and Shareholders' Agreement by and amongst the Company, MAMCPL, MTCPL and Manulife on 21st June, 2019. Consequently, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital, respectively.*

** *Pursuant to the execution of Share Subscription, Share Purchase and Shareholders' Agreement by the Company with Ideal Finance Limited (Sri Lanka) ("Ideal Finance") and its existing Shareholders, the Company on 28th February, 2020 has acquired 5,56,39,098 Equity Shares aggregating to 38.20% of the paid-up share capital of Ideal Finance.*

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

(i) Category-wise Shareholding

Category of shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2019)				No. of Shares held at the end of the year (As on 31st March, 2020)				% 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) Qualified Foreign Investor	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) (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**

Board's Report

Category of shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2019)				No. of Shares held at the end of the year (As on 31st March, 2020)				% 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	7,95,14,569	0	7,95,14,569	12.87	7,55,00,563	0	7,55,00,563	12.22	-0.65
b) Banks / FI	40,90,130	0	40,90,130	0.66	1,90,18,005	0	1,90,18,005	3.08	2.42
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	0	0	0	0.00	-0.11
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	16,53,49,917	0	16,53,49,917	26.77	14,78,82,384	0	14,78,82,384	23.94	-2.83
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
j) Others - Qualified Institutional Buyer	0	0	0	0.00	15,70,858	0	15,70,858	0.25	0.25
Sub-total (B)(1)	**24,96,37,359**	**0**	**24,96,37,359**	**40.41**	**24,39,71,810**	**0**	**24,39,71,810**	**39.49**	**-0.92**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	2,49,96,469	1,41,240	2,51,37,709	4.07	3,01,71,970	98,955	3,02,70,925	4.90	0.83
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	1,46,72,216	1,92,295	1,48,64,511	2.41	1,63,46,188	1,42,920	1,64,89,108	2.67	0.26
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	53,33,158	0	53,33,158	0.86	48,65,378	0	48,65,378	0.79	-0.08
c) Others (specify)									
Clearing Members	10,55,019	0	10,55,019	0.17	13,89,114	0	13,89,114	0.22	0.05
Non Resident Indians	9,59,210	0	9,59,210	0.16	9,09,532	0	9,09,532	0.15	-0.01
Trusts	16,13,512	0	16,13,512	0.26	11,76,620	0	11,76,620	0.19	-0.07
IEPF	68,577	0	68,577	0.01	67,557	0	67,557	0.01	0.00
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (2)	**4,86,98,161**	**3,33,535**	**4,90,31,696**	**7.93**	**5,49,26,359**	**2,41,875**	**5,51,68,234**	**8.93**	**0.99**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**29,83,35,520**	**3,33,535**	**29,86,69,055**	**48.34**	**29,88,98,169**	**2,41,875**	**29,91,40,044**	**48.42**	**0.08**
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
D. Non Promoter Non Public									
MMFSL Employees' Stock Option Trust^	28,88,245	0	28,88,245	0.47	24,17,256	0	24,17,256	0.39	-0.08
Sub-total (D)	**28,88,245**	**0**	**28,88,245**	**0.47**	**24,17,256**	**0**	**24,17,256**	**0.39**	**-0.08**
Grand Total (A+B+C+D)	**61,74,31,425**	**3,33,535**	**61,77,64,960**	**100.00**	**61,75,23,085**	**2,41,875**	**61,77,64,960**	**100.00**	**0.00**

^ The change in the percentage of shareholding during the year is due to transfer of shares to the employees pursuant to exercise of ESOPs.

(ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year (As on 1st April, 2019)			No. of Shares held at the end of the year (As on 31st March, 2020)			% 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, 2019)		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, 2020)	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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1.	Life Insurance Corporation of India	26,41,036	0.43	01-04-2019		Market Purchase	26,41,036	0.43
				05-04-2019	8,47,817		34,88,853	0.56
				12-04-2019	11,70,928		46,59,781	0.75
				19-04-2019	5,11,233		51,71,014	0.84
				26-04-2019	7,01,301		58,72,315	0.95
				03-05-2019	14,16,119		72,88,434	1.18
				10-05-2019	21,31,922		94,20,356	1.52
				17-05-2019	18,97,012		1,13,17,368	1.83
				24-05-2019	12,22,866		1,25,40,234	2.03
				31-05-2019	20,59,936		1,46,00,170	2.36
				07-06-2019	3,53,000		1,49,53,170	2.42
				14-06-2019	20,79,882		1,70,33,052	2.76
				21-06-2019	8,04,144		1,78,37,196	2.89
		1,78,37,196	2.89	31-03-2020			1,78,37,196	2.89
2.	SBI Banking & Financial Services Fund	1,54,40,165	2.50	01-04-2019		Market Sale & Purchase	1,54,40,165	2.50
				05-04-2019	-7,29,861		1,47,10,304	2.38
				19-04-2019	-4		1,47,10,300	2.38
				26-04-2019	-5,07,561		1,42,02,739	2.30
				03-05-2019	-22,417		1,41,80,322	2.30
				17-05-2019	177		1,41,80,499	2.30
				24-05-2019	-22,82,000		1,18,98,499	1.93
				31-05-2019	-22,45,436		96,53,063	1.56
				07-06-2019	-174		96,52,889	1.56
				21-06-2019	308		96,53,197	1.56
				28-06-2019	-32		96,53,165	1.56
				26-07-2019	1		96,53,166	1.56
				02-08-2019	94,001		97,47,167	1.58
				09-08-2019	8,71,251		1,06,18,418	1.72
				16-08-2019	1		1,06,18,419	1.72
				23-08-2019	5,19,852		1,11,38,271	1.80
				30-08-2019	22,62,151		1,34,00,422	2.17

Board's Report

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				06-09-2019	3		1,34,00,425	2.17
				13-09-2019	7,500		1,34,07,925	2.17
				27-09-2019	1,45,000		1,35,52,925	2.19
				27-09-2019	-26		1,35,52,899	2.19
				30-09-2019	25,000		1,35,77,899	2.20
				04-10-2019	1		1,35,77,900	2.20
				11-10-2019	-1		1,35,77,899	2.20
				25-10-2019	35,001		1,36,12,900	2.20
				08-11-2019	1		1,36,12,901	2.20
				08-11-2019	-6,81,606		1,29,31,295	2.09
				22-11-2019	1		1,29,31,296	2.09
				29-11-2019	3,76,608		1,33,07,904	2.15
				06-12-2019	39,393		1,33,47,297	2.16
				27-12-2019	1,800		1,33,49,097	2.16
				27-12-2019	-418		1,33,48,679	2.16
				31-12-2019	-3		1,33,48,676	2.16
				17-01-2020	-2		1,33,48,674	2.16
				07-02-2020	-1		1,33,48,673	2.16
				14-02-2020	165		1,33,48,838	2.16
				21-02-2020	1		1,33,48,839	2.16
				28-02-2020	169		1,33,49,008	2.16
				06-03-2020	-7		1,33,49,001	2.16
				20-03-2020	-25		1,33,48,976	2.16
				31-03-2020	3		1,33,48,979	2.16
		1,33,48,979	2.16	31-03-2020			1,33,48,979	2.16
3.	HDFC Life Insurance Company Limited $	1,49,54,693	2.42	01-04-2019		Market Sale & Purchase	1,49,54,693	2.42
				05-04-2019	99,800		1,50,54,493	2.44
				12-04-2019	5,869		1,50,60,362	2.44
				19-04-2019	-1,15,754		1,49,44,608	2.42
				26-04-2019	-4,08,354		1,45,36,254	2.35
				03-05-2019	4,50,052		1,49,86,306	2.43
				10-05-2019	95,570		1,50,81,876	2.44
				17-05-2019	1,43,741		1,52,25,617	2.46
				24-05-2019	59,616		1,52,85,233	2.47
				31-05-2019	1,86,175		1,54,71,408	2.50
				07-06-2019	67,308		1,55,38,716	2.52
				14-06-2019	1,18,329		1,56,57,045	2.53
				21-06-2019	1,29,300		1,57,86,345	2.56
				05-07-2019	1,75,545		1,59,61,890	2.58
				12-07-2019	-19,070		1,59,42,820	2.58
				19-07-2019	1,89,316		1,61,32,136	2.61
				26-07-2019	4,14,815		1,65,46,951	2.68
				02-08-2019	3,23,442		1,68,70,393	2.73
				09-08-2019	1,26,713		1,69,97,106	2.75
				16-08-2019	-331		1,69,96,775	2.75
				23-08-2019	-61,807		1,69,34,968	2.74
				30-08-2019	-1,58,804		1,67,76,164	2.72
				06-09-2019	-1,07,885		1,66,68,279	2.70

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				13-09-2019	-86,110		1,65,82,169	2.68
				20-09-2019	1,05,918		1,66,88,087	2.70
				27-09-2019	-4,30,829		1,62,57,258	2.63
				04-10-2019	1,51,093		1,64,08,351	2.66
				11-10-2019	-2,736		1,64,05,615	2.66
				18-10-2019	97,248		1,65,02,863	2.67
				25-10-2019	-2,281		1,65,00,582	2.67
				01-11-2019	-3,362		1,64,97,220	2.67
				08-11-2019	-4,45,798		1,60,51,422	2.60
				15-11-2019	-42,744		1,60,08,678	2.59
				22-11-2019	1,06,544		1,61,15,222	2.61
				29-11-2019	-3,930		1,61,11,292	2.61
				06-12-2019	3,323		1,61,14,615	2.61
				13-12-2019	35,000		1,61,49,615	2.61
				13-12-2019	-208		1,61,49,407	2.61
				20-12-2019	75,647		1,62,25,054	2.63
				27-12-2019	-1,686		1,62,23,368	2.63
				31-12-2019	-3,765		1,62,19,603	2.63
				03-01-2020	-4,240		1,62,15,363	2.62
				10-01-2020	70,792		1,62,86,155	2.64
				17-01-2020	95,281		1,63,81,436	2.65
				24-01-2020	-28,908		1,63,52,528	2.65
				31-01-2020	-57,933		1,62,94,595	2.64
				07-02-2020	-2,23,959		1,60,70,636	2.60
				14-02-2020	-20,387		1,60,50,249	2.60
				21-02-2020	6,919		1,60,57,168	2.60
				28-02-2020	35,350		1,60,92,518	2.60
				06-03-2020	2,56,712		1,63,49,230	2.65
				13-03-2020	1,90,141		1,65,39,371	2.68
				20-03-2020	8,05,455		1,73,44,826	2.81
				27-03-2020	8,38,445		1,81,83,271	2.94
		1,81,83,271	2.94	31-03-2020			1,81,83,271	2.94
4.	UTI – Core Equity Fund $$	1,47,25,496	2.38	01-04-2019		Market Sale & Purchase	1,47,25,496	2.38
				05-04-2019	-10,204		1,47,15,292	2.38
				12-04-2019	-25		1,47,15,267	2.38
				19-04-2019	-18		1,47,15,249	2.38
				26-04-2019	37,500		1,47,52,749	2.39
				26-04-2019	-15,020		1,47,37,729	2.39
				03-05-2019	202		1,47,37,931	2.39
				03-05-2019	-90,000		1,46,47,931	2.37
				10-05-2019	68,750		1,47,16,681	2.38
				10-05-2019	-2,24,664		1,44,92,017	2.35
				17-05-2019	20,001		1,45,12,018	2.35
				24-05-2019	-5,000		1,45,07,018	2.35
				31-05-2019	-5,72,522		1,39,34,496	2.26
				07-06-2019	-70,000		1,38,64,496	2.24
				14-06-2019	-2,70,000		1,35,94,496	2.20
				21-06-2019	-60,000		1,35,34,496	2.19

Board's Report

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				28-06-2019	-90,113		1,34,44,383	2.18
				05-07-2019	35,000		1,34,79,383	2.18
				05-07-2019	-90,000		1,33,89,383	2.17
				12-07-2019	15,000		1,34,04,383	2.17
				12-07-2019	-3,33,000		1,30,71,383	2.12
				19-07-2019	10,000		1,30,81,383	2.12
				19-07-2019	-2,40,000		1,28,41,383	2.08
				26-07-2019	1,56,967		1,29,98,350	2.10
				26-07-2019	-13,38,000		1,16,60,350	1.89
				02-08-2019	25,005		1,16,85,355	1.89
				02-08-2019	-6,88,250		1,09,97,105	1.78
				09-08-2019	61,255		1,10,58,360	1.79
				09-08-2019	-3,00,000		1,07,58,360	1.74
				16-08-2019	25,000		1,07,83,360	1.75
				16-08-2019	-1,12,256		1,06,71,104	1.73
				23-08-2019	25,003		1,06,96,107	1.73
				23-08-2019	-1,30,000		1,05,66,107	1.71
				30-08-2019	5,008		1,05,71,115	1.71
				06-09-2019	10		1,05,71,125	1.71
				06-09-2019	-17,500		1,05,53,625	1.71
				13-09-2019	-2,24,510		1,03,29,115	1.67
				20-09-2019	-6,59,344		96,69,771	1.57
				27-09-2019	2,22,500		98,92,271	1.60
				27-09-2019	-33,12,870		65,79,401	1.07
				30-09-2019	5,610		65,85,011	1.07
				30-09-2019	-2,14,521		63,70,490	1.03
				11-10-2019	5		63,70,495	1.03
				11-10-2019	-2,29,131		61,41,364	0.99
				01-11-2019	2,500		61,43,864	0.99
				01-11-2019	-62,567		60,81,297	0.98
				08-11-2019	-4,94,851		55,86,446	0.90
				15-11-2019	7,500		55,93,946	0.91
				22-11-2019	4		55,93,950	0.91
				22-11-2019	-2,19,462		53,74,488	0.87
				29-11-2019	-53,750		53,20,738	0.86
				06-12-2019	-5,000		53,15,738	0.86
				20-12-2019	43,200		53,58,938	0.87
				27-12-2019	1,500		53,60,438	0.87
				27-12-2019	-75		53,60,363	0.87
				31-12-2019	30,000		53,90,363	0.87
				31-12-2019	-14		53,90,349	0.87
				10-01-2020	4,800		53,95,149	0.87
				17-01-2020	-14		53,95,135	0.87
				14-02-2020	-96,188		52,98,947	0.86
				21-02-2020	-1,59,097		51,39,850	0.83
				28-02-2020	11		51,39,861	0.83
				28-02-2020	-2,37,075		49,02,786	0.79
				06-03-2020	-12,822		48,89,964	0.79
				13-03-2020	-25,000		48,64,964	0.79

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				20-03-2020	38,400		49,03,364	0.79
				20-03-2020	-5,75,353		43,28,011	0.70
				27-03-2020	32,000		43,60,011	0.71
				27-03-2020	-4,29,303		39,30,708	0.64
				31-03-2020	23,187		39,53,895	0.64
				31-03-2020	-2,08,139		37,45,756	0.61
		37,45,756	0.61	31-03-2020			37,45,756	0.61
5.	BlackRock Global Funds – Asian Growth Leaders Fund	93,05,670	1.51	01-04-2019		Market Sale & Purchase	93,05,670	1.51
				26-04-2019	-9,97,501		83,08,169	1.34
				14-06-2019	-1,47,572		81,60,597	1.32
				21-06-2019	-12,25,438		69,35,159	1.12
				28-06-2019	-3,36,952		65,98,207	1.07
				05-07-2019	-1,89,919		64,08,288	1.04
				12-07-2019	-18,24,698		45,83,590	0.74
				19-07-2019	-3,64,173		42,19,417	0.68
				26-07-2019	-180		42,19,237	0.68
				29-11-2019	67,315		42,86,552	0.69
				31-12-2019	55,240		43,41,792	0.70
				07-02-2020	1,49,858		44,91,650	0.73
		44,91,650	0.73	31-03-2020			44,91,650	0.73
6.	BlackRock Global Funds Asian Dragon Fund	88,49,593	1.43	01-04-2019		Market Sale	88,49,593	1.43
				05-04-2019	-21,565		88,28,028	1.43
				10-05-2019	-11,59,705		76,68,323	1.24
				17-05-2019	-2,44,505		74,23,818	1.20
				21-06-2019	-1,15,011		73,08,807	1.18
				28-06-2019	-99,765		72,09,042	1.17
				05-07-2019	-56,232		71,52,810	1.16
				12-07-2019	-6,63,043		64,89,767	1.05
				19-07-2019	-1,30,354		63,59,413	1.03
				26-07-2019	-64		63,59,349	1.03
				23-08-2019	-2,01,813		61,57,536	1.00
				07-02-2020	-1,99,291		59,58,245	0.96
				14-02-2020	-1,32,917		58,25,328	0.94
				31-03-2020	-1,95,007		56,30,321	0.91
		56,30,321	0.91	31-03-2020			56,30,321	0.91
7.	Kotak Funds - India Midcap Funds	86,83,116	1.41	01-04-2019		Market Sale & Purchase	86,83,116	1.41
				12-04-2019	-35,000		86,48,116	1.40
				26-07-2019	2,00,000		88,48,116	1.43
				11-10-2019	30,200		88,78,316	1.44
				18-10-2019	2,50,420		91,28,736	1.48
				08-11-2019	1,75,000		93,03,736	1.51
				20-12-2019	-1,50,000		91,53,736	1.48
				27-12-2019	-1,00,000		90,53,736	1.47
				07-02-2020	-1,50,000		89,03,736	1.44
				14-02-2020	-1,02,197		88,01,539	1.42

Board's Report

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
		88,01,539	1.42	31-03-2020			88,01,539	1.42
8.	Kotak Bluechip Fund#	54,14,213	0.88	01-04-2019		Market Sale & Purchase	54,14,213	0.88
				05-04-2019	1,02,500		55,16,713	0.89
				05-04-2019	-2,500		55,14,213	0.89
				12-04-2019	-86,250		54,27,963	0.88
				19-04-2019	22,429		54,50,392	0.88
				19-04-2019	-67,500		53,82,892	0.87
				26-04-2019	1,56,250		55,39,142	0.90
				26-04-2019	-66,250		54,72,892	0.89
				03-05-2019	3,17,000		57,89,892	0.94
				10-05-2019	1,33,750		59,23,642	0.96
				17-05-2019	1,83,000		61,06,642	0.99
				24-05-2019	-6,90,000		54,16,642	0.88
				31-05-2019	-8,50,000		45,66,642	0.74
				07-06-2019	23,300		45,89,942	0.74
				07-06-2019	-3,18,750		42,71,192	0.69
				14-06-2019	17,750		42,88,942	0.69
				14-06-2019	-1,93,103		40,95,839	0.66
				21-06-2019	4,56,853		45,52,692	0.74
				28-06-2019	1,65,000		47,17,692	0.76
				05-07-2019	3,04,750		50,22,442	0.81
				12-07-2019	2,47,500		52,69,942	0.85
				19-07-2019	3,75,513		56,45,455	0.91
				26-07-2019	10,91,550		67,37,005	1.09
				02-08-2019	1,83,000		69,20,005	1.12
				02-08-2019	-11,250		69,08,755	1.12
				09-08-2019	1,73,950		70,82,705	1.15
				16-08-2019	36,250		71,18,955	1.15
				23-08-2019	-1,45,000		69,73,955	1.13
				30-08-2019	1,42,500		71,16,455	1.15
				30-08-2019	-4,15,000		67,01,455	1.08
				06-09-2019	-1,250		67,00,205	1.08
				13-09-2019	33,500		67,33,705	1.09
				13-09-2019	-1,250		67,32,455	1.09
				20-09-2019	46,039		67,78,494	1.10
				27-09-2019	5,33,750		73,12,244	1.18
				27-09-2019	-20,000		72,92,244	1.18
				30-09-2019	81,249		73,73,493	1.19
				04-10-2019	1,47,501		75,20,994	1.22
				11-10-2019	-53,750		74,67,244	1.21
				18-10-2019	2,00,000		76,67,244	1.24
				18-10-2019	-1,65,000		75,02,244	1.21
				25-10-2019	71,250		75,73,494	1.23
				01-11-2019	1,01,250		76,74,744	1.24
				08-11-2019	91,250		77,65,994	1.26
				15-11-2019	1,63,750		79,29,744	1.28
				22-11-2019	-22,500		79,07,244	1.28
				29-11-2019	-2,58,750		76,48,494	1.24
				06-12-2019	92,500		77,40,994	1.25

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				13-12-2019	83,118		78,24,112	1.27
				13-12-2019	-55,000		77,69,112	1.26
				20-12-2019	4,78,700		82,47,812	1.34
				27-12-2019	1,93,200		84,41,012	1.37
				27-12-2019	-30,850		84,10,162	1.36
				31-12-2019	500		84,10,662	1.36
				10-01-2020	3,15,000		87,25,662	1.41
				10-01-2020	-3,200		87,22,462	1.41
				24-01-2020	1,00,000		88,22,462	1.43
				24-01-2020	-4,44,800		83,77,662	1.36
				31-01-2020	1,50,000		85,27,662	1.38
				31-01-2020	-9,52,000		75,75,662	1.23
				07-02-2020	98,000		76,73,662	1.24
				07-02-2020	-6,46,400		70,27,262	1.14
				14-02-2020	97,600		71,24,862	1.15
				21-02-2020	64,000		71,88,862	1.16
				28-02-2020	3,11,822		75,00,684	1.21
				28-02-2020	-5,17,900		69,82,784	1.13
				06-03-2020	8,91,661		78,74,445	1.27
				06-03-2020	-9,08,800		69,65,645	1.13
				13-03-2020	43,500		70,09,145	1.13
				13-03-2020	-3,21,600		66,87,545	1.08
				20-03-2020	5,19,900		72,07,445	1.17
				27-03-2020	7,51,200		79,58,645	1.29
				27-03-2020	-77,000		78,81,645	1.28
		78,81,645	1.28	31-03-2020			78,81,645	1.28
9.	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund	72,30,945	1.17	01-04-2019		Market Sale & Purchase	72,30,945	1.17
				05-04-2019	-3,58,253		68,72,692	1.11
				12-04-2019	-3,65,843		65,06,849	1.05
				26-04-2019	97,532		66,04,381	1.07
				03-05-2019	1,26,250		67,30,631	1.09
				24-05-2019	2,12,000		69,42,631	1.12
				31-05-2019	-1,183		69,41,448	1.12
				07-06-2019	1,15,400		70,56,848	1.14
				07-06-2019	-5,15,400		65,41,448	1.06
				28-06-2019	-1,297		65,40,151	1.06
				26-07-2019	-4,19,000		61,21,151	0.99
				02-08-2019	6,32,000		67,53,151	1.09
				23-08-2019	-862		67,52,289	1.09
				30-08-2019	85,000		68,37,289	1.11
				06-09-2019	-3,03,750		65,33,539	1.06
				13-09-2019	-327		65,33,212	1.06
				20-09-2019	50,000		65,83,212	1.07
				27-09-2019	3,90,000		69,73,212	1.13
				27-09-2019	-321		69,72,891	1.13
				30-09-2019	89,856		70,62,747	1.14
				30-09-2019	-95,000		69,67,747	1.13
				25-10-2019	53,144		70,20,891	1.14

Board's Report

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		No. of Shares at the beginning of the year (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				01-11-2019	2,10,000		72,30,891	1.17
				01-11-2019	-786		72,30,105	1.17
				08-11-2019	4,55,000		76,85,105	1.24
				22-11-2019	1,13,881		77,98,986	1.26
				22-11-2019	-448		77,98,538	1.26
				27-12-2019	250		77,98,788	1.26
				27-12-2019	-450		77,98,338	1.26
				17-01-2020	1,30,000		79,28,338	1.28
				24-01-2020	5,82,387		85,10,725	1.38
				31-01-2020	1,32,613		86,43,338	1.40
				31-01-2020	-43,200		86,00,138	1.39
				07-02-2020	-869		85,99,269	1.39
				14-02-2020	4,44,900		90,44,169	1.46
				14-02-2020	-805		90,43,364	1.46
				21-02-2020	-22,400		90,20,964	1.46
				28-02-2020	-4,75,200		85,45,764	1.38
				06-03-2020	-2,48,000		82,97,764	1.34
				20-03-2020	1,50,000		84,47,764	1.37
				20-03-2020	-22,727		84,25,037	1.36
				27-03-2020	4,47,588		88,72,625	1.44
				31-03-2020	16,000		88,88,625	1.44
		88,88,625	1.44	31-03-2020			88,88,625	1.44
10.	Government Pension Fund Global#	24,04,123	0.39	01-04-2020		Market Purchase	24,04,123	0.39
				17-01-2020	9,03,143		33,07,266	0.54
				24-01-2020	9,00,000		42,07,266	0.68
				31-01-2020	10,00,000		52,07,266	0.84
				07-02-2020	7,69,000		59,76,266	0.97
				14-02-2020	31,000		60,07,266	0.97
				13-03-2020	6,90,000		66,97,266	1.08
				27-03-2020	1,97,678		68,94,944	1.12
				31-03-2020	2,97,100		71,92,044	1.16
		71,92,044	1.16	31-03-2020			71,92,044	1.16
11.	Aditya Birla Sun Life Trustee Private Limited A/C	66,95,150	1.08	01-04-2019		Market Sale & Purchase	66,95,150	1.08
				05-04-2019	2,40,000		69,35,150	1.12
				26-04-2019	90,000		70,25,150	1.14
				26-04-2019	-23,700		70,01,450	1.13
				03-05-2019	-24,200		69,77,250	1.13
				10-05-2019	-25,000		69,52,250	1.13
				17-05-2019	-26,900		69,25,350	1.12
				24-05-2019	1,46,000		70,71,350	1.14
				24-05-2019	-19,200		70,52,150	1.14
				07-06-2019	-23,900		70,28,250	1.14
				14-06-2019	-3,00,000		67,28,250	1.09
				21-06-2019	-2,64,600		64,63,650	1.05
				28-06-2019	-45,000		64,18,650	1.04
				12-07-2019	-1,54,000		62,64,650	1.01
				26-07-2019	-6,60,700		56,03,950	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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				02-08-2019	-8,84,200		47,19,750	0.76
				09-08-2019	-9,00,000		38,19,750	0.62
				23-08-2019	-2,01,000		36,18,750	0.59
				30-08-2019	-3,94,400		32,24,350	0.52
				13-09-2019	41,100		32,65,450	0.53
				20-09-2019	-4,850		32,60,600	0.53
				27-09-2019	1,00,000		33,60,600	0.54
				27-09-2019	-2,00,000		31,60,600	0.51
				15-11-2019	-6,42,800		25,17,800	0.41
				29-11-2019	-1,00,000		24,17,800	0.39
				13-12-2019	-5,32,000		18,85,800	0.31
				20-12-2019	-1,20,600		17,65,200	0.29
				03-01-2020	-3,00,000		14,65,200	0.24
				10-01-2020	1,82,400		16,47,600	0.27
				31-01-2020	4,05,694		20,53,294	0.33
				07-02-2020	7,60,384		28,13,678	0.46
				14-02-2020	6,49,000		34,62,678	0.56
				21-02-2020	2,30,000		36,92,678	0.60
				28-02-2020	3,40,401		40,33,079	0.65
				28-02-2020	-2,62,400		37,70,679	0.61
				06-03-2020	40,758		38,11,437	0.62
				20-03-2020	8,23,389		46,34,826	0.75
				20-03-2020	-2,00,000		44,34,826	0.72
				27-03-2020	16,08,594		60,43,420	0.98
		60,43,420	0.98	31-03-2020			60,43,420	0.98
12.	ICICI Prudential Equity Arbitrage Fund	65,70,352	1.06	01-04-2019		Market Sale & Purchase	65,70,352	1.06
				05-04-2019	-79,092		64,91,260	1.05
				19-04-2019	-262		64,90,998	1.05
				26-04-2019	49,011		65,40,009	1.06
				03-05-2019	1,310		65,41,319	1.06
				10-05-2019	524		65,41,843	1.06
				17-05-2019	2,87,889		68,29,732	1.11
				24-05-2019	21,402		68,51,134	1.11
				24-05-2019	-262		68,50,872	1.11
				31-05-2019	3,406		68,54,278	1.11
				31-05-2019	-1,69,714		66,84,564	1.08
				07-06-2019	262		66,84,826	1.08
				14-06-2019	789		66,85,615	1.08
				21-06-2019	789		66,86,404	1.08
				28-06-2019	262		66,86,666	1.08
				05-07-2019	678		66,87,344	1.08
				12-07-2019	263		66,87,607	1.08
				19-07-2019	789		66,88,396	1.08
				26-07-2019	1,34,806		68,23,202	1.10
				02-08-2019	4,92,669		73,15,871	1.18
				09-08-2019	67,500		73,83,371	1.20
				16-08-2019	1,667		73,85,038	1.20
				23-08-2019	781		73,85,819	1.20

Board's Report

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				23-08-2019	-5,000		73,80,819	1.19
				30-08-2019	417		73,81,236	1.19
				30-08-2019	-2,05,000		71,76,236	1.16
				06-09-2019	-5,000		71,71,236	1.16
				13-09-2019	2,764		71,74,000	1.16
				20-09-2019	264		71,74,264	1.16
				27-09-2019	353		71,74,617	1.16
				30-09-2019	5,150		71,79,767	1.16
				04-10-2019	1,440		71,81,207	1.16
				11-10-2019	408		71,81,615	1.16
				18-10-2019	83		71,81,698	1.16
				18-10-2019	-10,664		71,71,034	1.16
				25-10-2019	150		71,71,184	1.16
				25-10-2019	-516		71,70,668	1.16
				01-11-2019	4		71,70,672	1.16
				01-11-2019	-1,05,000		70,65,672	1.14
				08-11-2019	2,500		70,68,172	1.14
				15-11-2019	88,619		71,56,791	1.16
				22-11-2019	2,35,717		73,92,508	1.20
				22-11-2019	-258		73,92,250	1.20
				29-11-2019	13,693		74,05,943	1.20
				06-12-2019	13,18,871		87,24,814	1.41
				06-12-2019	-774		87,24,040	1.41
				13-12-2019	17,28,288		1,04,52,328	1.69
				20-12-2019	14,24,490		1,18,76,818	1.92
				27-12-2019	3,50,555		1,22,27,373	1.98
				27-12-2019	-2,800		1,22,24,573	1.98
				31-12-2019	8,07,809		1,30,32,382	2.11
				03-01-2020	28,800		1,30,61,182	2.11
				10-01-2020	14,21,271		1,44,82,453	2.34
				17-01-2020	7,227		1,44,89,680	2.35
				17-01-2020	-1,04,621		1,43,85,059	2.33
				24-01-2020	22,713		1,44,07,772	2.33
				24-01-2020	-22,400		1,43,85,372	2.33
				31-01-2020	2,908		1,43,88,280	2.33
				31-01-2020	-3,94,483		1,39,93,797	2.27
				07-02-2020	3,607		1,39,97,404	2.27
				07-02-2020	-2,96,928		1,37,00,476	2.22
				14-02-2020	22,476		1,37,22,952	2.22
				14-02-2020	-2,80,487		1,34,42,465	2.18
				21-02-2020	-46,219		1,33,96,246	2.17
				28-02-2020	-8,74,956		1,25,21,290	2.03
				06-03-2020	5,94,854		1,31,16,144	2.12
				06-03-2020	-44,852		1,30,71,292	2.12
				13-03-2020	2,800		1,30,74,092	2.12
				13-03-2020	-2,37,360		1,28,36,732	2.08
				20-03-2020	10,72,457		1,39,09,189	2.25
				27-03-2020	37,505		1,39,46,694	2.26
				27-03-2020	-1,61,600		1,37,85,094	2.23

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase - Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				31-03-2020	10,86,603		1,48,71,697	2.41
				31-03-2020	-2,49,600		1,46,22,097	2.37
		1,46,22,097	2.37	31-03-2020			1,46,22,097	2.37
13.	Valiant Mauritius Partners Offshore Limited	62,58,692	1.01	01-04-2019		Market Sale & Purchase	62,58,692	1.01
				03-01-2020	3,42,353		66,01,045	1.07
				28-02-2020	-72,800		65,28,245	1.06
				20-03-2020	1,78,133		67,06,378	1.09
				27-03-2020	4,54,183		71,60,561	1.16
				31-03-2020	9,75,827		81,36,388	1.32
		81,36,388	1.32	31-03-2020			81,36,388	1.32
14.	Bank Muscat India Fund*	53,80,135	0.87	01-04-2019		No Change in the Share holding during the year	53,80,135	0.87
		53,80,135	0.87	31-03-2020			53,80,135	0.87

@ 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 31-03-2020. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2019.*

 # Not in the list of Top 10 Shareholders as on 01-04-2019. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2020.

$ HDFC Standard Life Insurance Company Limited has changed its name to HDFC Life Insurance Company Limited.

$$ UTI Top 100 Fund has changed its name to UTI- Core Equity Fund.

(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 (01-04-2019)/ end of the year (31-03-2020)	% 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	01-04-2019	0	No Change in the Shareholding during the year	50,000	0.01
2.	Mr. Ramesh Iyer Vice-Chairman & Managing Director	7,92,626	0.13	01-04-2019	0	No Change in the Shareholding during the year	7,92,626	0.13
3.	Mr. C. B. Bhave Independent Director	0	0.00	01-04-2019	0	No Change in the Shareholding during the year	0	0.00
4.	Ms. Rama Bijapurkar Independent Director	30,000	0.01	01-04-2019	0	No Change in the Shareholding during the year	30,000	0.01
5.	Mr. Milind Sarwate Independent Director (appointed as an Independent Director w.e.f 1st April, 2019)	0	0.00	01-04-2019	0	No Change in the Shareholding during the year	0	0.00

Board's Report

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 (01-04-2019)/ end of the year (31-03-2020)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
6.	Mr. Arvind V. Sonde Independent Director (appointed as an Independent Director w.e.f 9th December, 2019)	0	0.00	01-04-2019	0	No Change in the Shareholding during the year	0	0.00
7.	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director	250	0.00	01-04-2019	0	No Change in the Shareholding during the year	250	0.00
8.	Dr. Anish Shah Non-Executive Non-Independent Director	0	0.00	01-04-2019	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	01-04-2019	0	No Change in the Shareholding during the year	5,31,197	0.09
B.	**Key Managerial Personnel**							
	Ms. Arnavaz M. Pardiwalla Company Secretary & Compliance Officer	12,633	0.00	01-04-2019			12,633	0.00
				21-06-2019	1,000	ESOP Allotment	13,633	0.00
				21-08-2019	2,418	ESOP Allotment	16,051	0.00
		16,051	0.00	31-03-2020			16,051	0.00

V. INDEBTEDNESS

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

(Amount Rs. in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)				
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**
Change in Indebtedness during the financial year - Principal Amount				
Addition	23,77,765.98	8,97,648.03	4,17,885.41	36,93,299.42
Reduction	21,87,817.59	12,07,556.58	1,02,377.78	34,97,751.95
Exchange Difference	11,482.99	0.00	0.00	11,482.99
Net Change	2,01,431.38	-3,09,908.55	3,15,507.63	2,07,030.46
Change in Indebtedness during the financial year - Interest accrued but not due				
Addition	2,97,303.56	39,056.27	78,616.75	4,14,976.58
Reduction	2,94,429.05	38,187.06	65,477.98	3,98,094.09
Net Change	2,874.51	869.21	13,138.77	16,882.49
Indebtedness at the end of the financial year (31.03.2020)				
i) Principal Amount	37,61,330.90	4,25,190.36	8,85,395.31	50,71,916.56
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,20,832.71	29,056.36	42,238.94	1,92,128.01
Total (i+ii+iii)	**38,82,163.61**	**4,54,246.72**	**9,27,634.25**	**52,64,044.57**

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		
		Mr. Ramesh Iyer Vice-Chairman & Managing Director	Mr. V. Ravi Executive Director & Chief Financial Officer	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	462.84	227.18	690.02
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	21.88	15.25	37.13
	(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	7.10*	0.00	7.10
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission			
	- as % of profit	0.00	0.00	0.00
	- others	164.12	95.07	259.18
5.	Others (Retirals)	14.70	9.00	23.70
	Total (A)	**670.64**	**346.49**	**1,017.13**
	Ceiling as per the Act			**25,151.28**
		(being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

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

Mr. Ramesh Iyer, Vice-Chairman & Managing Director has exercised 2,162 Stock Options on 19th March, 2020, which were credited to his demat account on 24th April, 2020.

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. C. B. Bhave	Ms. Rama Bijapurkar	Mr. Milind Sarwate	Mr. Arvind V. Sonde	
1.	Fee for attending Board / Committee Meetings	11.30	9.90	8.50	9.70	1.40	40.80
2.	Commission	28.00	21.00	21.00	Nil	Nil	70.00
3.	Others	Nil	Nil	Nil	Nil	Nil	Nil
Total (1)		**39.30**	**30.90**	**29.50**	**9.70**	**1.40**	**110.80**

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)				**110.80**
Overall Ceiling as per the Act				**2,515.13**
		(being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		
Total Managerial Remuneration (A +B)				**1,127.93**
Overall Ceiling as per the Act				**27,666.41**
		(being 11% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

Board's Report

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	91.41
	(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	10.91*
3.	Sweat Equity	0.00
4.	Commission	
	- as % of profit	0.00
	- others	0.00
5.	Others (Retirals)	5.12
	Total	**107.76**

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

Ms. Arnavaz M. Pardiwalla, Company Secretary has exercised 1,000 Stock Options on 20th March, 2020, which were credited to her demat account on 24th April, 2020.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

For and on behalf of the Board

Dhananjay Mungale
Chairman

Place : Mumbai
Date : 15th May, 2020

ANNEXURE V-A TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

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 had 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). Pursuant to the transfer of the balance Stock 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. The vesting and exercise of these Options shall continue to be governed by ESOS 2010 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.

Board's Report

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 : 15th May, 2020

ANNEXURE V-B TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

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 : 15th May, 2020

Board's Report

ANNEXURE VI TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2020

[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 (CIN L65921MH1991PLC059642) (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2020 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, 2020 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, debt securities and commercial paper entered into with BSE Limited and Listing Agreement for equity shares and commercial paper 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.70,000 crores to Rs.80,000 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, at the 29th Annual General Meeting held on 23rd July, 2019.

b) The Company has raised a total sum of Rs. 4,957.80 crores (including amount of Rs. 200 crores received towards 1st call money of partly paid up unsecured Non-Convertible Debentures issued in April, 2018) pursuant to Private Placement of Non-Convertible Debentures.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367B000240822

Place : Coimbatore
Date : 14th May, 2020

Board's Report

To,

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

Our Secretarial Audit Report of even date is to be read along with this letter.

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

2. Due to restrictions on movement of people amid COVID-19 pandemic, we have to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode from the company. Hence, we state that we have not verified the physical original documents and records. The management has confirmed that the records provided to us for audit are true and correct.

3. Further, our audit report is limited to the verification and reporting on the statutory compliances on laws/regulations/guidelines listed in our report and the same pertain to the financial year ended on 31st March, 2020. Our reporting does not include on statutory compliances whose dates are extended by Ministry of Corporate Affairs/SEBI/RBI, as the case may be, from time to time and accordingly such extended time limits remain beyond the date of our audit report.

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

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

6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further, compliance of Act, Regulations, Directions listed under Para (vi) of the report is limited to issue of securities, corporate governance aspects and filing of forms and returns there under.

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

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367B000240822

Place : Coimbatore
Date : 14th May, 2020

ANNEXURE VII TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2020

FORM NO. MR-3

SECRETARIAL AUDIT REPORT OF MAHINDRA RURAL HOUSING FINANCE LIMITED FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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 Rural Housing Finance Limited,
Mahindra Towers, P. K. Kurne Chowk, Worli,
Mumbai- 400 018.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2020 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, 2020 according to the provisions of:

(i) The Companies Act, 2013 and the Rules made there under.

(ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

(iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.

(v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.

(vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable to debt listed securities).

(vii) The National Housing Bank Act, 1987.

(viii) The Housing Finance Companies (NHB) Directions, 2010.

(ix) The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014.

(x) Housing Finance Companies Corporate Governance (National Housing Bank) Directions, 2016.

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 debt securities entered into with BSE Limited in respect of privately placed non-convertible debentures issued by the Company.

Based on the information and explanation provided, the Company had no transactions during the period covered under the Audit requiring the compliance of the provisions of:

a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes made to the composition of the Board of Directors were duly carried out during the period covered under the Audit.

Board's Report

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 understand that there were no dissenting members' views requiring to be captured in the minutes.

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

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

a) The Company has raised an amount of Rs. 100.00 crores by issue of 1,000 Unsecured Subordinated Redeemable Non-Convertible Debentures of Rs. 10,00,000 each on a private placement basis, in one or more series/ tranches. Further an amount of Rs. 350.00 crores was raised by issue of 3500 Secured Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each on a private placement basis, in one or more series/ tranches.

b) The National Housing Bank (NHB) had sold its entire stake of 9.68% to Mahindra & Mahindra Financial Services Limited (MMFSL).

c) During the year under review the Commercial Paper (CP) have been listed on BSE Limited w.e.f. 7th January, 2020.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367B000214191

Date : 8th May, 2020
Place : Coimbatore

To,

The Members,
Mahindra Rural Housing Finance Limited
Mahindra Towers, P.K. Kurne Chowk, Worli,
Mumbai- 400 018.

Our Secretarial Audit Report of even date is to be read along with this letter.

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

2. Due to restrictions on movement of people amid COVID-19 pandemic, we had to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the company. We state that we have not done the physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.

3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws/ regulations/guidelines listed in our report and the same pertain to the financial year ended on 31st March, 2020. Our report does not include those statutory compliances the filing dates for which were extended by Ministry of Corporate Affairs/ Securities and Exchange Board of India/Reserve Bank of India, as the case may be, from time to time and accordingly such extended time limits remain beyond the date of our audit report.

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

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

6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further compliance of provisions of The National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2010 is limited to verification of filing of forms and returns thereunder.

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

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367B000214191

Date : 8th May, 2020
Place : Coimbatore

Board's Report

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

Loans and advances in the nature of loans to Associate(s):

(Rs. in Crores)

Name of the Company	Balance as on 31st March, 2020	Maximum Outstanding during the Year
Smartshift Logistics Solutions Private Limited	**18.63**	25.00

Management Discussion and Analysis

1. MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED – AN OVERVIEW

Mahindra & Mahindra Financial Services Limited (the Company), part of the Mahindra Group, has emerged as 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, along with pre-owned vehicles.

For over two decades, the Company has played an important part in the confidence-building drive of semi-urban and rural India on the strength of its diverse portfolio of financial solutions and services and a strong nationwide distribution model. A powerful army of 21,000+ employees energise the Company's brand salience. Mahindra Finance enjoys presence in every state of India and has footprint in 85% of its districts.

The Company has a network of over 1,300 offices, serving customers in 3,70,000+ villages – that's one in every two villages in the country; and has assets under management (AUM) of over Rs. 77,000 crore.

Mahindra Insurance Brokers Limited (MIBL), the Company's insurance broking 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 rural and semi-urban areas. Mahindra Asset Management Company Private Limited (MAMCPL), a wholly owned subsidiary, acts as the investment manager of Mahindra Mutual Fund. The Company has a joint venture (JV) in the US, Mahindra Finance USA LLC, with De Lage Landen, a subsidiary of Rabobank, for financing Mahindra tractors in the country. During the year, the Company entered a joint venture with Ideal Finance Limited, a fully owned subsidiary of the leading Sri Lankan conglomerate, Ideal Group. The joint venture will capitalise on Mahindra Finance's expertise in the financial services domain and Ideal Finance's domestic market knowledge to build a leading financial services business in Sri Lanka.

Key strengths

- In-depth knowledge: With a presence of over two decades in the industry, we have gathered a comprehensive understanding of the rural and semi-urban markets.
- Large customer base: Our strength lies in our large and ever-growing base of over 6 million satisfied customers. It is a testimony to our continued commitment to enhance the lives of rural and semi-urban India and help support India's inclusive growth.
- Employee strength: We recruit candidates who are capable, and have deep local insight. We regularly train and motivate our employees to gather industry-relevant knowledge and strengthen their relationships with business partners and existing and potential customers.
- Wide network: Our extensive network of 1,300+ branches across the country ensures that a person is never too far from a Mahindra Finance outlet.
- Faster disbursal: We have put in place an accelerated loan disbursement process, which is powered by technology. With minimal documentation and utmost flexibility, our loans are usually disbursed within two days.
- Strong parentage: The parentage of Mahindra Group and its close association with dealers throughout the country provides us an edge over our peers.

2. ECONOMY REVIEW

2.1 Global economy

The US economy was performing well prior to the COVID-19 outbreak, with job growth accelerating in January and February 2020, consumer spending holding up well with the support of broad-based strength in the services sector.

The initial outlook for the ensuing year was for stronger growth, especially over the subdued 2019 economic performance, buoyed by favourable development on US-China trade negotiations, the UK transitioning to a new economic relationship with Europe by December 2020 and a healthy performance of emerging markets. However, 2020 saw a significantly changed scenario with the outbreak of the COVID-19 pandemic.

The International Monetary Fund (IMF) projects that world will slip into a recession in 2020 over COVID-19 induced global lockdown and the resulting suspension of economic activity. As per IMF's April World Economic Outlook, global growth will contract by 3.0% in 2020 compared to 2.9% growth in 2019, and further mark a V-shape normalisation to 5.8% growth in 2021, although half of it will come on a low base. Also, the global trade volume in goods and services will slip into a degrowth of 11.0% in 2020 from an already weak growth of 0.9% in 2019, before growing by 8.4% in 2021. COVID-19 has interrupted manufacturing supply chains and sharply reduced energy and commodity demand.

Outlook

Strict containment and social distancing policies will bring economic activity to a near standstill, and lead to a sharp contraction in growth for the second quarter. Despite relief measures provided in the form of easing of monetary policy by central banks and fiscal packages announced by some governments, we are expected to see a contraction in global economy. Currently, the consensus

Management Discussion and Analysis

of analysts is a degrowth in 2020 and subsequently a gradual recovery in 2021. However, it is marked with uncertainty depending on the ground reality, that is, the duration of lockdown, growth in infection rate with the opening up of economies, timeline for development of the vaccine and other factors.

2.2 Indian economy

In India, growth softened in 2019 as economic and regulatory uncertainty, together with concerns about the health of the non-banking financial sector, weighed on demand. The sluggish demand is attributed to the decline in consumption growth (tightening of credit terms and poor consumer sentiment), investment and exports. There was a strong hope of recovery in the last quarter of 2019-20. However, the COVID-19 pandemic made this recovery extremely difficult in the near to medium term. The GDP growth for 2019-20 touched 4.2% vis-à-vis 6.1% in 2018-19. The pandemic has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements.

The Reserve Bank of India (RBI) announced the following measures in March 2020 to mitigate the risk of an economic fallout due to COVID-19:

- Announced a Rs 3.74 lakh crore of liquidity package for Indian banking system to support financial markets hit by COVID-19.
- Slashed the Cash Reserve Ratio (CRR) by 100 basis points to 3% of bank deposits.
- Allowed banks to borrow an additional 1% from their investment of Statutory Liquidity Ratio (SLR) securities.
- Cut repo rate by 75 bps to 4.40%.
- Cut the reverse repo rate or the rate at which it accepts excess funds from banks by 90 basis points to 4% widening the existing policy rate corridor from 50 bps to 65 bps.
- Permitted all lending institutions to allow a moratorium of three months on repayment of instalments for term loans outstanding between March 1, 2020 and May 31, 2020.
- Permitted all lending institutions to allow the deferment of three months on payment of interest with respect to all such working capital facilities outstanding as of March 1, 2020.

Annual GDP growth rate (%)

2016-17	2017-18	2018-19	2019-20
8.0	6.6	6.1	**4.2**

Source: Central Statistics Office (CSO)

Outlook

The likely duration, intensity and the spread of COVID-19 have brought escalating uncertainty into the global and domestic economic outlook. The concerns have transformed from the impact of imports from China on domestic supply chains, into a domestic and external demand shock, the duration of which remains uncertain, with social distancing and lockdowns raising the prospect of production shutdowns and job losses in some sectors.

In the near term, the negative impact of the COVID-19 outbreak on economic growth and consumer sentiment may be modestly mitigated by higher spending by the Government of India and state governments and a brighter outlook for crop yields. Furthermore, the decline in commodity prices would provide some cushion to earnings in the near term.

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. The RBI's continued focus on financial inclusion has expanded the target market to semi-urban and rural areas. NBFCs, especially those catering to the urban and rural poor namely Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) and asset finance companies, have a complementary role in the financial inclusion agenda of the country. After the COVID-19 impact gradually tapers off, the financial services sector is poised to grow eventually on the back of strong fundamentals, adequate liquidity in the economy, significant government and regulatory support, and the increasing pace of digital adoption. In fact, digital transactions will play a larger role in the financial eco-system than hitherto witnessed.

Opportunities

Shift of savings to financial instruments

The shift of savings to financial instruments from physical assets and bank deposits has been largely on account of high inflation and high interest rate scenario over the period. Tax policy has been used to provide incentives and promote savings in financial assets and encouraging long-term savings. The Government of India's (GOI) efforts to increase banking penetration through its Jan Dhan Yojna and the integration of PAN and Aadhar are expected to further enhance the savings in financial assets.

The number of digital transactions in India have already increased manifold over the past two years and the access to investments via digital channels is expected to accelerate in the coming years. The strong flow of funds from Foreign Institutional Investors (FIIs), Domestic Institutional Investors (DIIs) and retail investors into equity markets, mutual funds and insurance are expected to continue in the long run.

Growth of digital financial services

The financial services sector is witnessing growing digitisation. The digitisation efforts have seen accelerated growth in financial services sector, and it is set to grow significantly, by 2021, according to the RBI. The financial sector is leveraging digitisation to increase internal efficiencies, provide value-added customer services, minimise risk and support India's expanding economy.

Artificial Intelligence

Financial institutions are looking at artificial intelligence (AI) solutions to deliver superior customer experiences, reduce costs and unlock new revenue streams. According to the NASSCOM-CMR survey (Artificial Intelligence for Banking, Financial Services and Insurance Sector, 2018) adoption of AI in the country's financial services sector will help financial institutions to offer enhanced customer experience, followed by automation of back-end business processes, and effective compliance and risk management. Data analytics, block-chain, and artificial intelligence are also expected to provide financial institutions considerable leverage over the traditional banking systems.

3.1 NBFCs

Over the past few years, NBFCs have undergone a significant transformation and today they form an important component of India's financial system. Playing a critical role in the development of infrastructure, transport and employment generation, NBFCs are changing the business loan landscape in the country. Most NBFCs, leverage alternative and tech-driven credit appraisal methodologies to assess the credit worthiness of prospective borrowers.

This difference in approach allows them to meet loan requirements of individuals and businesses left traditionally underserved by banks. With the introduction of e-KYC, making borrowing an instant and hassle-free experience, NBFCs are already offering the right financial products to consumers and small businesses in a customised manner. The use of technology to optimise business processes also keeps cost overheads to a minimum, enabling credit to be availed at highly competitive interest rates.

Key opportunities

- Increasing the penetration in the Micro, Small and Medium Enterprise (MSME) segment with new and dynamic operating models.
- Synergistic alliances with fintech companies to tap niche markets.
- Accessing new customers and cheaper funding sources by developing a viable co-lending business model.
- Tapping into the fast-growing e-commerce segment.
- Diversifying assets by targeting new profitable segments and developing the capabilities required to serve those segments.
- Developing digital capabilities to boost sales productivity.
- Increasing fee income through advisory services.
- Using digital competencies and tools to improve sales productivity – the use of advanced analytics and machine learning to build propensity models for lead generation, making real-time offers available to sales representatives by using customer data from multiple internal and external sources.

The financial sector is leveraging digitisation to increase internal efficiencies, provide value-added customer services, minimise risk and support India's expanding economy.

Management Discussion and Analysis

Initiatives launched by the RBI to support NBFCs

Measures	RBI guidelines	Impact
Increasing exposure limit	The RBI increased the counterparty exposure limit of banks to a single NBFC to 20% of Tier-I capital from 15%.	While the measure was intended to encourage banks to lend more to NBFCs, banks have been largely cautious and have refrained from making the best use of higher limits. Many banks are still below the former limit.
Priority sector classification	Loans given by banks to NBFCs for lending to agriculture, micro and small enterprises, and housing to be classified as Priority Sector Lending (PSL).	The measure has benefited some of the larger NBFCs and specialised NBFCs. However, it has not directly addressed the refinancing challenges of the NBFC sector.
Easing of risk-weightage norms for banks	The RBI has allowed banks to risk-weight their exposures to NBFCs based on the respective credit rating.	The move is likely to expand flow of credit to better-rated NBFCs.
Partial credit guarantee	GOI has created a mechanism whereby it will provide partial credit guarantee to banks for the purchase of NBFC assets, amounting to Rs. 1 trillion during 2019-20. The guarantee will be provided on a one-time basis for six months for a public sector bank's first loss of up to 10%.	The measure is in the initial stages of implementation. Market participants are confident that the guarantee is adequate to cover typical losses. This could help some of the large and mid-sized NBFCs with their liquidity needs for about six months.
Co-origination model	The RBI released guidelines on co-origination of loans by banks and non-deposit taking NBFCs in the priority sector. NBFCs must take a minimum exposure of 20% with the remaining contribution by the participating bank.	There are obvious benefits from this arrangement in terms of the liquidity support, especially for struggling NBFCs. The NBFCs are also likely to benefit from the risk-sharing model and will be able to target a new customer base.
Securitisation	The RBI guidelines on securitisation allow NBFCs to securitise their loans with original maturity of more than 5 years.	NBFCs would benefit from the liquidity generated by securitisation of assets to address problems arising from asset liability mismatch.

Union Budget 2020-21 highlights

- The limit for NBFCs to be eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is proposed to be reduced to an asset size of Rs. 100 crore from Rs. 500 crore or the loan size to Rs. 50 lakh from the existing Rs. 1 crore.
- Increase in the allocation under Pradhan Mantri Awas Yojana (PMAY) to Rs. 27,500 crore for 2020-21 from Rs. 25,328 crore for 2019-20; extra budgetary allocation of Rs. 10,000 crore each for PMAY-Urban and PMAY-Rural.
- Government will offer support by guaranteeing securities floated under the Partial Credit Guarantee Scheme to provide liquidity to NBFCs/HFCs.
- Equity support of Rs. 22,000 crore to India Infrastructure Finance Company Limited (IIFCL) and a subsidiary of National Investment and Infrastructure Fund (NIIF) to cater to funding requirement of infrastructure projects under National Infrastructure Pipeline.
- Amendments to the Factor Regulation Act, 2011 to enable NBFCs to extend invoice financing to MSMEs through Trade Receivables Discounting System (TReDS).
- Expansion of National Bank for Agriculture and Rural Development (NABARD) refinance scheme for NBFCs and co-operatives.

SWOT analysis

Strengths

- Distinguished financial services provider, with local talent catering to local customers.
- Vast distribution network, especially in rural areas and small towns, diversified product range and robust collection systems.
- Simplified and prompt loan request 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 and under penetration.
- Large untapped rural and urban markets.

- Growth in commercial vehicles, passenger vehicles and tractors market.
- Use of digital solutions for business/collections.

Threats

- High cost of funds.
- Rising Non-Performing Assets (NPAs).
- Restrictions on deposit-taking NBFCs.
- Competition from other NBFCs and banks.

Performance

The NBFC sector has been stung by a crisis set off by the shock collapse of non-bank lender group in 2018. The situation further worsened with another Housing Finance Company (HFC) defaulting in loan repayment in 2019. The current operating environment has resulted in three major limiting implications affecting sustainability and denting business growth:

- liquidity crunch due to cautionary approach by banks and mutual funds – the largest source of funds for NBFCs.
- high cost of borrowing from alternate liquidity channels leading to margin pressures.
- deterioration in asset quality with stress in the infrastructure finance and micro-finance sector, contributing to higher NPAs.

According to CARE Ratings, NBFCs' borrowing profile has changed significantly from capital market instruments to bank borrowings. Banks lending to NBFCs registered a growth of 34.7% from September 2018 to January 2020.

India Ratings and Research (Ind-Ra) expects consolidation within the NBFC space leading to players with market leadership, operations in niche business segments, proven track record and limited overlap with banks in borrower profile, gaining the market share. Managing asset quality is likely to gain prominence over loan growth in 2020-21, as the major asset classes funded by non-banks face strong headwinds. Ind-Ra expects NBFCs to grow their portfolio at 8-10% in 2020-21, and the growth would be driven by retail-focused NBFCs with a long track record and an established franchise. The slowdown in auto sales, cash flow challenges for small businesses and sluggishness in real estate sector would keep the collection and recovery teams active.

Outlook

India has a huge proportion of un-banked and under-banked consumers and businesses. Hence, there is a lot of potential for NBFCs, which can still be tapped for future growth. The NBFCs and HFCs are being recognised as being vital for the growth of Indian economy. NBFCs are here to stay and play an important role in economic growth and financial inclusion. As India's economy grows, the requirement for credit will rise more than proportionately. We need both banks and NBFCs to rise to the occasion and power the economy with free-flowing credit lines. NBFCs with robust business models, strong liquidity mechanisms and governance & risk management standards are poised to reap the benefit of the market opportunity.

NBFCs that are well prepared with their business continuity and contingency plans can quickly bounce back in the post COVID-19 era. With proper planning and strategic initiatives, NBFCs can limit and overcome the impact of this disruption.

COVID-19 IMPACT ON THE NBFC SECTOR

- Retail financing industry, which was one of the key drivers of credit growth, will be impacted for at least two quarters, as the demand for housing assets, consumer goods and working capital financing will get hit due to general slowdown in economic activity.
- There is an enormous risk of defaults and insolvencies unless the regulatory framework is modified urgently to address the unprecedented challenge.
- Uncertainty on the potential credit loss in portfolios will result in lower securitisation deals thus impacting the fund-raising ability of NBFCs.
- NBFCs will have to strike the right balance between continuity of repayment of cash flows vis-à-vis extending the three-month moratorium to the eligible borrowers.
- Auto and auto-ancillary, aviation, travel and hospitality, retail and consumer durables, real estate and construction are likely to be stressed assets in the absence of significant government stimulus to these sectors.

The actual impact is still difficult to predict, and it will depend upon the time frame required to curb the pandemic and the various relief measures, which the government is expected to roll out. The NBFC/HFC sector, which has managed to sustain amid a challenging funding scenario by taking various mitigating steps, will now have to weather the COVID-19 disruption. While the sector remains fairly well-capitalised, the trend in delinquencies in retail asset classes will be a key factor to monitor for the sector over the next few quarters, along with resource mobilisation capabilities.

Management Discussion and Analysis

Opportunity landscape for Mahindra Finance

- Decades of rich experience in the financial sector and the expertise of the management provide Mahindra Finance with deep insight into the requirements of our customers.
- Provides a range of financial products and services to customers through a 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.
- The AAA credit rating helps to fund the aspirations of rural India.
- 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 Indian automotive industry is seeing significant transformation with respect to its sustainable growth and profitability. Currently, the industry is witnessing five megatrends that are expected to transform the industry in a significant way. Rapidly evolving customer needs, the disruptive impact of technology, the dynamic regulatory environment, changing mobility patterns and global interconnectedness are all impacting the way auto companies are doing business today, globally as well as in India.

Performance

Production: According to Society of Indian Automobile Manufacturers (SIAM), the industry produced a total of 14,47,345 vehicles, including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles in March 2020, as against 21,80,203 in March 2019, a de-growth of 33.61%.

April 2019 - March 2020

Production: The industry produced a total of 2,63,62,284 vehicles, including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles in April-March 2020 as against 3,09,14,874 in April-March 2019, a decline of 14.73%.

Domestic sales:

- Passenger vehicles sales was 27,75,679 units in April-March 2020, compared to 33,77,389 units in April-March 2019, down by 17.82%.
- Commercial vehicles sales was 7,17,688 units in April-March 2020, compared to 10,07,311 units in April-March 2019, down by 28.75%.
- Three-wheeler sales was 6,36,569 units in April-March 2020, compared to 7,01,005 units in April-March 2019, down by 9.19%.
- Two-wheeler sales was 1,74,17,616 units in April-March 2020, compared to 2,11,79,847 units in April-March 2019, down by 17.76%.

India's automobile industry faced weak consumer sentiment in 2019-20 with sales in most segments declining. The outlook for 2020-21 looks challenging with the outbreak of COVID-19 and the resultant lockdown. Apart from the challenges revolving around the uncertainties caused by COVID-19, the domestic automobile industry will also struggle to clear inventory of Bharat Stage IV (BS-IV) vehicles in post lockdown era. According to the Federation of Automobile Dealers Association, there is a BS-IV inventory worth Rs. 63.5 billion, the majority of which are two-wheelers.

Weak consumer sentiment and a fall in discretionary spending are expected to keep the sales in the passenger vehicle segment subdued. Adding to the weak demand scenario will be ambiguity surrounding the availability of financing options to vehicle dealers and consumers, disruption of supply chains, and overall weakness in the global economy. Muted spending by auto companies on new launches coupled with lack of discounts, is likely as companies will look to maintain cash reserves and strengthen their distribution channels. This will also keep customer sentiments low.

Megatrends driving the Indian automotive industry

Rapidly evolving customer expectations	• Changing customer profile. • High level of product awareness. • Digitally savvy. • Surge in corporate customers.
Disruptive impact of technology	• Rapid adoption of technology in vehicles, industry supply chain and business models. • Disruption through innovative products and services.
Dynamic regulatory environment	• Regular but uncertain regulatory intervention (GST, shift from BS-IV to BS-VI, Café norms, ABS for two-wheelers, higher axle loads in CVs etc.) • Increasing investments in regulatory compliance by industry players.
Changing face of mobility infrastructure	• Efforts to enable electric vehicle infrastructure. • Investment in roads and highways. • Shared mobility as an alternative. • Smart cities.
Globally interconnected industry	• Indian companies going global. • Next wave of investments from global companies. • Shift in economic power to countries such as India.

Source: PwC – Indian automotive sector: Creating future-ready organisations

Union Budget 2020-21 highlights

Union Budget 2020-21 focuses more on localisation. Effective from April 1, 2020, customs duty on Completely Built Units (CBUs) of commercial Electric Vehicles (EVs) will be increased to 40% as against the current custom duty of 25%. As for passenger EVs, the Finance Minister has proposed to enhance customs duty on Semi-Knocked Down (SKD) passenger EVs to 30% as against the currently applicable 25%. Additionally, the government has also proposed hiking the duty on SKD forms of electric buses, two-wheelers and trucks to 25% as against the current custom duty of 15%.

The government has however introduced a new scheme to promote electronics, semi-conductor manufacturing and assembly to attract foreign investment in the country. It is believed that the initiative will help with EV manufacturing in the country. As revealed by the Finance Minister, a scheme of Rs. 1,000 crore will be anchored by the Exim Bank together with Small Industries Development Bank of India (SIDBI). Both these institutions will contribute Rs. 50 crore each, which will be achieved towards equity and technical assistance. Debt-funding of Rs. 900 crore will be made available from banks.

Outlook

Considering the COVID-19 outbreak and resultant lockdown, which aggravated the issues faced by the economy on account of slowdown, the outlook in the near to mid-term period remains unencouraging. The consumer sentiments and demand are expected to remain muted during H1 2020-21.

5. TRACTOR INDUSTRY

Easy credit availability, fund access, and high usage of tractors in farming operations have led India to be one of the largest markets for tractors, globally. To retain its status of global leader in the agricultural tractor industry, the GOI is actively involved in the credit and subsidy process. Domestic sales de-grew by ~10% in 2019-20 after three years of robust growth where the industry grew by 22%, 22% and 8% in 2016-17, 2017-18 and 2018-19 respectively owing to poor commercial demand. According to CRISIL Research, domestic tractor demand is expected to be resilient in 2020-21 and will pick up in 2021-22.



Easy credit availability, fund access, and high usage of tractors in the farming operations have led India to be one of the largest markets for tractors, globally.

Factors mentioned below are expected to aid the tractor sales growth:

- Expectation of fourth consecutive normal monsoon to lead to higher crop production, thereby positively impacting tractor demand.
- Government support (central and state) of Rs. 2 lakh crore through farm loan waivers and direct farm income support.
- Government funding towards rural development activities such as road construction, rural housing and others; will support commercial demand for tractors.

Already reeling under subdued consumer sentiment, domestic sales were further hit by supply chain disruptions due to the COVID-19 outbreak. This adversely impacted production at manufacturing facilities in India in February. Since then, substantial progress has been made in developing alternate sources for procuring components. The business was hugely impacted by the lockdown just before the start of festive days in large parts of the country. In compliance with the regulations, the anticipated retail surge and billing totally stopped in all states.

(Source: auto.economictimes.indiatimes.com/news/automotive/farm-equipment/etauto-originals-tractor-industry-enters-negative-territory-first-time-in-3-years/75193809)

The Government of India has undertaken timely initiatives for the farming community in the form of specific relief packages. Hopefully, this will help bring in momentum for tractor sales, after the lockdown ends. In fact, just as the automotive sector will move to the new BS-VI emission norms from April 1, the tractor industry is also gearing up to adopt the BS TR-Tractor EM-Emission (TREM) IV norms (for tractors over 50 HP) by October this year.

The proposed switchover to BS TREM IV is likely to impact ~15% of current industry volumes in the near term, while the rest of the industry (tractors below 50 HP) will migrate to the new norms by October 2023. The phased approach of transition to new norms will, however, give OEMs an opportunity to test the response of the Indian tractor consumer, tweak their product portfolios in the medium term and also gradually manage incremental product costs over the next couple of years.

Outlook

In 2020-21, capacity utilisation levels are expected to improve marginally. While tractor demand is expected to improve moderately, capacity additions are also expected by players, off-setting the contribution by growth in tractor production.

Management Discussion and Analysis

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 considerable room for growth. The government is promoting 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 affordable housing finance industry received a much-needed growth impetus from the 'Housing for All by 2022' scheme of the GOI. Sustained support from the government has allowed the industry to thrive in India. According to ICRA, India's mortgage market has been steadily growing at a CAGR of ~15% over the past 8 years. In 2018-19, the mortgage market touched Rs. 19.9 trillion. Despite steady growth in the formal mortgage market, India's mortgage to GDP ratio remains lowest among the key G20 countries, at just about 10%.

India's housing finance market grew to ~Rs. 21.8 lakh crore in 2018-19 witnessing a CAGR of 18.6% during 2018-19, comprising both SCBs and HFCs. The housing finance industry has exhibited remarkable resilience over the past two broad economic cycles.

HFCs experienced moderation in credit growth and muted profitability as market confidence in the sector waned post H1 2018-19 and the share of HFCs in the housing finance market stagnated. The stress faced by the NBFC sector led to a sharp deceleration of growth in the credit extended by HFCs, as some major HFCs had to temporarily withhold disbursements to maintain essential liquidity.

CARE Ratings has stated that the growth in the housing finance companies loan book is expected to remain subdued due to funding challenges and lowered consumption due to a slowdown in GDP growth. Most HFCs are looking to conserve liquidity and correcting asset and liability management through sell downs and slowing disbursements. Further, moderation in the loan book growth of non-banks has curtailed the growth of interest margins. Overall, the growth is expected to remain under pressure as the benefits of the relief measures initiated by the GOI and state governments on the liquidity front are yet to fully unfold. The slowdown in the real estate sector coupled with higher risk perception of refinancing developers could impact the asset quality of players in the sector.

Opportunities

- Lower effective interest rates: Pradhan Mantri Awaas Yojana (PMAY) subsidy and tax incentives have led to lower effective interest rates for the affordable housing sector borrowers. This will perpetuate demand for housing in 2019-20 and beyond.
- Government preference: The current government views housing as the core of its economic policy and announced various schemes and policies to increase home ownership. Housing is the fourth largest contributor to Indian GDP and the sector has the potential to become the engine of domestic growth for the Indian economy in the coming years.
- Demand for rural and semi-urban sector: With rising rural income and the government investing heavily in enhancing rural demand, there could be a big demand upswing emanating from rural and semi-urban areas. This will highly benefit HFCs.
- Others: Urbanisation in India is very high. However, as compared to other countries, mortgage penetration in India is very low. With nuclearisation of families and two-thirds of the population in India being below 35 years of age, encouraging demand for housing can be expected in the coming years.

Outlook

India Ratings and Research (Ind-Ra) has maintained a stable outlook for HFCs providing affordable housing and a negative outlook on large HFCs for 2020-21. Ind-Ra expects the overall loan growth of HFCs to be moderate to 6% y-o-y in 2020-21..

Ind-Ra believes the affordable housing finance segment remains margin accretive as it faces moderate competition from banks, and lenders in this segment have pricing power as they lend to informal borrowers. The government sponsored schemes such as Credit Linked Subsidy Scheme (CLSS) and, in case of self-construction loans, existing equity in land help moderate loan to value ratio, thereby moderating loss given default risk in the segment.

7. INFRASTRUCTURE AND REAL ESTATE

India's infrastructure sector is poised for strong growth over the coming years as the government investment in public infrastructure projects is expanding. Also, gradual reforms in India's regulatory environment like Make in India initiative, changes in Insolvency and Bankruptcy Code (IBC) and reduced barriers in foreign investment will help improve the market's attractiveness to private and foreign firms. India has started marching and is being seen on the path of global standards in infrastructure and civic amenities.

Given the current market conditions, developers are calibrating strategies to meet market requirements and their focus has shifted on right-sizing and right-pricing which has supported pick-up in sales velocity. Buoyed by change in sentiments and signs of possible long-term recovery, large listed players have increased their pace of project launches. The rate of execution of ongoing projects has been simultaneously maintained, given the increasing home buyer preference for completed inventory.

With a number of initiatives and policies coming up, 2020 is expected to be the year of emerging micro-markets, with huge demand for quality homes, along with the transparency in the real estate deals and improved accountability of builders. According to an industry report, the real estate sector will be at the centre of rapid economic and social development, which will further transform the economy. These emerging trends are supposed to create a highly competitive environment for the developers. CREDAI and IBEF reports predict that the sector will reach US$ 1 trillion by 2030, from US$ 120 billion in 2017, and contribute 13% to the country's GDP by 2025. Moreover, the housing sector's contribution to the GDP is expected to almost double to more than 11% by 2020.

Emerging trends reshaping the real estate sector

Technology to act as a game changer

Emerging technologies in the construction sector have made the large players implement new and innovative techniques that ensure fast and quality delivery within the stipulated time. The technological innovations such as Robotics and Cognitive Automation, Artificial Intelligence (AI), Machine Learning (ML), Internet of Things (IoT) is supposed to impact transformation of Indian realty sector. These technology innovations will further pave the way for effective planning in construction project management, leading to leaner construction, optimised cost value, better quality, and value engineered products.

Increase in NRI investments

The transparency in policies and the ease to do business have attracted many foreign investors to enter the real estate market and capture a substantial share. Now, with the increase in NRI investments, the real estate sector is expected to grow substantially.

Affordable housing will continue to be a key driver for real estate market and provide a big opportunity for both developers as well as investors in coming years.

Sustainable housing to be adopted by the builders and agents

Undoubtedly, the future of the real estate sector is sustainable housing. Architects and builders are working towards creating buildings with sustainable infrastructure, green housing concept with good air quality, spaces for social gatherings and better concepts to manage resources and waste. A current industry report says that the developers will look forward to integrating sustainability criteria into prime office buildings, new cities and individual homes. Therefore, to secure the future of our next generation, prudent investments in designs that strengthen sustainable housing is expected to increase.

REITs to bring in further transparency in real estate transactions

The reformative steps and policies in the form of Real Estate (Regulation and Development) Act, 2016 (RERA), Goods and Services Tax (GST), Real Estate Investment Trust (REIT), Benami transaction Amendment Act and Pradhan Mantri Awaas Yojana have made the real estate sector much more transparent with financial discipline and increased efficiency. The concept of REIT is a great boon to investors. In the coming years, they will get capital appreciation and income from the property without having to essentially purchase and maintain it. It will open real estate to a broader spectrum of investors who are particularly looking to invest in the affordable housing sector. The implementation of REITs is expected to encourage Non-Resident Indians (NRIs) to invest in real estate in India.

Affordable Housing: A big opportunity

Affordable housing will continue to be a key driver for real estate market and provide a big opportunity for both developers as well as investors in the coming years. There is a possibility of collaboration of the developers and government organisations. This would ensure the minimisation of risks.

Union Budget 2020-21 highlights

- Provision of Rs. 1.7 lakh crore for transport infrastructure in 2020-21.
- Accelerated development of highways: development of 2,500 km of access-controlled highways, 9,000 km of economic corridor, 2,000 km of coastal and land port roads, and 2,000 km of strategic highways.
- Allocation of Rs. 22,000 crore to power and renewable energy sector in 2020-21.
- Driving demand of affordable housing: An additional deduction of up to Rs. 1.5 lakh for interest paid on loans for purchase of affordable housing assets has been extended till 31st March, 2021.

Management Discussion and Analysis

- Driving supply of affordable housing: Tax holiday on the profits earned by developers of affordable housing project has been extended till 31st March, 2021.
- Relaxation while taxing income from capital gains, business profits and other sources in respect of transactions in real estate; increased the limit from 5% to 10%.

Implications

- Although India's real estate sector has not witnessed any direct announcements except affordable housing, boost to other sectors such as education, infrastructure, data centre, and warehousing and logistics are expected to have positive impact on the sector.
- Affordable housing continued to be the focus area. The affordable segment is expected to witness increased activity across the country.
- Continued focus on infrastructure for the job creation and sustainable future. Well established infrastructure clears many bottlenecks, eases business and has a positive ripple effect on the economy for the long term.

Outlook

The residential real estate sector has already been stumbling from the adverse impact of the prevailing liquidity crunch, a high inventory overhang, weak affordability and subdued demand conditions. The COVID-19 outbreak is expected to further affect the sector adversely, with sales and collections expected to witness further moderation. However, reduced construction outflows, attributable to a slowdown in project execution activity, are expected to limit the overall decline in net cash flows, at least in the case of a short-term disruption. The three-month moratorium on term loan instalments announced by the RBI also provides comfort on overall developer cash flows during this period. In case of a longer disruption though, the impact on overall economic activity is likely to be deeper and more sustained. This could, in turn, result in impact on developer cash flows and project execution abilities, giving rise to wider negative implications.

8. MUTUAL FUND INDUSTRY

Average Assets Under Management (AAUM) of India's mutual fund industry for the month of March 2020 stood at Rs. 24,70,882 crore. The AUM of the Indian mutual fund industry has grown from Rs. 6.14 trillion as on 31st March, 2010 to Rs. 22.23 trillion as on 31st March, 2020 more than 3½ fold increase in a span of 10 years. The industry AUM stood at Rs. 22.26 trillion (Rs. 22.26 lakh crore) as on 31st March, 2020.

The total number of accounts (or folios as per mutual fund parlance) as on 31st March, 2020 stood at 8.97 crore (89.7 million), while the number of folios under equity, hybrid and solution-oriented schemes, wherein the maximum investment is from retail segment stood at 7.94 crore (79.4 million). This is 70th consecutive month witnessing rise in the number of folios.

Source: www.amfiindia.com

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 taken by Securities and Exchange Board of India (SEBI), the regulator, will help increase the penetration of mutual funds. Some of the factors that will drive the growth in 2020 include the untapped potential, rising investor awareness about mutual funds as an investment alternative, and consistent promotion campaign by the Association of Mutual Funds in India (AMFI).

9. BUSINESS REVIEW

Key highlights

- Additional branches and talent pool will add further muscle in marketing initiatives and drive the business forward.
- Entered into a joint venture with Ideal Finance Ltd. to capitalise on Mahindra Finance's 25-year expertise in the financial services domain and Ideal Finance's domestic market knowledge to build a leading financial services business in Sri Lanka.
- Through subsidiaries Mahindra Asset Management Company Pvt. Ltd. and Mahindra Trustee Company Pvt. Ltd., entered into a 51:49 joint venture for Mahindra Mutual Fund with Manulife Investment Management (Singapore) Pte. Ltd., with an aim to expand the depth and breadth of fund offerings and retail fund penetration in India

Credit Ratings

Type of Instrument	Rating Agency / Rating	Outlook
CRISIL		
Fixed Deposit Programme	FAAA	Stable
Short-term debt	CRISL A1+	-
Long-term and Subordinated debt, Bank Facilities	CRISL AA+	Stable
India Ratings		
Long-term and Subordinated debt	IND AAA	Stable
Short-term debt	IND A1+	-
CARE Ratings		
Long-term and Subordinated debt	CARE AAA	Stable
Brickwork		
Long-term and Subordinated debt	BWR AAA	Stable

Asset quality

Risk assessment of customers is made at the time of initial appraisal for pricing and granting loans. The Company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism. The Gross Non-Performing Assets (NPAs / Stage-3 Impaired Assets) as a percentage of loan assets outstanding as at March 31, 2020, stood at 8.4% vis-à-vis 6.4% as at corresponding previous year end. The Company has complied with the requirements of Indian Accounting Standards (Ind AS 109) - Financial Instruments, in making provision for impairment allowances on loan assets outstanding as per Expected Credit Loss (ECL) method. Any application guidance/clarifications/directions issued by the RBI are implemented as and when they are issued/ to the extent they are applicable.

10. OPERATIONAL REVIEW

The key operational highlights of 2019-20 are:

- Total income increased to Rs. 10,245.14 crore in 2019-20 from Rs. 8,809.81 crore in 2018-19, an increase of 16.3%.
- Assets Under Management (AUM) rose to Rs. 77,159.56 crore in 2019-20 from Rs. 68,947.58 crore in 2018-19, an increase of 11.9%.
- Customer base crossed 6.85 million.
- Increased employee base to 21,862 as on 31st March, 2020, as against 21,789 as on 31st March, 2019.
- Opened more rural branches to remain close to customers, to better understand their cash flows and to approach the customers for recovery when they have the money. These branches will seize new opportunities when the economic cycle and farm cycle improve.

11. FINANCIAL REVIEW

The following table presents the Company's standalone abridged financials for financial 2019-20, including revenues, expenses and profits.

Abridged Statement of Profit and Loss

Rs. in crore

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from operations	**10,097.85**	8,722.91
Other income	**147.29**	86.90
Total revenue	**10,245.14**	**8,809.81**
Expenses:		
Employee benefits expense	**1,148.45**	1,090.12
Finance costs	**4,828.75**	3,944.56
Depreciation and amortisation expense	**118.29**	60.23
Impairment on financial instruments	**2,054.47**	635.21
Other expenses	**751.42**	697.25
Total expenses	**8,901.38**	**6,427.37**
Profit before tax	**1,343.76**	2,382.44
Tax expense	**437.36**	825.38
Profit for the year	**906.40**	1,557.06

Management Discussion and Analysis

Key Ratios

Key Indicators	2019-20	2018-19
PBT/Total Income*	**13.1%**	27.0%
PBT/Total Assets*	**1.8%**	3.6%
RONW (Avg. Net Worth)*	**8.1%**	15.2%
Debt/ Equity	**5.23:1**	4.84:1
Capital Adequacy	**19.6%**	20.3%
Tier-I Capital	**15.4%**	15.5%
Tier-II Capital	**4.2%**	4.8%
Book Value (Rs.)	**184.0**	176.6
NIM (Gross Spread)	**7.7%**	8.1%

Note:
**Of the several ratios presented under 'Key Ratios', following ratios have declined by more than 25% over the previous year.*

PBT / Total income – a decline of 51.5%

PBT / Total assets – a decline of 48.9%

RONW (Avg. Net worth) – a decline of 46.5%

During the financial year ended March 31, 2020, although the total income grew by 16.3% over previous year, the profit before tax and profit after tax have declined by 43.6% and 41.8%, respectively, primarily due to higher charge on account of impairment loss provisions on financial instruments. The Company, in order to cover the contingencies that may arise due to COVID–19 pandemic, has incorporated the management overlays in the impairment loss provisions and accordingly made higher provisions towards impairment loss in the Statement of Profit and Loss. Consequently, as a result of lower profits as explained above, the profitability and net worth ratios have declined significantly as compared to the previous year.

Analysis of Profit & Loss

- Revenue from operations during 2019-20 increased by 15.8% over previous year and net interest income grew by 11.3% over previous year. The profit before tax for the year 2019-20 was at Rs. 1,343.76 crore as against Rs. 2,382.44 crore during the previous year.
- Profit After Tax (PAT) for the year, stood at Rs. 906.40 crore as compared to Rs. 1,557.06 in 2018-19.
- Net Interest Margin (NIM) (gross spread) for the year stood at 7.7% as compared to 8.1% during the previous year.
- Pre-tax returns on average assets for the year 2019-20 stood at 1.9% whereas post-tax returns stood at 1.3%.
- Return on Equity (RoE) for the year stood at 8.1% as against 15.2% during the previous year. Return on Assets (RoA) for the year stood at 1.3% as compared to 2.6% for the previous year.
- The Company's cost to income ratio for the year 2019-20 improved to 37.3% as compared to 38.0% during the previous year.

12. RISK MANAGEMENT

In view of the growing volatility in the operating environment impacting global businesses on an unprecedented scale, we are reinforcing the risk management and mitigation mechanism. It will be regularly reviewed by the Board and corrective actions will be implemented with diligence.

Risk management process

The risk management system includes the following key elements:

- A strategy that is driven by objectives and principles.
- Clearly defined assignment of responsibilities across hierarchies.
- 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' approach to 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 robust and resilient risk-management culture across all hierarchies of the Company.
- Developing risk appetite statements with the strategic planning process subsequently monitoring and reporting on these statements



The risk management framework is based on a meticulous assessment of 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 Liability Committee (ALCO) of the Board of Directors 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 cost, interest income and net interest margins of companies in the financial sector.

Mitigation: The Asset Liability Committee (ALCO) of the Board of Directors lays down policies and quantifiable limits that involve assessment of various types of risks and modifications in assets and liabilities to manage such risks.

Operational risk
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 appraisal has defined the Company's operational benchmarks. Additionally, regular internal audit provides a check on deviation arising from any contingent operational inefficiency.

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 mechanism and efficient monitoring in place.

Business risk
Being an NBFC, the Company is exposed to various external risks, which have a direct bearing on its sustainability and profitability. Foremost among them are industry risk and competition risk. The volatile macro-economic scenario and sector-specific imbalances result in loan asset impairment.

Mitigation: Our dedicated team evaluates the trends in the economy and various other sectors. In step with market trends, we have developed tailor-made products to deepen market penetration. Driven by a nimble-footed sales force, wide range of products, continuous efforts to improve turnaround time and customer-friendly culture, the Company is efficiently staying ahead of the curve.

Regulatory risk
It is the risk of change in laws and regulations materially impacting the business.

Mitigation: All the periodic guidelines issued by the RBI are fully adhered to and complied with by the Company. It adheres strictly to Capital Adequacy, Fair Practice Codes, RBI Reporting, Asset Classification and Provisioning Norms, etc. to ensure zero-level tolerance on the non-compliance aspect. We also follow stringent review systems to ensure compliance with the statutory guidelines and norms of the NBFC industry.

Human capital risk
The risk of not being able to attract and retain qualified personnel.

Mitigation: We provide an encouraging and congenial work environment to our employees across all sections for better work-life balance. The compensation paid by the Company is comparable with industries of its class and size.

Pandemic risk
The COVID-19 pandemic has had an unprecedented impact on societies and economies worldwide. The Company faces impact from this event at different levels. In addition, the pandemic impact may result in an increase in political and macro-economic risks.

Management Discussion and Analysis

Mitigation: Our proactiveness in setting up crisis management teams, mature business continuity processes and robust infrastructure ensured uninterrupted services to our customers, while maintaining health and safety of employees.

Information Technology risk
IT and cyber risks are an ever-expanding area as professionals combat a continual wave of attacks, fraudsters and criminals.

Mitigation: We have put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting.

Management periodically reviews various technology risks such as protecting sensitive customer data, identify theft, data leakage, business continuity, access control etc.

Market risk
Market risk is the risk of losses arising from fluctuations in interest rates, credit spreads, foreign currency rates, equity prices, commodity prices and other factors, such as market driven volatilities, that may lead to a reduction in earnings, economic value or both.

Mitigation: Mahindra Finance is safeguarded against any market or liquidity risk owing to prudent approach of continuously maintaining a positive liquidity gap on a cumulative basis. Along with this, maintaining an adequate liquidity buffer at consolidated and at each lending entity level further safeguards the Company. Such conservative and prudent liquidity risk management measures and practices adopted by the Management demonstrates the robustness of our asset liability management during the COVID-19 related stress.

13. COVID-19 – RESPONSE PLAN

We took a number of steps to address the challenges posed by COVID-19, including the following:

Maintaining business continuity: We ensured Business Continuity Planning (BCP) by taking proactive measures before formal lockdown announcement. We started actioning initiatives in advance of the lockdown and simultaneously ensured that the IT infrastructure and systems were in place, tested and checked.

Resumption of operations: We resumed operations in a phased manner, in accordance with the directives issued by the central and state governments and the district authorities. The health and safety measures undertaken by us include issuing safety guidelines, conducting regular fumigation of office premises, conducting thermal screening of customers visiting our branch offices and providing masks and hand sanitisers at our offices.



In order to minimise the disruption in our operations and protect the health and safety of our employees, we have leveraged our technology systems and undertaken a number of measures to support our employees working from home by providing them with laptops and tablets and conducting online training sessions.

Safety of employees: In order to minimise the disruption in our operations and protect the health and safety of our employees, we have leveraged our technology systems and undertaken a number of measures to support our employees working from home by providing them with laptops and tablets and conducting online training sessions. We will continue to enhance our digital capabilities and the use of technology to improve our operational efficiencies. We organised multiple interactions with employees on staying fit and taking care of their health during the lockdown.

Moratorium: In accordance with our Board approved moratorium policy, we granted moratorium on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers, in line with the RBI guidelines. We informed our customers of the interest that would accrue and would have to be paid by them if the moratorium period is availed by our customers. The pandemic situation is still evolving and it is difficult to determine with certainty the impact of the moratorium on our business and we may be required to adopt additional steps in future, including by way of making higher provisions which may impact our overall profitability.

Collections: Our field executives typically visit customers to collect installments as they become due. However, on account of the 'work from home' orders issued in various jurisdictions, we have been calling our customers and sending them intimations on phone. We informed our customers of the different digital modes through which they can make their payments and we intend to sharpen our focus on our collections after the completion of the moratorium period.

Maintaining our liquidity position and reducing our cost of borrowings: We undertook steps to ensure that we have adequate liquidity to meet our financial and other commitments. We continue to evaluate various funding opportunities so as to continue maintaining adequate liquidity and lower our cost of funds.

14. HUMAN RESOURCE

At Mahindra Finance we recognise our people as our greatest asset and we constantly strive to create an ecosystem of continuous learning, collaboration, inclusivity and work-life balance.

Mahindra Rise philosophy of 'Accepting No Limit', 'Alternate Thinking' and 'Driving Positive Change' reflects evidently in efforts of our business-focused HR partners, who benchmark and adopt best practices to support business, enabling employees to achieve exceptional outcomes.

Our employee-friendly and inclusive policies, health and fitness benefits ensure safe and secured environment for employees at workplace.

We have been ranked 6th in Asia's best workplaces in 2020, ranked 8th in India's Best Companies to work for in 2019 and we have also been recognised as one of the top 25 BFSI workplaces in India in 2020. This is awarded by Great Places to Work, the Global Authority on Workplace Culture Assessment.

The Company's HR practices have been certified at People Capability Maturity Model (PCMM) – Optimising, Level 5 Maturity Model, by the CMMI Institute in 2017-18, which certifies that the Company strives towards continuous improvement in its HR practices and focuses on widening organizational capabilities and improving organisational effectiveness by having a competent and engaged workforce, and has been able to sustain it.

Our Talent Management and Development initiatives aim to identify high potentials and building capability and leadership skills, enabling them to grow professionally and personally. We constantly strive to upgrade the skills of employees and give them the edge to compete in the dynamic market and become future ready.

We have partnered with best-in class global universities to create pipeline of future leaders. Through our digital learning platforms, we are driving culture of personalised learning empowering our employees to learn anywhere at any time.

15. INFORMATION TECHNOLOGY

Our Company has taken further steps in its technology roadmap toward future readiness and digitalisation. It has moved to a cloud-oriented infrastructure for its applications. Mobility solutions for its pan-India field force across lending and collections has seen significant utilisation. A real-time, integrated, fully digital platform for the consumer durables lending has been another major step in the organisation's technology capabilities. The organisation has exhibited the ability to integrate with external service providers such as credit bureaus, payment gateways, KYC utilities etc. Short-term, personal loan products have been launched leveraging analytics and CRM. The organisation has been strengthening its enterprise platform benefits through the use of mobile application development platform, datalake, enterprise service bus, robotic process automation etc.

16. INTERNAL CONTROL

The Company has put in place an adequate internal control mechanism to safeguard all its assets and ensure operational excellence. The mechanism 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.

17. 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 adhered to the highest standards of governance long before they were legally mandated. Your Company is committed to ethical values, sustainable business practices, and to driving positive change in the areas in which it operates. Above all, your Company is committed to creating shared value for all its stakeholders.

Your Company places great emphasis on empowerment, integrity and safety of its employees, diversity, transparency in all its dealings and accountability towards all the stakeholders. It is a firm conviction of the Company that good Corporate Governance practices are powerful enablers, which infuse trust and confidence and are able to attract and retain financial and human capital.

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.

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

BOARD OF DIRECTORS

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

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

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitisation, analytics and other allied fields 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://mahindrafinance.com/discover-mahindra-finance/management.**

The Independent Directors have been appointed/ re-appointed for a fixed tenure of five years from their respective dates of appointment/re-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.

During the year under review, no Independent Director of the Company resigned before the expiry of their tenure.

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

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

NUMBER OF BOARD MEETINGS

The Board of Directors met seven times during the year under review on 24th April, 2019, 23rd July, 2019, 13th August, 2019, 23rd September, 2019, 22nd October, 2019, 28th January, 2020 and 5th March, 2020. 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 (including any Alternate directorships). Further, as mandated by Regulation 17A of the Listing Regulations, none of the Directors of the Company holds Directorships in more than seven equity listed entities or acts as an Independent Director (including any Alternate directorships) in more than seven equity listed companies or three equity listed companies in case he/she serves as a Whole-time Director in any listed entity. 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

The Board of your Company comprises of Nine Directors as on 31st March, 2020, 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 23rd July, 2019, 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 Directorships and category of such Directorships are provided below:

Table 1: Composition of Board of Directors as on 31st March, 2020

Sr. No.	Name of the Directors	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity (including debt listed)	Category of Directorship
			Held	Attended						
Independent Directors										
1.	Mr. Dhananjay Mungale (Chairman)	00007563	7	7	Yes	7	7	2	Tamilnadu Petroproducts Limited	Independent Director
									Mahindra CIE Automotive Limited	Independent Director
									NOCIL Limited	Independent Director
2.	Mr. C. B. Bhave	00059856	7	7	Yes	5	4	3	Avenue Supermarts Limited	Independent Director
									Tejas Networks Limited	Independent Director
3.	Ms. Rama Bijapurkar	00001835	7	7	Yes	5	5	3	Emami Limited	Independent Director
									Nestle India Limited	Independent Director
									ICICI Bank Limited	Independent Director
									VST Industries Limited	Independent Director

Report on Corporate Governance

Sr. No.	Name of the Directors	DIN	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
			Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity (including debt listed)	Category of Directorship
			Held	Attended						
4.	Mr. Milind Sarwate@	00109854	7	7	Yes	6	7	4	Matrimony.com Limited	Independent Director
									Glenmark Pharmaceuticals Limited	Independent Director
									Mindtree Limited	Independent Director
									Metropolis Healthcare Limited	Independent Director
5.	Mr. Arvind V. Sonde$	00053834	7	2	Not Applicable	1	1	0	-	-
Non-Executive Non-Independent Directors										
6.	Mr. V. S. Parthasarathy	00125299	7	7	Yes	9	6	1	Mahindra Holidays & Resorts India Limited	Non-Executive Non-Independent Director
									Tech Mahindra Limited	Non-Executive Non-Independent Director
									Mahindra Logistics Limited	Non-Executive Chairman
7.	Dr. Anish Shah	02719429	7	4	No	4	2	0	Mahindra Lifespace Developers Limited	Non-Executive Non-Independent Director
									Tech Mahindra Limited	Non-Executive Non-Independent Director (Additional Director)
Executive Directors										
8.	Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	00220759	7	6	Yes	8	3	0	Mahindra Rural Housing Finance Limited	Non-Executive Chairman
9.	Mr. V. Ravi (Executive Director & Chief Financial Officer)	00307328	7	7	Yes	4	4	0	Mahindra Rural Housing Finance 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.

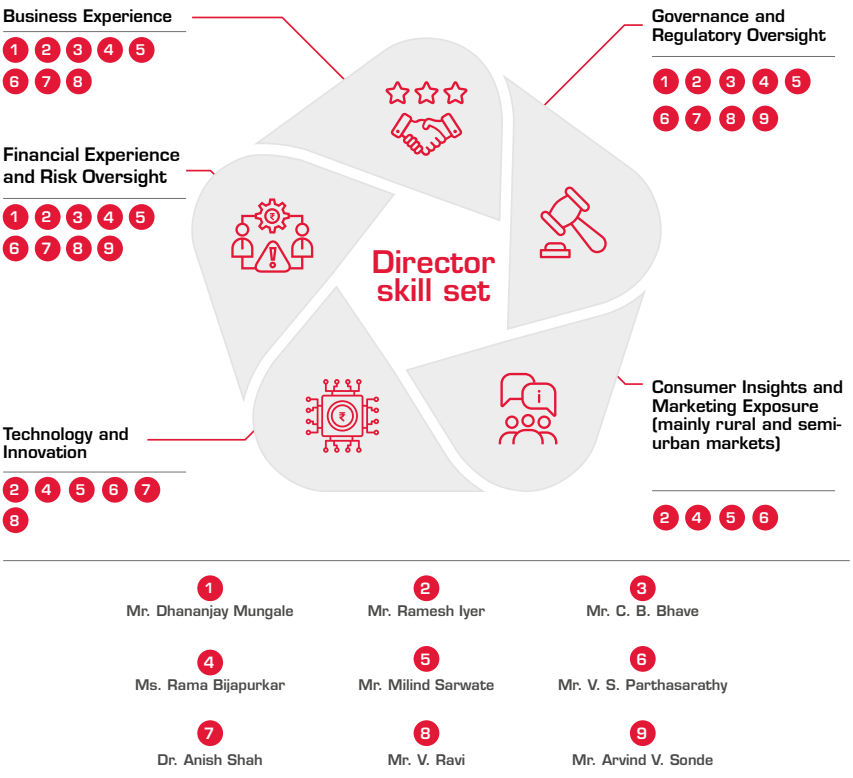
@ Mr. Milind Sarwate (DIN: 00109854) has been appointed as an Independent Director of the Company with effect from 1st April, 2019 by an Ordinary Resolution passed by Members through Postal Ballot on 31st March, 2019.

$ Mr. Arvind V. Sonde (DIN: 00053834) has been appointed as an Independent Director of the Company with effect from 9th December, 2019 by an Ordinary Resolution passed by Members through Postal Ballot on 8th December, 2019.

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

A chart/ 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 it to function effectively and those actually available with the Board alongwith the names of Directors who have such skills/expertise/competence, are given below:

Sr. No.	Skills	Particulars
1.	Business Experience	v Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values. v Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. v 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 :- v To have an understanding of Finance and Financial Reporting Processes; v 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	v An appreciation of emerging trends in Banking and Financial services across the globe. v Expertise in digital and robotic innovation in the field of Finance and Investments. v Ability to visualise future trends and devise strategies for adoption.
4.	Governance and Regulatory Oversight	v Devise systems for compliance with a variety of regulatory requirements. v 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)	v 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.



Report on Corporate Governance

CERTIFICATE REGARDING NON-DEBARMENT AND 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 as on 31st March, 2020, has been debarred or disqualified from being appointed or continuing as Directors of the companies 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 THE 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 with an objective independent judgement and without any external influence.

Based on the disclosures received from all the Independent Directors, the Board after taking these declarations/ disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

RESIGNATION OF INDEPENDENT DIRECTOR(S)

During the year under review, none of the Independent Directors of the Company had resigned before the expiry of their respective tenure(s).

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 and to review 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.
- Presentations on Internal Control over Financial Reporting.

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://mahindrafinance.com/media/236819/familiarisation-programme-for-independent-directors-2019-20.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(s), 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.

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.

Report on Corporate Governance

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 to give effect to the closure of the Employees Stock Option Scheme-2005. 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.

The Remuneration Policy for Key Managerial Personnel and Employees 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. 97.54 Lakhs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2020 as follows:

Table 2

Name of the Directors	Commission for the year ended 31st March, 2020 provided as payable in the accounts of the Company for the year under review (Rs. in Lakhs)
Mr. Dhananjay Mungale	28.00
Mr. C. B. Bhave	21.00
Ms. Rama Bijapurkar	21.00
Mr. Milind Sarwate	21.00
Mr. Arvind V. Sonde	6.54
Total	**97.54**

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 2019-20 is set forth in Table 3.

Table 3: Details of Remuneration paid to Directors for the Financial Year 2019-20

	(Rs. in Lakhs)						Employee Stock Option Scheme 2010+ (ESOS-2010)			
Name of the Directors	Sitting Fees (excluding GST)	Salary	Perquisites	Superannuation and Provident Fund#	Commission for the year ended 31st March, 2019 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.	462.84	13.98@	29.70	164.12	670.64	2,00,140	1,62,173	10,812	1,29,149
Mr. V. Ravi**	N.A.	227.18	15.25	9.00	95.07	346.50	77,815	61,319	NIL	25,283
Non-Executive Directors										
Mr. Dhananjay Mungale	11.30	N.A.	N.A.	N.A.	28.00	39.30	NIL	NIL	NIL	NIL
Mr. C. B. Bhave	9.90	N.A.	N.A.	N.A.	21.00	30.90	N.A.	N.A.	NIL	NIL
Ms. Rama Bijapurkar	8.50	N.A.	N.A.	N.A.	21.00	29.50	NIL	NIL	NIL	NIL
Mr. Milind Sarwate	9.70	N.A.	N.A.	N.A.	N.A.	9.70	N.A.	N.A.	N.A.	N.A.
Mr. Arvind V. Sonde	1.40	N.A.	N.A.	N.A.	N.A.	1.40	N.A.	N.A.	N.A.	N.A.
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. 7.10 lakhs being perquisite value of ESOPs of the Company exercised during the year.

 # Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.

+ Options issued at an Exercise Price of Rs. 2/- being the Face Value of the underlying shares.

Report on Corporate Governance

$ 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 100% of the total options have vested on 21st October, 2015, 21st October, 2016, 21st October, 2017, 21st October, 2018 and 21st October, 2019 respectively.

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, 21st October, 2018, and 21st October, 2019 and the balance 20% options would vest on 21st October, 2020 on expiry of 60 months, from the date of grant.

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

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

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

During 2019-20, 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, 2020.

Table 4: Details of the shares held by the Non-Executive Directors

Name of the Directors	Number of Shares held
Mr. Dhananjay Mungale	50,000
Mr. C. B. Bhave	Nil
Ms. Rama Bijapurkar	30,000
Mr. Milind Sarwate	Nil
Mr. Arvind V. Sonde	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://mahindrafinance.com/investor-zone/corporate-governance#Policies.**

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, 2020. 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.

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

As on 31st March, 2020, the Audit Committee comprised of five Independent Directors and two Non-Executive Non-Independent Directors:

Name of Members		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. Arvind V. Sonde@	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director
Dr. Anish Shah	-	Non-Executive Non-Independent Director

** Inducted as a Member of the Committee with effect from 9th April, 2019.*

@ Inducted as a Member of the Committee with effect from 28th January, 2020.

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18(1) of the Listing Regulations.

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations.

Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management; the quarterly and annual financial statements and the Auditors' Report thereon before

Report on Corporate Governance

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, reviewing the utilisation of loans and/or advances from/investment by the Company 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 etc. and review compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

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 PIT Regulations. Further, a Report under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also placed before the Committee.

The Vice-Chairman & Managing Director, Executive Director & Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited, the Statutory Auditors, the Executive 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 29th Annual General Meeting of the Company held on 23rd July, 2019.

The Audit Committee met six times during the year on 24th April, 2019, 23rd July, 2019, 21st August, 2019, 22nd October, 2019, 28th January, 2020 and 11th February, 2020.

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
Ms. Rama Bijapurkar	6	5
Mr. Milind Sarwate*	6	6
Mr. Arvind V. Sonde@	6	1
Mr. V. S. Parthasarathy	6	6
Dr. Anish Shah	6	2

** Inducted as a Member of the Committee with effect from 9th April, 2019.*

@ Inducted as a Member of the Committee with effect from 28th January, 2020. One Meeting was held during his tenure.

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, recommend the reconstitution of the Board Committees, 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.

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 has undertaken a structured and comprehensive succession planning program over a period and has carried out a rigorous review for an orderly Succession to the Board and the Senior Management.

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. As on date of this Report, the Nomination and Remuneration Committee comprises of three Independent Directors and two Non-Executive Non-Independent Director:

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

** Inducted as a Member of the Committee with effect from 23rd September, 2019.*

@ Inducted as a Member of the Committee with effect from 15th May, 2020.

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. C. B. Bhave, Chairman of the Nomination and Remuneration Committee was present at the 29th Annual General Meeting of the Company held on 23rd July, 2019.

Report on Corporate Governance

The Committee met five times during the year under review on 23rd April, 2019, 23rd July, 2019, 21st August 2019, 21st October, 2019 and 28th January, 2020. All the Meetings were well attended. 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. C. B. Bhave (Chairman)	5	5
Mr. Dhananjay Mungale	5	5
Mr. Milind Sarwate*	5	2
Mr. V. S. Parthasarathy	5	5

** Inducted as a Member of the Committee with effect from 23rd September, 2019. Two Meetings were held during his tenure.*

c) Stakeholders Relationship Committee

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

Name of Members		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

** Inducted as a Member of the Committee with effect from 9th April, 2019.*

Ms. Arnavaz M. Pardiwalla, Company Secretary is the Compliance Officer of the Company as required under the Listing Regulations and the Nodal Officer to ensure compliance with the IEPF Rules.

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 Certificate(s) (including 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)/Fixed Deposit Receipt(s), issue of new/duplicate certificates, general meetings, etc., 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 (RTA), review of Annual Audit Report submitted by the independent auditors on the annual internal audit conducted on the RTA operations as mandated by SEBI, 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.

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

As per Section 178(7) of the Act and the Secretarial Standards, the Chairperson of the Committee or, in his/her absence, any other Member of the Committee authorised by him/her in this behalf shall attend the General Meetings of the Company. Ms. Rama Bijapurkar, Chairperson of the Committee was present at the 29th Annual General Meeting of the Company held on 23rd July, 2019.

The Committee met three times during the year on 23rd April, 2019, 22nd October, 2019 and 28th January, 2020. 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. C. B. Bhave*	3	3
Mr. Ramesh Iyer	3	3
Mr. V. Ravi	3	3

** Inducted as a Member of the Committee with effect from 9th April, 2019.*

Details of complaints/grievances received from Investors and attended to by the Company during the year 2019-20 are given in Table 8.

Table 8: Status of Investor Complaints

Sr. No.	Nature of Security	No. of complaints pending as on 1st April, 2019	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31st March, 2020
1.	Equity Shares	0	4	4	**0**
2.	Public Issue of Secured Redeemable NCDs/ Unsecured Subordinated Redeemable NCDs ("Public NCDs")	0	18*	18*	**0**
3.	Private Placement of Secured Redeemable NCDs/Unsecured Subordinated Redeemable NCDs	0	0	0	**0**
Total		**0**	**22**	**22**	**0**

** 2 complaints were received through SEBI for non-receipt of Interest.*

The correspondence identified as investor complaints pertain to :

(i) Shares : Non-receipt of Dividend Warrants and Non-receipt of Annual Report.

(ii) Public NCDs : Non-receipt of Interest 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 was amended in order to undertake the CSR Project/ Activities through Mahindra Finance CSR Foundation and to align the Policy in line with MCA Notifications dated 30th May, 2019 and 11th October, 2019. The amended CSR Policy is displayed on the website of the Company at the web-link: **https://mahindrafinance.com/rise-for-good/csr-overview.**

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

Name of Members		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

** Inducted as a Member and appointed as Chairman of the Committee with effect from 9th April, 2019.*

@ Inducted as a Member of the Committee with effect from 9th April, 2019.

 # Resigned as a Member of the Committee with effect from 16th May, 2020.

The Committee held three meetings during the year under review. The Committee met on 24th April, 2019, 22nd October, 2019 and 28th January, 2020. All Meetings were well attended. 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. Dhananjay Mungale (Chairman)	3	3
Ms. Rama Bijapurkar	3	3
Mr. Ramesh Iyer	3	3
Mr. V. Ravi	3	3
Dr. Anish Shah	3	1

Report on Corporate Governance

e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. The Committee reviews the risk management policies related to liquidity, interest rates and investment policies. The Committee inter alia, oversees the Company's short, medium and long-term funding and liquidity management requirements. It also reviews the liquidity position based on future cash flows.

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

Name of Members		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

** Inducted as a Member and appointed as Chairman of the Committee with effect from 9th April, 2019.*

The Committee met four times during the year on 23rd April, 2019, 22nd July, 2019, 21st October, 2019 and 27th January, 2020. All Meetings were well attended. 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. Milind Sarwate (Chairman)	4	4
Mr. Dhananjay Mungale	4	4
Mr. Ramesh Iyer	4	4
Mr. V. S. Parthasarathy	4	4
Mr. V. Ravi	4	4

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.

As on 31st March, 2020, the Risk Management Committee comprised of five Independent Directors and one Non- Executive Non-Independent Director:

Name of Members		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. Arvind V. Sonde*	-	Independent Director
Mr. V. S. Parthasarathy	-	Non-Executive Non-Independent Director

** Inducted as a Member of the Committee with effect from 28th January, 2020.*

The Committee met on 23rd April, 2019, 23rd July, 2019, 21st October, 2019 and 27th January, 2020. All meetings were well attended.

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	4	4
Mr. Dhananjay Mungale	4	4
Ms. Rama Bijapurkar	4	4
Mr. Milind Sarwate	4	4
Mr. Arvind V. Sonde*	4	-
Mr. V. S. Parthasarathy	4	4

** Inducted as a Member of the Committee with effect from 28th January, 2020. No Meeting was held during his tenure.*

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, 2020, the Committee for Strategic Investments comprised of two Independent Directors, two Non-Executive Non-Independent Directors and one Executive Director:

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

** Appointed as a Chairman of the Committee with effect from 28th November, 2019.*

@ Inducted as a Member of the Committee with effect from 9th April, 2019.

The Committee held three meetings during the year under review.

The Committee met on 23rd April, 2019, 28th November, 2019 and 11th February, 2020. All Meetings were well attended.

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. Dhananjay Mungale	3	3
Mr. Ramesh Iyer	3	3
Mr. Milind Sarwate	3	3
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 had 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 Board at its Meeting held on 23rd September, 2019 re-constituted the IT Strategy Committee and appointed Mr. Milind Sarwate as the Chairman with effect from the said date. Mr. C. B. Bhave, Mr. Ramesh Iyer, Mr. V. Ravi and Mr. Gururaj Rao, Chief Information Officer are other Members of the Committee.

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/Deputy Chief Information Security Officer, Vice-President – Digital and Consumer Loans, Associate Vice-President - New Innovation & Technology Initiatives, Associate Vice-President - Business Solutions Group, Senior General Manager - Application Development and Maintenance and the Head - IT Governance, Risk & Compliance.

The Committee met twice during the year on 21st May, 2019 and 28th November, 2019. Both the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 13.

Table 13: Attendance record of IT Strategy Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Milind Sarwate (Chairman)*	2	1
Mr. C. B. Bhave	2	2
Mr. Ramesh Iyer	2	2
Mr. V. Ravi	2	2
Mr. Gururaj Rao	2	2

** One Meeting was held during his tenure.*

SUBSIDIARY COMPANIES

Regulation 16 of the Listing Regulations, 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, is a material subsidiary of the Company.

Report on Corporate Governance

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 for the Financial Year ended 31st March, 2020.

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. This Policy has been hosted on the website of the Company and can be accessed through the web-link: **https://mahindrafinance.com/investor-zone/corporate-governance#Policies.**

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 transactions with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2019-20, 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.

In addition, as per the Listing Regulations, your Company has also submitted within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results and also published it on the website of the Company.

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 amended to align it in accordance with the changes made in the Listing Regulations with respect to payment towards the brand usage or royalty.

The Policy on Related Party Transactions has been hosted on the website of the Company and can be accessed through the web-link: **https://mahindrafinance.com/investor-zone/corporate-governance#Policies.**

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ('IND AS') as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies in accordance with the RBI Notification No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March, 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

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" which inter alia, includes the Policy for Determination of "Legitimate Purpose" 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) (Third Amendment) Regulations, 2019, amended the "Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited" by including informant mechanism.

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'.

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. The Policy also provides an investigation procedure in case of leak/ suspected leak of UPSI.

WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder is implemented through the Whistle Blower Policy. This Policy provides for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders are provided access to Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell, to report illegal or unethical behaviour, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity.

The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel 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 Whistle Blower Policy provides for reporting of insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information by the employees.

The Whistle Blower Policy has been hosted on the Company's website at the web-link: **https://mahindrafinance.com/media/125151/whistle-blower-policy.pdf.**

Report on Corporate Governance

SHAREHOLDERS

Re-appointment of Director(s)

The details of Director(s) seeking re-appointment at the forthcoming Annual General Meeting is set forth in Table 14:

Table 14

Name of Director	Mr. V. S. Parthasarathy
Date of Birth	1st November, 1962
Date of first appointment on the Board	24th July, 2014
Expertise in specific functional areas	Finance, HR, M&A, IT and International Operations
Qualifications	A Bachelor's degree in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India, and a Member of the Institute of Chartered Accountants of England and Wales. He is an alumnus of Harvard's Advanced Management Program (2011).
Directorships in Companies	Mahindra Logistics Limited (Chairman) Mahindra Holidays & Resorts India Limited Tech Mahindra Limited Mahindra & Mahindra Financial Services Limited Mahindra Electric Mobility Limited Mahindra First Choice Services Limited Mahindra First Choice Wheels Limited (Vice-Chairman) Fifth Gear Ventures Limited Smartshift Logistics Solutions Private Limited (Chairman) New Democratic Electoral Trust (Section 8 Company) Meru Travel Solutions Private Limited (Chairman) Bombay Chamber of Commerce and Industry CIE Automotive, S.A. Mahindra-BT Investment Company (Mauritius) limited
Membership of Committees in Public Limited Companies	
Audit Committee	• Mahindra Holidays & Resorts India Limited • Mahindra & Mahindra Financial Services Limited • Tech Mahindra Limited • Mahindra Electric Mobility Limited (Chairman)
Nomination & Remuneration Committee	• Mahindra Electric Mobility Limited • Mahindra & Mahindra Financial Services Limited • Tech Mahindra Limited • Mahindra Logistics Limited • Mahindra First Choice Wheels Limited (Chairman)
Stakeholders Relationship Committee	• Mahindra Holidays & Resorts India Limited • Tech Mahindra Limited
Corporate Social Responsibility Committee	• Mahindra Holidays & Resorts India Limited • Tech Mahindra Limited
Risk Management Committee	• Mahindra & Mahindra Financial Services Limited • Tech Mahindra Limited
Asset Liability Committee	• Mahindra & Mahindra Financial Services Limited
Securities Allotment Committee	• Mahindra Holidays & Resorts India Limited • Tech Mahindra Limited
Committee for Strategic Investments	• Mahindra & Mahindra Financial Services Limited
Investment Committee	• Tech Mahindra Limited
Shareholding of the Director in the Company	250

Mr. V. S. Parthasarathy is a much awarded professional, a thought leader and a votary of transformational changes with over 3 decades of experience.

With effect from 1st April, 2020, Mr. Parthasarathy was appointed as the President of the newly created Mobility Services Sector of the Mahindra Group. He is a member of the 'Group Executive Board' of the Mahindra Group.

Mr. V. S. Parthasarathy is the Chairman of Mahindra Logistics Limited, Smartshift Logistics Private Limited and a Director on Board of other listed companies of the Mahindra Group (including Tech Mahindra Limited, Mahindra Holidays and Resorts India Limited) and CIE Automotive S.A. Spain.

He is the President of BCCI (Bombay Chamber of Commerce & Industry) and Chairman of FICCI CFO Council.

Mr. Parthasarathy began his career with Modi Xerox as a Management Trainee. Before joining Mahindra & Mahindra Limited ("M&M") in 2000, he was the Associate Director at Xerox. Mr. Parthasarathy's journey at M&M began with an HR stint where he brought about organisational transformation – performance management system, policy deployment, strategic planning – and journeyed through Deming Prize. He later spearheaded functions like Finance, M&A, IT and International Business, prior to being the Group CFO and the Group CIO at M&M until March 31, 2020. His areas of expertise include organisational transformation, leadership, strategic planning, finance, international operations, etc.

He is a well-recognised speaker in the fields of Finance and IT. He was awarded with the Lifetime Achievement awards for both his CFO and CIO roles. He is also the recipient of the BusinessWorld - Yes Bank Hall of Fame Award, Best CFO of India Award by IMA, Corporate Excellence Awards and Digital Icon of India Award by HPE.

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://mahindrafinance.com/investor-zone/corporate-governance#Policies.**
- 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.

Report on Corporate Governance

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 Nomination Form, Deletion of Name, 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://mahindrafinance.com/investor-zone/faqs#Choosecategory.**
- Members can also provide their feedback on the services provided by the Company and its Registrar & Transfer Agents by filling the 'Shareholders Satisfaction Survey' form available on the website of the Company at **https://mahindrafinance.com/investor-zone/investor-information.**

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
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.
2018 – 2019	23rd July, 2019	3.30 p.m.	Re-appointment of Mr. Dhananjay Mungale as an Independent Director, not liable to retire by rotation, to hold office for a second term commencing from 24th July, 2019 to 23rd July, 2024. Re-appointment of Ms. Rama Bijapurkar as an Independent Director, not liable to retire by rotation, to hold office for a second term commencing from 24th July, 2019 to 23rd July, 2024. 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.	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 2019-20

During the year under review, one Postal Ballot was 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 KFin Technologies 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 : 1st November, 2019
Voting period : 9th November, 2019 to 8th December, 2019
Date of approval : 8th December, 2019
Date of Declaration of Results : 9th December, 2019
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.	Appointment of Mr. Arvind V. Sonde (DIN: 00053834) as an Independent Director of the Company, to hold office for a term of 5 (five) consecutive years commencing from 9th December, 2019 to 8th December, 2024.	Ordinary Resolution	49,13,39,453	79.5350	49,12,36,265	99.9790	1,03,188	0.0210
2.	Re-appointment of Mr. Chandrashekhar Bhave (DIN: 00059856) as an Independent Director of the Company, to hold office for a second term of 5 (five) consecutive years commencing from 3rd February, 2020 to 2nd February, 2025.	Special Resolution	49,13,39,453	79.5350	48,85,45,856	99.4314	27,93,597	0.5686
3.	Revision in the scale of salary payable to Mr. Ramesh Iyer, Managing Director designated as Vice-Chairman & Managing Director of the Company, with effect from 1st April, 2020.	Special Resolution	49,12,36,982	79.5184	49,12,35,772	99.9998	1,210	0.0002

Note: Valid votes abstained from voting: For Resolution No.1 : 1,10,35,866; For Resolution No.2 : 1,10,35,866; For Resolution No.3 : 1,11,38,337

Report on Corporate Governance

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 KFin Technologies 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 their shares in the Equity Share Capital of the Company 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.

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, there were no such recommendations made by any Committee of the Board that were mandatorily required and not 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. 2019-20
Statutory Audit	**90.24**
Other Services including reimbursement of expenses	**61.58**
Total	**151.82**

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

Status of complaints for the Financial Year 2019-20 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 end of the financial year	Nil

GENERAL SHAREHOLDERS INFORMATION

Pursuant to General Circular issued by Ministry of Corporate Affairs ('MCA') dated 5th May, 2020 read together with MCA General Circular Nos. 14 & 17/2020 dated 8th April, 2020 and 13th April, 2020 respectively, and SEBI's Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, companies are allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM) for the calendar year 2020. Accordingly, your Company will be conducting the 30th AGM through VC/OAVM facility. Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice of AGM, and this mode will be available throughout the proceedings of the AGM.

In case of any query and/or help, in respect of attending the AGM through VC/OAVM mode, Members may refer the Help & Frequently Asked Questions (FAQs) and "AGM VC/OAVM" user manual available at the download Section of **https://evoting.karvy.com** or contact at **investorhelpline_mmfsl@mahindra.com**, or **Mr. Suresh Babu D.,** Deputy Manager – RIS, KFin Technologies Private Limited at Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana or at the email ID: **evoting@kfintech.com** or on Phone No.: 040-6716 2222 or call Toll Free No.: **1800-345-4001** for any further clarifications.

30TH ANNUAL GENERAL MEETING

Day and Date	:	Monday, 10th August, 2020
Time	:	3:00 p.m. (IST)
Mode of AGM	:	Through Video Conference
Deemed Venue of the Meeting	:	Gateway Building, Apollo Bunder, Mumbai – 400 001
Link to participate through video-conferencing	:	**https://emeetings.kfintech.com**
Remote E-voting starts	:	Thursday, 6th August, 2020 at 9:00 a.m. (IST)
Remote E-voting ends	:	Sunday, 9th August, 2020 at 5:00 p.m. (IST)
E-voting at AGM	:	Monday, 10th August, 2020

Financial Year of the Company

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

Financial Reporting for

- Quarter ending 30th June, 2020 - End July, 2020
- Half-year ending 30th September, 2020 – End October, 2020
- Quarter ending 31st December, 2020 – End January, 2021
- Year ending 31st March, 2021 - End April, 2021

Note: The above dates are indicative.

Dividend Payment

With a view to conserve capital, given the challenging situation caused by the ongoing COVID-19 pandemic, the Board of Directors has not recommended any dividend on Equity Shares of the Company for the financial year ended 31st March, 2020.

Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number

L65921MH1991PLC059642

Report on Corporate Governance

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 and Commercial Papers:

The Non-Convertible Debentures (NCDs) of the Company comprise of secured, unsecured and subordinated NCDs issued through private placement and public issuances. The NCDs are listed on the Debt Segment of BSE, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Commercial Papers are listed on the Wholesale Debt Market of NSE, Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

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://mahindrafinance.com/investor-zone/Investor-Information.**

Table 2: Monthly High and Low of Company's Shares for the Financial Year 2019 - 20 at BSE and NSE

	BSE Limited		National Stock Exchange of India Limited	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2019	442.40	396.50	440.00	396.05
May 2019	437.55	363.15	438.00	362.65
June 2019	441.85	379.40	442.00	379.65
July 2019	416.40	289.15	416.45	289.15
August 2019	340.45	285.15	340.35	284.85
September 2019	379.35	309.50	379.60	309.30
October 2019	367.75	300.00	368.00	299.70
November 2019	367.30	318.70	367.35	318.60
December 2019	357.20	316.60	357.30	316.50
January 2020	380.00	315.50	379.50	315.15
February 2020	403.00	331.50	403.30	331.30
March 2020	357.05	138.35	357.25	138.20

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

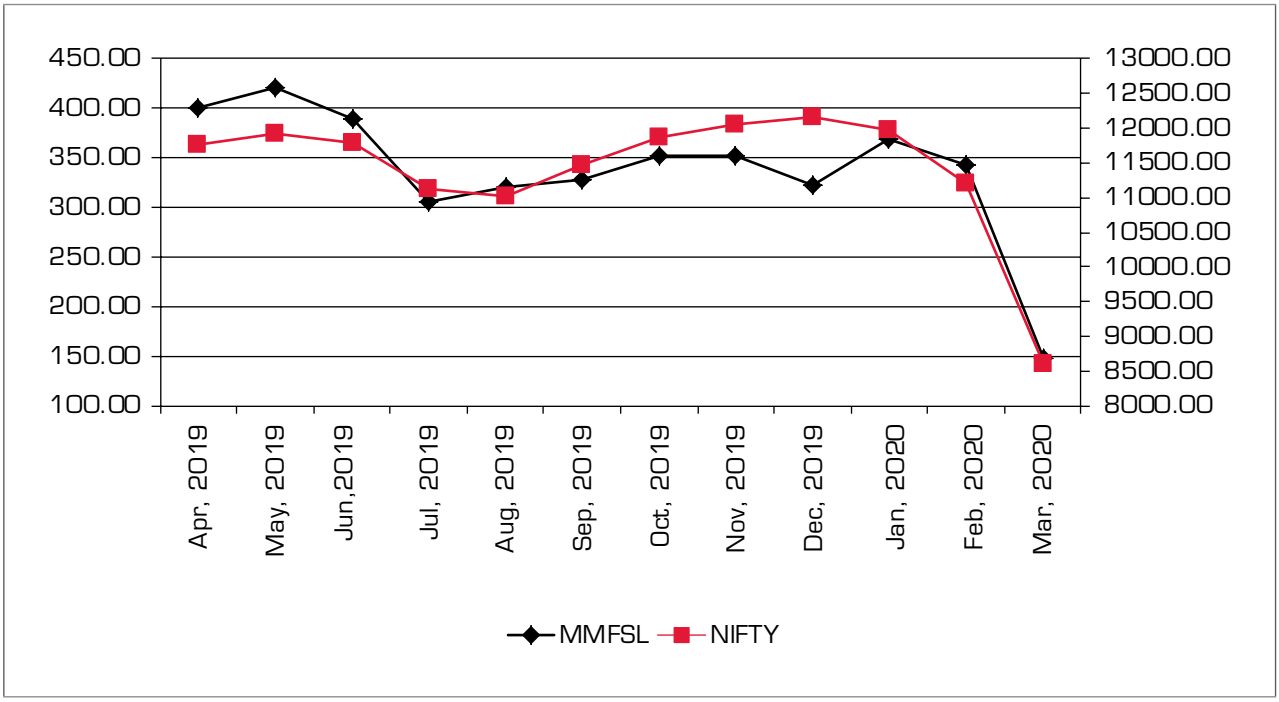
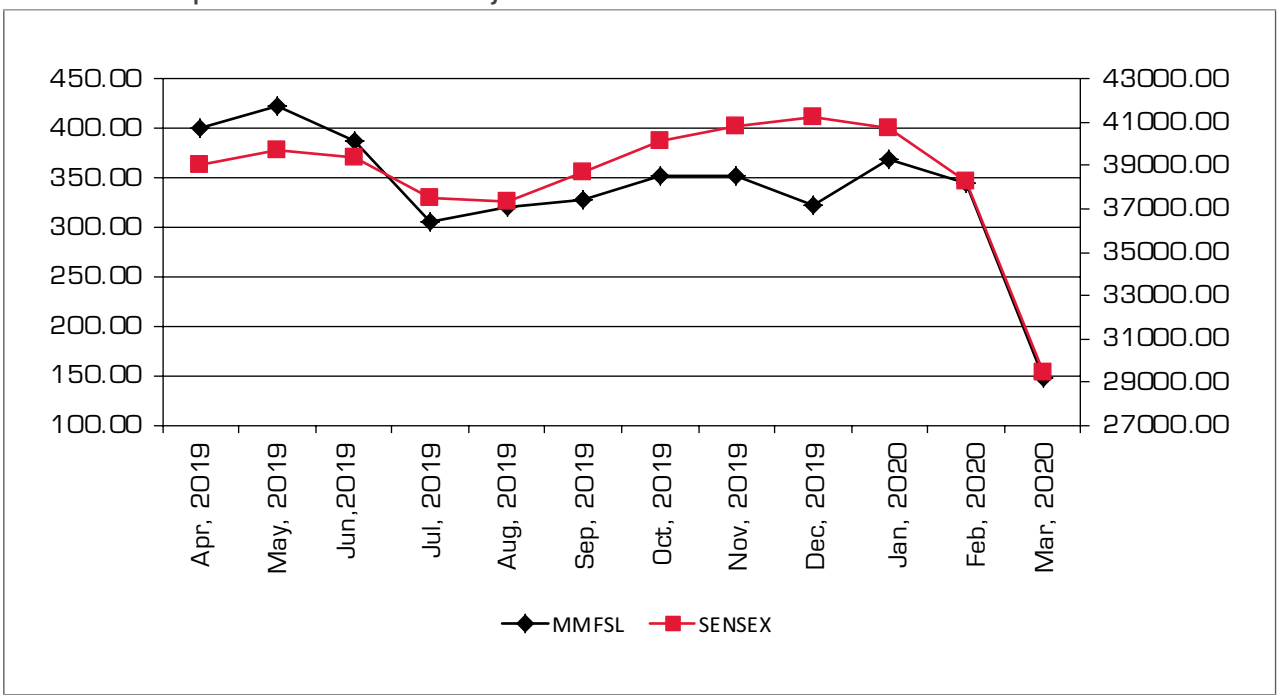


Chart B
MMFSL's share performance versus Nifty 50



Distribution of Shareholding

Table 3 and Table 4 lists the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2020.

Report on Corporate Governance

Table 3: Shareholding pattern by size as on 31st March, 2020

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	72,436	74,98,257	1.21
501-1000	2,474	18,62,285	0.30
1001-5000	1,893	40,65,389	0.66
5001-10000	260	18,86,331	0.31
10001-20000	143	20,48,951	0.33
20001 and above	492	60,04,03,747	97.19
Total	**77,698**	**61,77,64,960**	**100.00**

Table 4: Shareholding pattern by ownership as on 31st March, 2020

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)	24,17,256	0.39
Mutual Funds	7,49,66,047	12.14
FIIs	14,78,82,384	23.94
Bodies Corporate	3,18,41,783	5.15
Indian Public/HUF	2,13,54,486	3.46
NRIs	9,09,532	0.15
Trusts	11,76,620	0.19
Indian Financial Institutions/Banks	1,90,18,005	3.08
Clearing Members	13,89,114	0.22
Alternative Investment Fund	5,34,516	0.09
Investor Education and Protection Fund Authority	67,557	0.01
TOTAL	**61,77,64,960**	**100.00**

Dematerialisation of Shares and Liquidity

As on 31st March, 2020, 99.96 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 – 13 shareholders representing 2,350 Equity Shares of Rs.2 each.

(ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – 1 shareholder representing 175 Equity Shares of Rs.2 each.

(iii) Number of shareholders to whom shares were transferred from suspense account during the year – 1 shareholder representing 175 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 – 12 shareholders representing 2,175 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 2019-20.

Dividend remitted to IEPF during the year:

Financial Year	Date of dividend declaration	Amount transferred to IEPF (in Rs.)	Date of transfer to IEPF
2011-12	27th July, 2012	7,82,488	11th September, 2019

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
2019-20	1,480
TOTAL (as on 31st March, 2020)	**70,232**

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

The Company has appointed the Company Secretary as the Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at the web-link: **https://mahindrafinance.com/investor-zone/corporate-governance#Policies.**

Further, the Company has also appointed Deputy Nodal Officers to assist the Nodal Officer to inter alia verify the claim(s) and co-ordinate with the IEPF Authority, the details of which are available on the website of the Company at the web-link: **https://mahindrafinance.com/investor-zone/corporate-governance#Policies.**

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 23rd July, 2019 on the Company's website at the web-link: **https://mahindrafinance.com/investor-zone/corporate-governance#Policies** 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, 2020, 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 derivative transactions to hedge its exposure to foreign exchange risk and interest rate risk 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 derivative transaction. Your Company has hedged all its foreign currency borrowings for its full tenure and is in compliance with applicable RBI guidelines in this regard.

Your Company follows the Accounting Policy and Disclosure Norms for 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, 2020 are disclosed in Note Number 50 to the Standalone Financial Statements in the Annual Report.

Report on Corporate Governance

Credit Rating

The Credit Rating details of the Company as on 31st March, 2020 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 (incl. MLD) Debt instruments, Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	'IND AAA/Stable' 'IND PP-MLD AAA emr/Stable'	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. '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	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 2019-20. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.*

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.

Share Transfer System

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form.

Pursuant to Regulation 40 of the Listing Regulations, requests for effecting transfer of securities had not been 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 dematerialized 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 KFintech 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/FAQs.html** for further understanding about the dematerialisation process.

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.

Secretarial Audit / Reconciliation of Share Capital Audit

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2019-20. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made there under, 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 2019-20 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:

KFin Technologies Private Limited
(Formerly Karvy Fintech Private Limited)
Unit : Mahindra & Mahindra Financial Services Limited
Selenium Building, Tower B,
Plot Nos. 31-32, Financial District,
Nanakramguda, Gachibowli,
Serilingampally Mandal,
Hyderabad – 500 032, Telangana, India.
Tel. : +91 40 6716 2222
Fax : +91 40 2300 1153/2342 0814
Email : **einward.ris@kfintech.com**
Website : **www.kfintech.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.

The Registrar and Transfer Agents also have an office at:

KFin Technologies Private Limited

(formerly Karvy Fintech Private Limited)
Office number 01/04 : 24-B, Raja Bahadur Compound, Ambalal Doshi Marg, Behind BSE, Fort, Mumbai - 400 001.
Tel.: + 91 22 6623 5353
Fax: +91 22 6623 5333

Non-Convertible Debentures

KFin Technologies Private Limited also acts as Registrar and Transfer Agents for the 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@kfintech.com**; Tel : +91 40 6716 2222.

Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Hanumantha Rao Patri, Email Id: **einward.ris@kfintech.com**; Tel. : +91 40 6716 2222.

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

Investor Services Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries, by visiting **https://karisma.kfintech.com** and clicking on 'Investor

Report on Corporate Governance

Grievance' option for query registration through free identity registration process.

Investors can submit their query in the option provided on the above website, which would generate a registration number. For accessing the status/response to the query submitted, the grievance registration number can be used at the option **'Track your grievance'** on right hand corner under 'Investor Grievance' option after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in Investor Relations page on website of the Company at the web link : **https://mahindrafinance.com/investor-zone/investor-information.**

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/ 1800 266 9266
Email Id : **mfinfd@mahindra.com**

For all investor related matters, 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, 2020.

For **Mahindra & Mahindra Financial Services Limited**

Ramesh Iyer
Vice-Chairman & Managing Director

Place : Mumbai
Date : 15th May, 2020

Report on Corporate Governance

ANNEXURE A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V - Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mahindra & Mahindra Financial Services Limited** having CIN L65921MH1991PLC059642 and having its registered office at Gateway Building, Apollo Bunder, Mumbai-400 001 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me/us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in the Company
1.	Mr. Dhananjay Mungale*	00007563	24th July, 2014
2.	Mrs. Rama Bijapurkar*	00001835	24th July, 2014
3.	Mr. Ramesh Iyer	00220759	30th April, 2001
4.	Mr. Chandrashekhar Bhave**	00059856	3rd February, 2015
5.	Mr. Milind Sarwate	00109854	1st April, 2019
6.	Mr. Arvind V. Sonde	00053834	9th December, 2019
7.	Mr. V. S. Parthasarathy	00125299	24th July, 2014
8.	Dr. Anish Shah	02719429	18th March, 2016
9.	Mr. V. Ravi	00307328	25th July, 2015

Note:-

*i. *Mr. Dhananjay Mungale and Mrs. Rama Bijapurkar have been re-appointed as Independent Directors for second term of five consecutive years with effect from 24th July, 2019 to 23rd July, 2024.*

*ii. **Mr. Chandrashekhar Bhave has been re-appointed as an Independent Director for a second term of five consecutive years with effect from 3rd February, 2020 to 2nd February, 2025.*

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency 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)
UDIN: 005367B000240888

Place : Coimbatore
Date : 14th May, 2020

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, 2020 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 : 15th May, 2020

Report on Corporate Governance

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,
Gateway Building, Apollo Bunder,
Mumbai- 400 001.

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** (CIN L65921MH1991PLC059642) (the Company) for the year ended 31st March, 2020, 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)
UDIN: F005367B000242219

Place : Coimbatore
Date : 15th May, 2020

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 2020, 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 2020, 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 SAs 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.

EMPHASIS OF MATTER

As described in Note 50.2 (i) to the standalone financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as on 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in Note 50.2 (ii) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of the above matters.

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 MATTER

Impairment Loss Allowance

Refer notes 2.11 (h) and 50.2 to the Standalone Financial Statements

The key audit matter	How the matter was addressed in our audit
The Company has recognized impairment loss allowance of Rs. 308,948.66 lakhs as at 31 March 2020 and has recognized an expense for Rs.121,710.59 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	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.

The key audit matter	How the matter was addressed in our audit
∨ Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows ∨ Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package. ∨ In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. 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.	∨ Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package ∨ 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. ∨ 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, particularly in response to COVID 19 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. ∨ 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.

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 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant

to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government 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 Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements 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 2020 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;

iii. There has been no delay in transferring amounts, 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
ICAI UDIN: 20113156AAAACM7045

Mumbai
15 May 2020

Annexure A to the Independent Auditor's Report - 31 March 2020

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, 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 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 Finance 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 and based on the audit procedures conducted by 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. According to the information and explanations given to us and based on the audit procedures conducted by 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. Accordingly, 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, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they become payable.

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

c) According to the records examined by us and as per the information and explanations given to us, there are no statutory dues outstanding as at March 31, 2020 which have not been deposited on account of disputes except for those stated below:

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	259.58	2002-2003	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	7,383.00	2016-2017	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	4,039.90	2007-2012	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)

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	4.13	2014-15	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Andhra Pradesh Value Added Tax	Value Added Tax	123.57	April 2008 - October 2013	Andhra Pradesh High Court
Madhya Pradesh Value Added Tax	Value Added Tax	0.42	2013-2014	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	1.35	2014-2015	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	2.44	2015-2016	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	2.84	2016-2017	Appellate Authority of Commercial Taxes, Bhopal
Maharashtra Value Added Tax	Value Added Tax	87.32	2010-2011	Appeal filed with Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value Added Tax	44.84	2011-2012	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	102.25	2012-2013	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Kerala Value Added Tax	Value Added Tax	17.03	2013-2014	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	26.23	2014-2015	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	28.91	2015-2016	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	13.96	2016-2017	Appellate Authority of Commercial Taxes, Kerala

viii. According to the information and explanations given to us and based on our examination of the records, 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 and based on our examination of the records, the Company has utilised the money raised during the year, by way of terms loans 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 80 cases aggregating Rs. 172.89 lakhs which largely pertains to misappropriation of cash, we have neither come across any instance of fraud by the Company or any material instance of fraud 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 of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records,

the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and 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 them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

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
ICAI UDIN: 20113156AAAACM7045

Mumbai
15 May 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

OPINION

We have audited the internal financial controls with reference to financial statements of Mahindra & Mahindra Financial Services Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' 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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether 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 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 such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

Annexure B to the Independent Auditors' report on the standalone financial statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2020 (Continued)

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial controls 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 controls with reference to financial statements include 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 controls 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.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAACM7045

Mumbai
15 May 2020

Balance Sheet
as at 31 March 2020

Rs. in Lakhs

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	67,679.04	50,167.74
b) Bank balance other than (a) above	4	74,899.44	45,681.43
c) Derivative financial instruments	5	**9,292.76**	**1,006.39**
d) Receivables			
i) Trade receivables	6	**858.71**	519.19
ii) Other receivables		-	-
e) Loans	7	**64,99,347.04**	61,24,962.80
f) Investments	8	**5,91,096.62**	3,79,170.37
g) Other financial assets	9	**47,665.27**	16,895.13
		72,90,838.88	**66,18,403.05**
Non-financial Assets			
a) Current tax assets (Net)		**23,995.98**	30,210.00
b) Deferred tax assets (Net)	10 (i)	**48,962.66**	37,172.53
c) Property, plant and equipment	11	**33,794.74**	13,250.02
d) Intangible assets	12	**2,555.33**	3,056.15
e) Other non-financial assets	13	**6,973.68**	5,706.83
		1,16,282.39	**89,395.53**
Total Assets		**74,07,121.27**	**67,07,798.58**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Derivative financial instruments	14	**4,016.06**	7,702.53
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		**60,633.42**	97,947.17
II) Other payables			
i) total outstanding dues of micro enterprises and small enterprises		17.40	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**2,923.97**	3,164.54
c) Debt securities	16	**17,74,487.73**	22,31,937.92
d) Borrowings (Other than debt securities)	17	**29,48,734.27**	21,30,153.03
e) Deposits	18	**8,81,213.98**	5,66,718.41
f) Subordinated liabilities	19	**3,41,794.57**	3,55,883.82
g) Other financial liabilities	20	**2,31,396.03**	1,92,662.95
		62,45,217.43	**55,86,423.66**
Non-Financial Liabilities			
a) Current tax liabilities (net)		**1,392.09**	1,392.09
b) Provisions	21	**14,322.83**	20,652.70
c) Other non-financial liabilities	22	**9,803.43**	8,527.84
		25,518.35	**30,572.63**
EQUITY	23		
a) Equity share capital		**12,306.95**	12,297.54
b) Other equity		**11,24,078.54**	10,78,504.75
		11,36,385.49	**10,90,802.29**
Total Liabilities and Equity		**74,07,121.27**	**67,07,798.58**
The accompanying notes form an integral part of the financial statements.	1 to 57		

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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Statement of Profit and Loss

for year ended 31 March 2020

Rs. in Lakhs

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
i) Interest income	24	**9,94,171.19**	8,61,455.78
ii) Dividend income		**2,425.09**	1,388.00
iii) Rental income		**874.93**	71.45
iv) Fees and commission Income	25	**9,698.85**	8,691.76
v) Net gain on fair value changes	26	**2,615.10**	683.87
I Total revenue from operations		**10,09,785.16**	**8,72,290.86**
II Other income	27	**14,728.63**	8,690.31
III Total income (I+II)		**10,24,513.79**	8,80,981.17
Expenses			
i) Finance costs	28	**4,82,874.89**	3,94,456.16
ii) Fees and commission expense		**4,094.21**	3,047.83
iii) Impairment on financial instruments	29	**2,05,447.07**	63,520.83
iv) Employee benefits expenses	30	**1,14,844.51**	1,09,011.91
v) Depreciation, amortization and impairment	31	**11,829.36**	6,022.52
vi) Others expenses	32	**71,047.51**	66,677.73
IV Total expenses (IV)		**8,90,137.55**	**6,42,736.98**
V Profit before tax (III-IV)		**1,34,376.24**	2,38,244.19
VI Tax expense :	10 (ii)		
(i) Current tax		**55,693.89**	57,411.73
(ii) Deferred tax		**(11,958.04)**	24,851.72
(iii) (Excess) / Short Provision for Income Tax - earlier years		-	274.39
		43,735.85	**82,537.84**
VII Profit for the year (V-VI)		**90,640.39**	1,55,706.35
VIII Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) on defined benefit plans		**(1,134.18)**	(1,324.60)
- Net gain / (loss) on equity instruments through OCI		**268.65**	454.65
(ii) Income tax impact thereon	10 (iii)	**(51.94)**	304.00
Subtotal (A)		**(917.47)**	**(565.95)**
(B) (i) Items that will be reclassified to profit or loss			
- Net gain / (loss) on debt instruments through OCI		**767.09**	788.52
(ii) Income tax impact thereon	10 (iii)	**(115.97)**	(275.54)
Subtotal (B)		**651.12**	**512.98**
Other Comprehensive Income (A+B)		**(266.35)**	**(52.97)**
IX **Total Comprehensive Income for the year (VII+VIII)**		**90,374.04**	**1,55,653.38**
X Earnings per equity share (face value Rs. 2/- per equity share)	33		
Basic (Rupees)		**14.74**	25.33
Diluted (Rupees)		**14.71**	25.28
The accompanying notes form an integral part of the financial statements.	1 to 57		

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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Statement of Changes in Equity

for year ended 31 March 2020

A. EQUITY SHARE CAPITAL

Rs. in Lakhs

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2018	12,289.54
Changes during the year:	
Less : Allotment of shares by ESOS Trust to employees	8.00
Balance as at 31 March 2019	**12,297.54**
Balance as at 1 April 2019	**12,297.54**
Changes during the year:	
Less : Allotment of shares by ESOS Trust to employees	**9.41**
Balance as at 31 March 2020	**12,306.95**

B. OTHER EQUITY

Particulars	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 (Refer note 34)	Equity instruments through OCI (Refer note 34)	
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**	**383,402.02**	**512.98**	**295.78**	**10,78,504.75**

Rs. in Lakhs

Particulars	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 (Refer note 34)	Equity instruments through OCI (Refer note 34)	
Balance as at 1 April 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
Profit/(loss) for the year							90,640.39			90,640.39
Other Comprehensive Income / (loss)							(1,134.18)	651.12	216.71	(266.35)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**89,506.21**	**651.12**	**216.71**	**90,374.04**
Dividend paid on equity shares (including tax thereon)							(47,786.03)			(47,786.03)
Transfers to Securities premium on exercise of employee stock options			1,462.56			(1,462.56)				-
Employee stock options expired				7.54		(7.54)				-
Share based payment expense						2,947.16		-		2,947.16
Transfers to Statutory reserves	18,129.00						(18,129.00)			-
Transfers from Debenture Redemption Reserve (refer note no. 23)					(22,370.59)		22,370.59			-
Others			38.62		-		-			38.62
Balance as at 31 March 2020	**1,86,734.62**	**5,000.00**	**4,16,713.77**	**79,726.23**	**-**	**4,863.54**	**4,29,363.79**	**1,164.10**	**512.49**	**11,24,078.54**

The accompanying notes 1 to 57 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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Statement of cash flows

for year ended 31 March 2020

Rs. in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxes	**1,34,376.24**	2,38,244.19
Adjustments to reconcile profit before tax to net cash flows:		
Add: Non-cash expenses		
Depreciation, amortization and impairment	**11,829.36**	6,022.52
Impairment on financial instruments	**1,21,710.59**	(1,12,855.87)
Bad debts and write offs	**83,736.48**	1,76,376.70
Net loss in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
Unrealized foreign exchange gain/loss	**19,173.16**	826.29
Share based payments to employees	**2,941.80**	2,255.02
	2,27,418.54	**75,318.29**
Less: Income considered separately		
Net gain on fair value changes	**(2,615.10)**	(683.87)
Income from investing activities	**(9,952.86)**	(16,020.84)
Dividend income	**(5,462.70)**	(3,395.23)
Net gain on derecognition of property, plant and equipment	**(70.09)**	(80.41)
Net gain on sale of investments	**(4,574.05)**	119.90
	(22,674.80)	**(20,060.45)**
Operating profit before working capital changes	**3,39,119.98**	**2,93,502.03**
Changes in -		
Loans	**(5,80,090.49)**	(13,35,626.42)
Trade receivables	**(391.74)**	(149.72)
Interest accrued on other deposits	**(3,666.73)**	304.50
Other financial assets	**2,465.60**	(1,890.66)
Other financial liabilities	**20,727.73**	15,440.38
Other non-financial assets	**(27.20)**	(1,566.77)
Trade Payables	**(37,790.21)**	(4,173.96)
Other non-financial liabilities	**1,314.21**	1,999.35
Derivative financial instruments	**-**	1,427.60
Provisions	**(7,298.97)**	6,566.45
Cash used in operations	**(6,04,757.80)**	**(13,17,669.25)**
Income taxes paid (net of refunds)	**(49,479.87)**	(67,640.99)
NET CASH USED IN OPERATING ACTIVITIES (A)	**(3,15,117.69)**	**(10,91,808.21)**
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment and intangible assets	**(10,535.45)**	(10,957.65)
Proceeds from sale of Property, plant and equipment	**185.26**	190.11
Purchase of investments at amortized cost	**(27,127.15)**	(21,994.94)
Proceeds from sale of investments at amortized cost	**39,219.30**	106,385.59
Purchase of investments at FVOCI	**(24,389.29)**	(300.00)
Purchase of investments at FVTPL	**(72,84,711.98)**	(34,66,857.18)
Proceeds from sale of investments at FVTPL	**71,31,531.36**	32,99,938.37
Purchase of investments at cost	**(38,077.27)**	(19,963.21)
Proceeds from term deposits with banks (net)	**(58,042.63)**	(37,463.96)
Dividend income received	**5,462.70**	3,395.23
Interest income received on investments measured at amortized cost, FVOCI, FVTPL and at cost	**9,192.71**	15,955.03
Change in Earmarked balances with banks	**21.12**	(12.54)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**(2,57,271.32)**	**(1,31,685.15)**

Rs. in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
C) CASH FLOW FROM FINANCING ACTIVITIES		
Expenses incurred on issuance of Non-convertible debentures	-	(2,143.51)
Proceeds from borrowings through Debt Securities	**12,80,780.00**	31,55,102.24
Repayment of borrowings through Debt Securities	**(17,36,931.40)**	(29,54,672.60)
Proceeds from Borrowings (Other than Debt Securities)	**27,66,793.81**	28,97,062.34
Repayment of Borrowings (Other than Debt Securities)	**(19,46,390.36)**	(21,06,151.64)
Proceeds from borrowings through Subordinated Liabilities	-	33,687.23
Repayment of borrowings through Subordinated Liabilities	**(13,976.88)**	(980.00)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	**(22,600.50)**	(2,205.46)
Increase / (decrease) in Fixed deposits (net)	**3,13,823.92**	2,56,150.55
Payments for principal portion of lease liability	**(3,812.25)**	-
Dividend paid (including tax on dividend)	**(47,786.03)**	(29,378.43)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**5,89,900.31**	**12,46,470.72**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**17,511.30**	**22,977.36**
Cash and Cash Equivalents at the beginning of the year	**50,167.74**	**27,190.38**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**67,679.04**	**50,167.74**
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Cash on hand	**1,430.30**	2,717.34
- Cheques and drafts on hand	**300.91**	1,601.77
- Balances with banks in current accounts	**45,947.83**	45,848.63
- Term deposits with original maturity up to 3 months	**20,000.00**	-
Total	**67,679.04**	**50,167.74**

Notes :
The above Statement of Cash Flow 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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Notes

forming part of the Financial Statements for the year ended 31 March 2020

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 ("Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These standalone or separate financial statements have been approved by the Company's Board of Directors and authorized for issue on 15 May 2020.

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 a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

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 categorized 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 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 recognized 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 weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

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 judgments 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.

Provision for income tax and deferred tax assets:
The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recoverd for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Defined Benefit Plans:
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Estimation uncertainty relating to the global health pandemic from COVID-19:
The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption

Notes
forming part of the Financial Statements for the year ended 31 March 2020

to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and

- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 50).

2.6 Revenue recognition :

a) Recognition of interest income on loans

Interest income is recognized in Statement of profit and loss using the effective interest method for all financial instruments measured at amortized 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 amortized 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 amortized 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 recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.

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

b) Subvention income

Subvention income received from manufacturer / dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognized in the Statement of profit and loss using the effective interest method over the tenor of such loan contracts measured at amortized cost. In case of subvention income which is subject to confirmation from manufacturer and received later than inception date is recognized in the Statement of profit and loss using straight line method over the tenor of such loan contracts.

c) Rental Income

Income from operating leases is recognized in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognized over and above minimum commitment charges based on usage pattern and make/model of the asset.

d) Fee and commission income :

Fee based income are recognized when they become measurable and when it is probable to expect their ultimate collection.

Commission and brokerage income earned for the services rendered are recognized as and when they are due.

e) Dividend and interest income on investments:

- Dividends are recognized 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 recognized 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.

2.7 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 realizable 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.

In accordance with Ind AS 116 - Leases, applicable effective from 1 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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
Right-Of-Use assets (Leasehold premises)	2 to 10 years

2.7 Property, Plant and Equipments (PPE) (Continued)

Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized.

2.8 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. Amortization is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9 Investments in subsidiaries and associates :

Investments in subsidiaries and associate are measured at cost less accumulated impairment, if any.

2.10 Foreign exchange transactions and translations :

a) Initial recognition

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

Notes

forming part of the Financial Statements for the year ended 31 March 2020

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 recognized 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 recognized 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 recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.11 Financial instruments :

a) Recognition and initial measurement

Financial assets and financial liabilities are recognized 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 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 recognized 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

- *Amortized cost;*
- *FVOCI - debt instruments;*
- *FVOCI - equity instruments;*
- *FVTPL*

Amortized 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 amortized 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 amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement of financial assets

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of profit and loss. Any gain and loss on derecognition is recognized 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 recognized in Statement of profit and loss. Other net gains and losses are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognized as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortized 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 amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on derecognition is also recognized 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 recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derecognition

Financial assets

The Company derecognizes 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 recognized 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 derecognized.

Financial liabilities

A financial liability is derecognized 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 recognized in Statement of profit and loss.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

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 realize 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 recognized 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 recognized in Statement of profit and loss.

h) Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognizes 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 recognized 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 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).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

The Company recognizes lifetime ECL for trade, lease and other 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 amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

i) 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 capitalization 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.

j) 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 from written off assets are netted off against the amount of financial assets written off during the year under Bad debts and write offs forming part of Impairment on financial instruments in Statement of profit and loss.

2.12 Employee benefits:

a) Short-term employee benefits -

Short-term employee benefits are expensed as the related service is provided. A liability is recognized 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, ESIC and National Pension Scheme -

Company's contribution paid/payable during the year to provident fund, ESIC and National Pension Scheme is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

2.13 Finance costs :

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilized, 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.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.14 Taxation - Current and deferred tax :

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized 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. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

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 realized, 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 recognized 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.

2.15 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

2.16 Impairment of assets other than financial assets :

The Company reviews the carrying amounts of its tangible (including assets given on operating lease) 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 recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized in Statement of profit and loss.

2.17 Provisions :

Provisions are recognized 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 recognized 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.

2.18 Leases :

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and the principal portion of lease payments have been classified as financing cash flows.

Where the Company is the lessor -

At the inception of the lease, the Company classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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 recognized 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. Costs including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct costs are recognized immediately in Statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles

Notes
forming part of the Financial Statements for the year ended 31 March 2020

for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31,2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

a) ROU assets and lease liabilities have been included within the line items Property, plant and equipment and Other financial liabilities respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items Finance costs and Depreciation, amortization and impairment respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within financing activities in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no. 41.

2.19 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.

2.20 Earnings Per Share :

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

2.21 Standards issued but not yet effective :

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

Notes

forming part of the Financial Statements for the year ended 31 March 2020

3 CASH AND CASH EQUIVALENTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Cash on hand	**1,430.30**	2,717.34
Cheques and drafts on hand	**300.91**	1,601.77
Balances with banks in current accounts	**45,947.83**	45,848.63
Term deposits with original maturity up to 3 months	**20,000.00**	-
	67,679.04	**50,167.74**

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Earmarked balances with banks -		
- Unclaimed dividend accounts	**68.66**	89.78
Term deposits with maturity less than 12 months -		
- Free	**4,575.00**	15,001.00
- Under lien #	**70,255.78**	30,590.65
	74,899.44	**45,681.43**

Details of Term deposits - Under lien

Rs. in Lakhs

Particulars	As at 31 March 2020			As at 31 March 2019		
	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	**22,501.00**	**20,000.00**	**42,501.00**	5,517.23	7,500.00	13,017.23
For securitization transactions	**46,208.47**	**4,330.00**	**50,538.47**	24,538.61	-	24,538.61
Legal deposits	**21.31**	-	**21.31**	9.81	11.50	21.31
For Constituent Subsidiary General Ledger (CSGL) account	**1,500.00**	-	**1,500.00**	500.00	-	500.00
Collateral deposits with banks for Aadhaar authentication and others	**25.00**	**100.00**	**125.00**	25.00	-	25.00
Total	**70,255.78**	**24,430.00**	**94,685.78**	**30,590.65**	**7,511.50**	**38,102.15**

5 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
Currency derivatives :				
Forward contracts	**58,205.49**	**2,323.02**	59,659.22	917.97
Options	**2,05,079.75**	**6,969.74**	-	88.42
Total derivative financial instruments	**2,63,285.24**	**9,292.76**	**59,659.22**	**1,006.39**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

6 RECEIVABLES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Trade receivables		
i) Secured, considered good		
- Lease rental receivable on operating lease transactions	**64.64**	18.85
Less : Impairment loss allowance	**(1.48)**	-
	63.16	**18.85**
ii) Unsecured, considered good :		
- Subvention and other income receivables	**795.55**	500.34
iii) Credit impaired :		
- Trade receivable on hire purchase transactions	**373.39**	373.39
- Subvention and other income receivables	**50.74**	-
	424.13	**373.39**
Less : Impairment loss allowance	**(424.13)**	(373.39)
	858.71	**519.19**

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

Particulars	31 March 2020	31 March 2019
A) Loans (at amortized cost)		
Retail loans	**64,43,978.16**	58,74,147.34
Small and Medium Enterprise (SME) financing	**1,86,440.83**	1,88,053.12
Bills of exchange	**53,166.01**	61,534.86
Trade advances	**1,23,934.89**	1,87,430.56
Inter corporate deposits to related parties	**100.00**	100.00
Total (Gross)	**68,07,619.89**	**63,11,265.88**
Less : Impairment loss allowance	**(3,08,272.85)**	(1,86,303.08)
Total (Net)	**64,99,347.04**	**61,24,962.80**
B) i) Secured by tangible assets	**65,33,209.61**	59,81,320.04
ii) Secured by intangible assets	-	-
iii) Covered by bank / Government guarantees	-	-
iv) Unsecured	**2,74,410.28**	3,29,945.84
Total (Gross)	**68,07,619.89**	**63,11,265.88**
Less : Impairment loss allowance	**(3,08,272.85)**	(1,86,303.08)
Total (Net)	**64,99,347.04**	**61,24,962.80**
C) i) Loans in India	-	-
a) Public Sector	-	-
b) Others	**68,07,619.89**	63,11,265.88
Total (Gross)	**68,07,619.89**	**63,11,265.88**
Less : Impairment loss allowance	**(3,08,272.85)**	(1,86,303.08)
Total (Net) - C (i)	**64,99,347.04**	**61,24,962.80**
ii) Loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (Net) - C (ii)	**-**	**-**
Total (Net) - C (i+ii)	**64,99,347.04**	**61,24,962.80**

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

8 INVESTMENTS

Rs. in Lakhs

Investments	31 March 2020						31 March 2019					
	Amortized cost	At Fair Value			Others (at cost)	Total	Amortized cost	At Fair Value			Others (at cost)	Total
		Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total		
Units of mutual funds	-	-	3,24,125.20	3,24,125.20	-	3,24,125.20	-	-	62,349.01	62,349.01	-	62,349.01
Government securities	98,049.30	14,301.61		14,301.61		1,12,350.91	70,922.15	-	-	-	-	70,922.15
Debt securities -												
i) Secured redeemable non-convertible debentures	2,500.00	-	-	-	-	2,500.00	6,200.00	-	-	-	-	6,200.00
ii) Unsecured redeemable non-convertible subordinatebbdebentures		-	-	-	-	-	-	-	-	-	-	-
iii) Investments in Pass Through Certificates under securitization transactions	12,409.65	-	-	-	-	12,409.65	21,359.96	-	-	-	-	21,359.96
iv) Commercial Papers	-	-	-	-	-	-	21,994.94	-	59,070.39	59,070.39	-	81,065.33
v) Certificate of deposits with banks	-		-	-		-			46,910.08	46,910.08		46,910.08
vi) Investment in Bonds of Food Corporation of India and NCDs of NABARD	-	10,474.76		10,474.76	-	10,474.76	-	-	-	-	-	-
vii) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited		-		-	-	-	-	1,088.52	-	1,088.52	-	1,088.52
Equity instruments -												
a) Subsidiaries												
i) Mahindra Insurance Brokers Limited	-	-	-	-	45.16	45.16	-	-	-	-	45.16	45.16
ii) Mahindra Rural Housing Finance Limited	-	-	-	-	79,929.79	79,929.79	-	-	-	-	51,252.22	51,252.22
iii) Mahindra Asset Management Company Private Ltd.	-	-	-	-	21,000.00	21,000.00	-	-	-	-	16,000.00	16,000.00
iv) Mahindra Trustee Company Private Ltd.	-	-	-	-	50.00	50.00	-	-	-	-	50.00	50.00
v) Mahindra Finance CSR Foundation	-	-	-	-	0.10	0.10						
b) Associates												
i) 49% Ownership in Mahindra Finance USA, LLC	-	-	-	-	21,054.81	21,054.81	-	-	-	-	21,054.81	21,054.81
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)												
ii) 38.20% Ownership in Ideal Finance Limited, Sri Lanka					4,399.60	4,399.60	-	-	-	-	-	-
(Joint venture entity with Ideal Finance Limited in Sri Lanka)												
c) Others												
i) 'Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	1,361.32	-	1,361.32	-	1,361.32	-	1,154.65	-	1,154.65	-	1,154.65
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)"	-	311.98	-	311.98	-	311.98	-	-	-	-	-	-
iii) 'Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted in to equity shares on exercise of conversion option after meeting applicable terms and conditions)	-	1,218.53	-	1,218.53	-	1,218.53	-	-	-	-	-	-
iv) 'New Democratic Electoral Trust	-	-	-	-	1.00	1.00	-	-	-	-	1.00	1.00
Total - Gross (A)	**1,12,958.95**	**27,668.20**	**3,24,125.20**	**3,51,793.40**	**1,26,480.46**	**5,91,232.81**	**1,20,477.05**	**2,243.17**	**1,68,329.48**	**1,70,572.65**	**88,403.19**	**3,79,452.89**
i) Investments outside India	-	-	-	-	25,454.41	25,454.41	-	-	-	-	21,054.81	21,054.81
ii) Investments in India	1,12,958.95	27,668.20	3,24,125.20	3,51,793.40	1,01,026.05	5,65,778.40	1,20,477.05	2,243.17	1,68,329.48	1,70,572.65	67,348.38	3,58,398.08
Total - Gross (B)	**1,12,958.95**	**27,668.20**	**3,24,125.20**	**3,51,793.40**	**1,26,480.46**	**5,91,232.81**	**1,20,477.05**	**2,243.17**	**1,68,329.48**	**1,70,572.65**	**88,403.19**	**3,79,452.89**
Less : Allowance for Impairment loss (C)	136.19	-	-	-	-	136.19	282.52	-	-	-	-	282.52
Total - Net D (A-C)	**1,12,822.76**	**27,668.20**	**3,24,125.20**	**3,51,793.40**	**1,26,480.46**	**5,91,096.62**	**1,20,194.53**	**2,243.17**	**1,68,329.48**	**1,70,572.65**	**88,403.19**	**3,79,170.37**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

9 OTHER FINANCIAL ASSETS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Interest accrued on investments	**2,236.35**	1,476.20
Interest accrued on other deposits	**4,606.70**	939.97
Security Deposits	**3,277.18**	3,008.10
Term deposits with banks (remaining maturity more than 12 months)		
- Free	**11,885.00**	-
- Under lien	**24,430.00**	7,511.50
Others	**1,230.04**	3,959.36
	47,665.27	**16,895.13**

10 DEFERRED TAX ASSETS (NET) AND TAX EXPENSE

(i) Deferred tax assets (net)

Rs. in Lakhs

	Balance as at 1 April 2018	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities :									
- Application of EIR on financial assets	(6,972.92)	(2,937.46)	-	-	(9,910.38)	2,019.32	-	-	(7,891.06)
- Application of EIR on financial liabilities	(2,367.99)	(1,268.33)	-	-	(3,636.32)	1,207.47	-	-	(2,428.85)
- Share based payments	(703.06)	(470.85)	-	-	(1,173.91)	11.70	-	-	(1,162.21)
- FVTPL financial asset	(9.37)	(238.98)	-	-	(248.35)	(588.69)	-	-	(837.04)
- Others	(999.79)	(605.84)	(749.03)	-	(2,354.66)	(3,626.92)	-	-	(5,981.58)
	(11,053.13)	**(5,521.46)**	**(749.03)**	**-**	**(17,323.62)**	**(977.12)**	**-**	**-**	**(18,300.74)**
Tax effect of items constituting deferred tax assets :									
- Provision for employee benefits	1,980.05	(121.14)	-	462.87	2,321.78	566.12	-	(28.77)	2,859.13
- Derivatives	2,130.60	1,909.02	-	-	4,039.62	2,385.86	-	-	6,425.48
- Allowance for ECL	62,476.01	(22,587.40)	-	-	39,888.61	11,343.53	-	-	51,232.14
- Application of EIR on financial liabilities	292.37	-	-	-	292.37	(81.79)	-	-	210.58
- Others	6,918.92	1,469.26	-	(434.41)	7,953.77	(1,278.56)	-	(139.14)	6,536.07
	73,797.95	**(19,330.26)**	**-**	**28.46**	**54,496.15**	**12,935.16**	**-**	**(167.91)**	**67,263.40**
Net deferred tax assets	**62,744.82**	**(24,851.72)**	**(749.03)**	**28.46**	**37,172.53**	**11,958.04**	**-**	**(167.91)**	**48,962.66**

(ii) Income tax recognized in Statement of profit and loss

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
(a) Current tax:		
In respect of current year	**55,693.89**	57,411.73
In respect of prior years	-	274.39
	55,693.89	**57,686.12**
(b) Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(22,357.49)**	24,851.72
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**10,399.45**	-
	(11,958.04)	**24,851.72**
Total Income tax recognized in Statement of profit and loss	**43,735.85**	**82,537.84**

(iii) Income tax recognized in Other Comprehensive Income

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Deferred tax related to items recognized in Other Comprehensive Income during the year :		
Remeasurement of defined employee benefits	**(28.77)**	462.87
Net gain / (loss) on equity instruments through OCI	**(23.17)**	(158.87)
Net gain / (loss) on debt instruments through OCI	**(115.97)**	(275.54)
Total Income tax recognized in Other Comprehensive Income	**(167.91)**	**28.46**

(iv) 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

Particulars	As at 31 March 2020	As at 31 March 2019
Profit before tax	**1,34,376.24**	2,38,244.19
Applicable income tax rate	**25.168%**	34.944%
Expected income tax expense	**33,819.81**	83,252.05
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(1,374.91)**	(1,186.66)
Effect of expenses / provisions not deductible in determining taxable profit	**232.34**	209.66
Effect of tax incentives and concessions	**256.61**	446.44
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**10,399.45**	-
Adjustment related to tax of prior years	-	274.39
Others	**402.55**	(458.04)
Reported income tax expense	**43,735.85**	**82,537.84**

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 which provides for an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs.10,399.45 lakhs recognized as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

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	P&M under lease	Right-Of-Use Assets (Leasehold premises)	Total
GROSS CARRYING AMOUNT										
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**
Balance as at 1 April 2019	**81.40**	**108.92**	**10,031.17**	**8,920.00**	**9,453.92**	**7,463.73**	**1,230.18**	**-**	**18,447.50**	**55,736.82**
Additions during the year	-	-	620.64	693.72	781.89	1,872.33	4,054.48	19.06	4,245.13	12,287.25
Disposals / deductions during the year	-	-	459.51	190.81	503.13	822.30	-	-	-	1,975.75
Balance as at 31 March 2020	**81.40**	**108.92**	**10,192.30**	**9,422.91**	**9,732.68**	**8,513.76**	**5,284.66**	**19.06**	**22,692.63**	**66,048.32**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
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**
Balance as at 1 April 2019	-	26.70	6,837.00	5,844.82	6,842.99	4,442.25	45.54	-	-	24,039.30
Additions during the year	-	1.84	1,477.56	910.50	1,148.12	1,392.24	438.83	1.39	4,704.38	10,074.86
Disposals / deductions during the year	-	-	458.65	177.18	500.75	724.00	-	-	-	1,860.58
Balance as at 31 March 2020	**-**	**28.54**	**7,855.91**	**6,578.14**	**7,490.36**	**5,110.49**	**484.37**	**1.39**	**4,704.38**	**32,253.58**
NET CARRYING AMOUNT										
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**
As at 31 March 2020	**81.40**	**80.38**	**2,336.39**	**2,844.77**	**2,242.32**	**3,403.27**	**4,800.29**	**17.67**	**17,988.25**	**33,794.74**

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

12 INTANGIBLE ASSETS

Rs. in Lakhs

Particulars	Computer Software
GROSS CARRYING AMOUNT	
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**
Balance as at 1 April 2019	7,371.21
Additions during the year	1,253.68
Deductions during the year	-
Balance as at 31 March 2020	**8,624.89**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
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**
Balance as at 1 April 2019	4,315.06
Additions during the year	1,754.50
Deductions during the year	-
Balance as at 31 March 2020	**6,069.56**
NET CARRYING AMOUNT	
As at 31 March 2019	**3,056.15**
As at 31 March 2020	**2,555.33**

13 OTHER NON-FINANCIAL ASSETS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Capital advances	**1,725.31**	485.66
Prepaid expenses	**3,283.26**	2,965.05
Unamortized placement and arrangement fees paid on borrowing instruments	**301.13**	401.48
Insurance advances	**183.18**	185.59
Other advances	**1,480.80**	1,669.05
	6,973.68	**5,706.83**

14 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in Lakhs

Particulars	31 March 2020		31 March 2019	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency derivatives :				
Forward contracts	**20,013.63**	**2,559.18**	20,231.96	2,176.30
Options	-	**1,456.88**	1,23,078.50	5,526.23
Total derivative financial instruments	**20,013.63**	**4,016.06**	**1,43,310.46**	**7,702.53**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

15 PAYABLES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
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	**60,633.42**	97,947.17
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	**17.40**	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**2,923.97**	3,164.54
	63,574.79	**1,01,365.00**

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

Particulars	31 March 2020	31 March 2019
a) Dues remaining unpaid to any supplier at the year end		
- Principal	**17.40**	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	-	-
	17.40	**0.10**

16 DEBT SECURITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At Amortized cost		
Non-convertible debentures (Secured)	**16,99,721.29**	19,54,799.74
Non-convertible debentures (Unsecured)	**39,800.02**	19,893.55
Commercial Papers (Unsecured)	**0.00**	2,57,244.63
Rupee Denominated Secured Bonds overseas (Masala Bonds)	**34,966.42**	-
Total	**17,74,487.73**	**22,31,937.92**
Debt securities in India	**17,39,521.31**	22,31,937.92
Debt securities outside India	**34,966.42**	-
Total	**17,74,487.73**	**22,31,937.92**

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

The Secured Non-convertible debentures are secured by pari-passu charges on Buildings (forming part of PPE) and exclusive charges on receivables under loan contracts having carrying value of Rs 19,25,549.49 lakhs (March 2019: Rs 21,27,458.97 lakhs).

Notes

forming part of the Financial Statements for the year ended 31 March 2020

Details of Non-convertible debentures (Secured) :

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**7.10%-9.40%**	**6,23,700.00**	7.29%-9.45%	7,34,500.00
Maturing between 1 year to 3 years	**7.00%-9.49%**	**3,69,180.00**	7.35%-9.49%	7,71,150.00
Maturing between 3 years to 5 years	**7.45%-8.95%**	**1,97,300.00**	8.24%-8.95%	98,000.00
Maturing beyond 5 years	**7.75%-9.00%**	**3,34,250.00**	8.70%-9.00%	1,79,500.00
Sub-total at face value (A)		**15,24,430.00**		**17,83,150.00**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**9.00%-9.05%**	**40,540.83**		-
Maturing between 3 years to 5 years	**9.10%-9.15%**	**53,556.11**	9.00%-9.15%	94,096.94
Maturing beyond 5 years	**9.20%-9.30%**	**86,915.30**	9.20%-9.30%	86,915.30
Sub-total at face value (B)		**1,81,012.24**		**1,81,012.24**
Total at face value (A+B)		**17,05,442.24**		**19,64,162.24**
Less: Unamortized discounting charges		**5,720.95**		9,362.50
Total amortized cost		**16,99,721.29**		**19,54,799.74**

Details of Non-convertible debentures (Unsecured) - :

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing beyond 5 years	**8.53%**	**40,000.00**	8.53%	20,000.00
Total at face value		**40,000.00**		**20,000.00**
Less: Unamortized discounting charges		**199.98**		106.45
Total amortized cost		**39,800.02**		**19,893.55**

Details of Commercial Papers (Unsecured):

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	-	-	7.70% - 9.05%	2,65,000.00
Total at face value		**-**		**2,65,000.00**
Less: Unamortized discounting charges		-		7,755.37
Total amortized cost		**-**		**2,57,244.63**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

Rupee Denominated Secured Bonds overseas (Masala Bonds)

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing between 3 years to 5 years	7.40%	35,000.00	-	-
Total at face value		**35,000.00**		**-**
Less: Unamortized discounting charges		33.58		-
Total amortized cost		**34,966.42**		**-**

17 BORROWINGS (OTHER THAN DEBT SECURITIES)

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At Amortized cost		
a) Term loans		
i) Secured -		
- from banks	**17,28,090.56**	13,73,553.76
- from banks in foreign currency	**18,294.06**	63,403.97
- External Commercial Borrowings	**2,73,778.83**	1,37,396.77
- Associated liabilities in respect of securitization transactions	**8,88,170.82**	4,34,734.49
ii) Unsecured -		
- from banks	**26,400.00**	5,813.54
b) Loans from related parties		
Unsecured -		
- Inter-corporate deposits (ICDs)	**14,000.00**	92,650.00
c) Loans repayable on demand		
Secured -		
- Cash credit facilities with banks	-	22,600.50
Total	**29,48,734.27**	**21,30,153.03**
Borrowings in India	**26,74,955.44**	19,92,756.26
Borrowings outside India	**2,73,778.83**	1,37,396.77
Total	**29,48,734.27**	**21,30,153.03**

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 20,97,645.76 lakhs (March 2019: 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 2020

Details of term loans from banks (Secured)

Rs. in Lakhs

Particulars	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	**6.55% - 8.90%**	**1,71,135.00**	8.20% - 8.75%	1,22,900.00
Maturing between 1 year to 3 years	**6.95% - 8.10%**	**1,85,000.00**	8.60% - 8.75%	43,000.00
Total for repayable on maturity		**3,56,135.00**		1,65,900.00
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years	**7.85%**	**10,000.00**	8.91%	10,000.00
Sub-Total		**10,000.00**		**10,000.00**
ii) Quarterly -				
Maturing within 1 year	**5.45% - 8.55%**	**1,52,333.33**	8.35% - 8.85%	95,869.05
Maturing between 1 year to 3 years	**5.45% - 8.55%**	**2,77,190.48**	8.35% - 8.85%	2,09,166.67
Maturing between 3 years to 5 years	**8.00% - 8.20%**	**27,500.00**	8.70% - 8.85%	27,857.14
Sub-Total		**4,57,023.81**		**3,32,892.86**
iii) Half yearly -				
Maturing within 1 year	**7.15% - 10.50%**	**1,82,611.11**	7.45% - 10.50%	1,55,000.00
Maturing between 1 year to 3 years	**6.80% - 10.50%**	**3,31,221.56**	7.45% - 10.50%	3,17,000.00
Maturing beyond 3 years to 5 years	**7.75% - 10.50%**	**1,20,667.33**	8.55% - 10.50%	58,000.00
Sub-Total		**6,34,500.00**		**5,30,000.00**
iv) Yearly -				
Maturing within 1 year	**7.95% - 8.85%**	**91,666.67**	8.35%-8.80%	44,033.33
Maturing between 1 year to 3 years	**7.95% - 8.85%**	**1,78,333.33**	8.35% - 9.00%	2,46,133.33
Maturing between 3 years to 5 years	-	-	8.65% - 8.75%	45,000.00
Sub-Total		**2,70,000.00**		**3,35,166.67**
Total for repayable in installments		**13,71,523.81**		**12,08,059.52**
Total (1+2) (As per contractual terms)		**17,27,658.81**		**13,73,959.52**
Less Unamortized Finance Cost		**(431.75)**		405.76
Total Amortized Cost		**17,28,090.56**		**13,73,553.76**

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 2020

Details of Secured term loans from banks in foreign currency (USD)

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**LIBOR plus spread 1.44% -2.20%**	**18,297.55**	LIBOR plus spread 2.00% -2.20%	63,399.36
Total		**18,297.55**		**63,399.36**
Less Unamortized Finance Cost		3.49		(4.61)
Total Amortized Cost		**18,294.06**		**63,403.97**

Details of External Commercial Borrowings (USD & Euro)

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing between 1 year to 3 years	**LIBOR plus spread 1.10% -1.50%**	**2,76,243.96**	LIBOR plus spread 1.10%	1,39,698.35
Total		**2,76,243.96**		**1,39,698.35**
Less Unamortized Finance Cost		2,465.13		2,301.58
Total Amortized Cost		**2,73,778.83**		**1,37,396.77**

Details of associated liabilities related to Securitization transactions

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	**8.73% - 9.03%**	**3,86,697.24**	5.2%-9.25%	1,94,427.46
Maturing between 1 year to 3 years	**8.80% - 9.03%**	**4,48,365.86**	5.2%-9.25%	2,13,893.72
Maturing between 3 years to 5 years	**9.03%**	**53,107.72**	5.2%-9.25%	26,413.31
		8,88,170.82		**4,34,734.49**
Less Unamortized Finance Cost		**-**		**-**
		8,88,170.82		**4,34,734.49**

Details of Unsecured term loans from banks

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.80% - 9.00%**	**26,400.00**	8.00% - 8.40%	5,813.54
Total		**26,400.00**		**5,813.54**
Less Unamortized Finance Cost		-		-
Total Amortized Cost		**26,400.00**		**5,813.54**

Notes
forming part of the Financial Statements for the year ended 31 March 2020

Details of Loans from related parties (Unsecured) - Inter-corporate deposits (ICDs)

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**5.00% - 7.60%**	**12,725.00**	7.75% - 9.15%	92,650.00
Maturing between 1 year to 3 years	**7.50%**	**1,275.00**	-	-
Total		**14,000.00**		**92,650.00**
Less Unamortized Finance Cost		**-**		**-**
Total Amortized Cost		**14,000.00**		**92,650.00**

Details of Loans repayable on demand (Secured) - Cash credit facilities with banks

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	-	-	8.70%-9.80%	22,600.50
Total		**-**		**22,600.50**
Less Unamortized Finance Cost		-		-
Total Amortized Cost		**-**		**22,600.50**

18 DEPOSITS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At amortized cost		
Deposits (Unsecured)		
- **Public deposits**	**8,81,213.98**	5,66,718.41
Total	**8,81,213.98**	**5,66,718.41**

Note: There is no deposits measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.00% - 9.60%**	**1,66,223.58**	7.30% - 10.10%	1,37,787.00
Maturing between 1 year to 3 years	**6.9% - 9.15%**	**6,10,885.66**	7.35% - 9.60%	3,67,398.25
Maturing beyond 3 years	**7.65% - 9.15%**	**1,08,286.07**	7.35% - 10.10%	64,702.42
Total at face value		**8,85,395.31**		**5,69,887.68**
Less: Unamortized discounting charges		**4,181.33**		3,169.27
Total amortized cost		**8,81,213.98**		**5,66,718.41**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

19 SUBORDINATED LIABILITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At Amortized cost		
Subordinated redeemable non-convertible debentures - private placement	**95,790.59**	1,10,167.06
Subordinated redeemable non-convertible debentures - retail public issue	**2,46,003.98**	2,45,716.76
Total	**3,41,794.57**	3,55,883.82
Subordinated liabilities in India	**3,41,794.57**	3,55,883.82
Subordinated liabilities outside India	-	-
Total	**3,41,794.57**	**3,55,883.82**

Note: There is no Subordinated liabilities measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortized cost) - Subordinated redeemable non-convertible debentures

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**9.50% - 9.80%**	**27,220.00**	9.85% - 10.02%	14,500.00
Maturing between 1 year to 3 years	**9.80% - 10.50%**	**17,050.00**	9.50% - 10.50%	37,270.00
Maturing between 3 years to 5 years	**9.18% - 9.70%**	**34,280.00**	9.50% - 10.15%	19,780.00
Maturing beyond 5 years	**8.90% - 9.10%**	**17,500.00**	8.90% - 9.60%	39,000.00
Sub-total at face value (A)		**96,050.00**		**1,10,550.00**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**8.34% - 8.70%**	**5,465.78**	8.34% - 8.70%	5,465.78
Maturing between 3 years to 5 years	**7.75% - 8.80%**	**7,165.96**	8.44% - 8.80%	1,233.72
Maturing beyond 5 years	**7.90% - 9.50%**	**2,36,108.62**	7.75% - 9.50%	2,42,040.86
Sub-total at face value (B)		**2,48,740.36**		2,48,740.36
Total at face value (A+B)		**3,44,790.36**		**3,59,290.36**
Less: Unamortized discounting charges		**2,995.79**		3,406.54
Total amortized cost		**3,41,794.57**		**3,55,883.82**

20 OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Interest accrued but not due on borrowings	**1,92,672.92**	1,75,351.64
Unclaimed dividends	**68.66**	89.36
Unclaimed matured deposits and interest accrued thereon	**522.20**	504.63
Deposits / advances received against loan agreements	**5,744.55**	6,937.36
Insurance premium payable	**338.57**	1,073.79
Salary, Bonus and performance payable	**3,742.19**	390.90
Provision for expenses	**7,701.18**	7,650.56
Lease liabilities (refer note 41)	**18,880.38**	-
Others	**1,725.38**	664.71
Total	**2,31,396.03**	**1,92,662.95**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

21 PROVISIONS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Provision for employee benefits		
- Gratuity	**2,431.55**	3,140.89
- Leave encashment	**6,608.32**	5,401.91
- Bonus, incentives and performance pay	**5,168.95**	11,830.81
Provision for loan commitment	**114.01**	279.09
Total	**14,322.83**	**20,652.70**

22 OTHER NON-FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Deferred subvention income	**2,691.27**	2,692.81
Statutory dues and taxes payable	**6,470.23**	5,177.28
Others	**641.93**	657.75
Total	**9,803.43**	**8,527.84**

23 EQUITY SHARE CAPITAL

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Authorized:		
70,00,00,000 (31 March 2019: 70,00,00,000) Equity shares of Rs.2/- each	**14,000.00**	14,000.00
50,00,000 (31 March 2019: 50,00,000) Redeemable preference shares of Rs.100/- each	**5,000.00**	5,000.00
Issued, Subscribed and paid-up:		
61,77,64,960 (31 March 2019: 61,77,64,960) Equity shares of Rs.2/- each fully paid up	**12,355.30**	12,355.30
Less : 24,17,256 (31 March 2019: 28,88,245) Equity shares of Rs.2/- each fully paid up issued to ESOS Trust but not yet allotted to employees	**48.35**	57.76
Adjusted Issued, Subscribed and paid-up Share capital	**12,306.95**	**12,297.54**

Rs. in Lakhs

From the Balance Sheet date	31 March 2020		31 March 2019	
	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**	61,77,64,960	12,355.30
Add : Fresh allotment of shares :	-	-	-	-
Balance at the end of the year	**61,77,64,960**	**12,355.30**	61,77,64,960	12,355.30
Less: Shares issued to ESOS Trust but not yet allotted to employees	**24,17,256**	**48.35**	28,88,245	57.76
Adjusted Issued, Subscribed and paid-up Share capital	**61,53,47,704**	**12,306.95**	61,48,76,715	**12,297.54**
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
Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%
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
Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%

Notes
forming part of the Financial Statements for the year ended 31 March 2020

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 utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

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 utilized 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 utilized 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 utilized only in accordance with the specific requirements of the Companies Act, 2013.

Debenture Redemption Reserve (DRR)

Until issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the Companies Act, 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company was 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 be utilized only to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and transferred the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

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

Particulars	31 March 2020	31 March 2019
Face value per share (Rupees)	**2.00**	2.00
Dividend percentage	**Nil**	325%
Dividend per share (Rupees)	-	6.50
Dividend on Equity shares	-	40,154.72
Estimated dividend distribution tax	-	7,631.31
Total Dividend including estimated dividend distribution tax	**-**	**47,786.03**

The dividends proposed for the financial year ended 31 March 2019 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. The proposed dividend of 325% pertaining to financial year ended 31 March 2019 included a special dividend of 125%. The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2020.

24 INTEREST INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
I) On financial instruments measured at Amortized cost		
Interest on loans	**9,71,196.84**	8,36,962.09
Income from bill discounting	**6,157.37**	6,535.21
Interest income from investments	**9,952.86**	16,158.19
Interest on term deposits with banks	**6,862.85**	1,777.11
Other interest income	**1.27**	16.78
II) On financial instruments measured at fair value through OCI		
Interest income from investments in debt instrument	-	6.40
Total	**9,94,171.19**	**8,61,455.78**

Note: There is no loan asset measured at FVTPL.

25 FEES AND COMMISSION INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Service charges and other fees on loan transactions	**6,768.65**	5,659.43
Fees, commission / brokerage received from mutual fund distribution/other products	**1,744.30**	2,424.02
Collection fees related to transferred assets under securitization transactions	**1,185.90**	608.31
Total	**9,698.85**	**8,691.76**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

26 NET GAIN / (LOSS) ON FAIR VALUE CHANGES

Rs. in Lakhs

	31 March 2020	31 March 2019
A) Net gain / (loss) on financial instruments at FVTPL		
- On trading portfolio		
- Investments	**(191.35)**	191.35
B) Others - Mutual fund units	**2,806.45**	492.52
C) Total Net gain / (loss) on financial instruments at FVTPL	**2,615.10**	683.87
Fair value changes :		
- Unrealized	**2,615.10**	683.87
D) Total Net gain / (loss) on financial instruments at FVTPL	**2,615.10**	**683.87**

27 OTHER INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Net gain on derecognition of property, plant and equipment	**70.09**	80.41
Net gain on sale investments measured at amortized cost	**4,574.05**	(119.90)
Dividend income from Equity investments in subsidiaries	**3,037.61**	2,007.23
Income from shared services	**7,027.70**	6,639.74
Others	**19.18**	82.83
Total	**14,728.63**	**8,690.31**

28 FINANCE COSTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
On financial liabilities measured at Amortized cost		
Interest on deposits	**67,514.64**	35,708.17
Interest on borrowings	**1,62,459.30**	1,24,070.59
Interest on debt securities	**2,28,414.76**	1,99,789.70
Interest on subordinated liabilities	**31,663.69**	29,680.03
Net loss / (gain) in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
Interest expense on lease liabilities (refer note 41)	**1,463.00**	-
Other borrowing costs	**3,332.35**	2,514.04
Total	**4,82,874.89**	**3,94,456.16**

Note: Other than financial liabilities measured at amortized cost, there are no other financial liabilities measured at FVTPL.

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
On financial instruments measured at Amortized cost		
Bad debts and write offs	**83,736.48**	1,76,376.70
Loans	**1,21,969.78**	(1,11,011.91)
Investments	**(146.33)**	(1,016.69)
Loan commitment	**(165.08)**	(827.27)
Trade receivables and other contracts	**52.22**	-
Total	**2,05,447.07**	**63,520.83**

Note: Other than financial instruments measured at amortized cost, there is no other financial instrument measured at FVOCI.

Notes

forming part of the Financial Statements for the year ended 31 March 2020

30 EMPLOYEE BENEFITS EXPENSES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Salaries and wages	**1,00,444.56**	96,799.40
Contribution to provident funds and other funds	**7,992.71**	6,610.45
Share based payments to employees	**2,941.80**	2,255.02
Staff welfare expenses	**3,465.44**	3,347.04
Total	**1,14,844.51**	**1,09,011.91**

31 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Depreciation on Property, Plant and Equipment	**5,370.48**	4,692.95
Amortization and impairment of intangible assets	**1,754.50**	1,329.57
Depreciation on Right of Use Asset (refer note 41)	**4,704.38**	-
Total	**11,829.36**	**6,022.52**

32 OTHER EXPENSES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Rent # (refer note 41)	**3,741.10**	7,059.14
Rates and taxes, excluding taxes on income	**2,522.58**	104.44
Electricity charges	**1,911.04**	2,356.33
Repairs and maintenance	**1,157.38**	1,358.59
Communication Costs	**2,671.97**	2,886.56
Printing and Stationery	**1,110.73**	1,148.74
Advertisement and publicity	**1,694.26**	3,240.93
Directors' fees, allowances and expenses	**346.53**	368.18
Auditor's fees and expenses -		
- Audit fees	**68.98**	75.53
- Other services	**49.34**	81.39
- Reimbursement of expenses	**0.14**	1.02
Legal and professional charges	**13,743.05**	15,152.63
Insurance	**3,956.13**	2,819.22
Manpower outsourcing cost	**3,502.95**	3,024.39
Donations	**3,145.54**	2,760.70
Corporate Social Responsibility (CSR) donations and expenses	**246.80**	167.32
Conveyance and travel expenses	**12,273.67**	12,402.56
Other expenditure	**18,905.32**	11,670.06
Total	**71,047.51**	**66,677.73**

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognize short-term lease payments and payments for leases of low-value assets, which are not included in the measurement of the lease liability and ROU asset, as expense on a straight line basis over the lease term in the statement of profit or loss.

Accordingly, rent expenses for the year ended 31 March 2020 comprises of short-term lease payments and payments for leases of low-value assets recognized as per Ind AS 116, Leases.

Notes

forming part of the Financial Statements for the year ended 31 March 2020

33 EARNING PER SHARE (EPS)

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Profit for the year (Rs in Lakhs)	**90,640.39**	1,55,706.35
Weighted average number of Equity Shares used in computing basic EPS	**61,50,43,690**	61,46,21,661
Effect of potential dilutive Equity Shares	**13,31,431**	13,32,128
Weighted average number of Equity Shares used in computing diluted EPS	**61,63,75,121**	61,59,53,789
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	**14.74**	25.33
Diluted Earnings per share (Rs.)	**14.71**	25.28

34 ACCUMULATED OTHER COMPREHENSIVE INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	**295.78**	-
- Net gain / (loss) on equity instruments through OCI	**268.65**	454.65
Income tax impact thereon	**(51.94)**	(158.87)
Balance at the end of the year : Subtotal (A)	**512.49**	**295.78**
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	**512.98**	-
- Net gain / (loss) on debt instruments through OCI	**767.09**	788.52
- Income tax impact thereon	**(115.97)**	(275.54)
Balance at the end of the year : Subtotal (B)	**1,164.10**	**512.98**
Accumulated Other Comprehensive Income (A + B)	**1,676.59**	**808.76**

35 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. Upon exercise of stock options under the scheme by eligible employees, the Trust had issued 32,13,044 equity shares to employees up to 31 March 2020 (31 March 2019: 27,42,055 equity shares), of which 4,70,989 equity shares (31 March 2019: 3,99,748 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

Notes
forming part of the Financial Statements for the year ended 31 March 2020

b) Options granted during the year:

During the year ended 31 March 2020, the Company has not granted any stock options (31 March 2019: 21,94,249) to the eligible employees under the Employees' Stock option scheme 2010. The details of stock options are as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	N/A	Grant dated 24 October 2018
Exercise price (Rs.)	-	2.00
No. of years vesting	-	5
Fair value of option (Rs.)	-	355.34

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	N/A	Grant dated 24 October 2018
1) Risk free interest rate	-	7.77%
2) Expected life	-	4.51 years
3) Expected volatility	-	37.61%
4) Dividend yield	-	1.07%
5) Price of the underlying share in the market at the time of option grant (Rs.)	-	374.35

 # the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options:

Rs. in Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	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	**28,66,916**	**2.00**	**10,83,987**	**2.00**
Options granted during the year	-	**2.00**	21,94,249	2.00
Options forfeited / lapsed during the year	**42,882**	**2.00**	9,684	2.00
Options expired during the year	**2,703**	**2.00**	1,888	2.00
Options exercised during the year	**4,70,989**	**2.00**	3,99,748	2.00
Options outstanding at the end of the year	**23,50,342**	**2.00**	28,66,916	2.00
Options vested but not exercised at the end of the year	**5,02,244**	**2.00**	1,76,151	2.00

d) Information in respect of options outstanding:

Exercise price	As at 31 March 2020		As at 31 March 2019	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Rs.2.00	**23,50,342**	**54 months**	28,66,916	62 months

e) Average share price at recognized stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2020		Year ended 31 March 2019	
Date of exercise	Weighted average share price (Rs.)	Date of exercise	Weighted average share price (Rs.)
27 April 2019 to 22 March 2020	**335.73**	27 April 2018 to 22 March 2019	441.05

Notes
forming part of the Financial Statements for the year ended 31 March 2020

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.2,941.80 lakhs (31 March 2019: Rs.2,255.02 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.51.60 lakhs (31 March 2019 : Rs. 27.40 lakhs) in respect of options granted to employees of the Company and excludes net recovery of Rs.56.96 lakhs (31 March 2019 : Rs.100.36 lakhs) from its subsidiaries for options granted to their employees.

36 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 volatility -

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:

Rs. in Lakhs

Particulars	Funded Plan Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
I. Amounts recognized in the Statement of Profit & Loss		
Current service cost	**1,131.46**	979.82
Net Interest cost	**216.14**	148.59
Past service cost	**(1,091.19)**	-
Adjustment due to change in opening balance of Plan assets	**(322.83)**	(238.81)
Total expenses included in employee benefits expense	**(66.42)**	889.60
II. Amount recognized in Other Comprehensive income		
Remeasurement (gains)/losses:		
(a) Actuarial (gains)/losses arising from changes in -		
- financial assumptions	**(1,134.18)**	(1,324.60)
- experience adjustments	**-**	-
(b) Return on plan assets, excluding amount included in net interest expense/ (income)	**-**	-
Total amount recognized in other comprehensive income	**(1,134.18)**	**(1,324.60)**
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	**7,387.71**	5,177.73
Add/(less) on account of business combination/transfers		
Current service cost	**1,131.46**	979.82
Past service cost	**(1,091.19)**	-
Interest expense	**566.64**	400.24
Remeasurement (gains)/losses arising from changes in -		
- demographic assumptions	**27.37**	35.99
- financial assumptions	**770.02**	46.94
- experience adjustments	**(13.70)**	990.02
Benefits paid	**(238.15)**	(243.03)
Closing defined benefit obligation	**8,540.16**	7,387.71
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	**4,246.82**	3,016.71
Interest income	**350.49**	251.65
Expected return on plan assets	**(350.49)**	(251.65)
Contributions by employer	**1,777.11**	1,234.34
Adjustment due to change in opening balance of Plan assets	**322.83**	238.80
Actual Benefits paid	**(238.15)**	(243.03)
Closing Fair value of plan assets	**6,108.61**	4,246.82
V. Net defined benefit obligation		
Defined benefit obligation	**8,540.16**	7,387.71
Fair value of plan assets	**6,108.61**	4,246.82
Surplus/(Deficit)	**2,431.55**	3,140.89
Current portion of the above	**648.20**	799.78
Non current portion of the above	**1,783.35**	2,341.11

Notes
forming part of the Financial Statements for the year ended 31 March 2020

Actuarial assumptions and Sensitivity

Rs. in Lakhs

Particulars	Funded Plan Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
I. Actuarial assumptions		
Discount Rate (p.a.)	**6.90%**	7.67%
Attrition rate	**12.41 for age upto 30, 8.21 for age 31-44, 0.21 for 44 and above**	19.00 for age upto 35, 3.00 for age 36-45, 0.11 for 46 and above
Expected rate of return on plan assets (p.a.)	**-**	-
Rate of Salary increase (p.a.)	**7.00%**	7.00%
In-service Mortality	**Indian Assured Lives Mortality (2012-14) 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	**(896.43)**	(1,248.37)
One percentage point decrease in discount rate	**1,064.31**	1,226.74
One percentage point increase in Salary growth rate	**1,052.51**	1,222.10
One percentage point decrease in Salary growth rate	**(903.42)**	(1,264.06)
III. Maturity profile of defined benefit obligation		
Within 1 year	**982.14**	1,067.10
Between 1 and 5 years	**4,002.93**	4,050.08

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.

During the year ended 31 March 2020, there was a revision in salary structure by reduction of basic pay with corresponding increase in variable pay of employees in certain grades made effective during the last quarter which resulted in reduction in valuation of defined benefit obligation on account of gains recorded in past service cost amounting to Rs.1,091.19 lakhs and the same is netted against expenses recognized in Statement of Profit and Loss under the head Employee Benefits Expense.

Accordingly, the Company had recognized a net gain of Rs.66.42 lakhs for the year ended 31 March 2020 (as against expenses of Rs.889.60 lakhs for the year ended 31 March 2019) in the Statement of Profit and Loss under the head Employee Benefits Expense.

The Company's contribution to provident fund, superannuation fund and national pension scheme aggregating to Rs 6,806.72 lakhs (31 March 2019: Rs.4,186.75 lakhs) has been recognized in the Statement of profit and loss under the head Employee benefits expense.

37 FUNDS RAISED BY ISSUE OF RUPEE DENOMINATED USD SETTLED, SECURED NOTES ("MASALA BONDS")

During the quarter and year ended 31 March 2020, the Company had raised funds in the overseas market amounting to Rs. 35,000.00 lakhs (equivalent to USD 50 million) through issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds") under External Commercial Borrowings (ECB) accessed through approval route requiring prior approval of RBI as per ECB Master directions. These are unlisted instruments, issued on 13 February 2020 for total duration of 4 years, carrying a fixed coupon rate of 7.40%, repayable at par on maturity on 13 February 2024.

The net proceeds from the issue of these Notes were applied for the purpose of on-lending, in accordance with the approvals granted by the RBI and the ECB Master Directions.

Notes

forming part of the Financial Statements for the year ended 31 March 2020

38 FUNDS RAISED BY ISSUE OF DEBT INSTRUMENTS THROUGH PUBLIC ISSUE

During the year ended 31 March 2020, there was no capital raised by issue of debt instruments through public issue.

During the corresponding previous year ended 31 March 2019, the Company has raised an amount of Rs. 2,14,699.47 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 previous year were allotted on 18 January 2019 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 unutilized amount pertaining to these issuances. The issue expenses of Rs.2100.00 lakhs has been adjusted against underlying NCD liabilities for amortization at effective interest rate over the tenor of respective NCDs as per the accounting policy. The details are as follows.

Rs. in Lakhs

Sr. No.	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i)	Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	33,687.23
ii)	Secured Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	1,81,012.24
	Total	**-**	**2,14,699.47**
	Issue expenses [adjusted against underlying NCD liabilities for amortization at effective interest rate over the tenor of respective NCDs]	-	2,100.00

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 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.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and written-back an amount of Rs. 22,370.59 lakhs being the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

39 TRANSACTIONS IN THE NATURE OF CHANGE IN OWNERSHIP IN OTHER ENTITIES

i) Pursuant to the offer made by National Housing Bank (NHB), the Board of Directors of the Company, at its meeting held on 27 March 2019, had approved the acquisition of 1,18,91,511 equity shares of Rs.10/- each of Mahindra Rural Housing Finance Limited, a subsidiary of the Company, at a premium of Rs. 231.16, for cash, aggregating to Rs. 28,677.57 lakhs. During the year ended 31 March 2020, the Company had settled the entire amount of obligation as per the terms and conditions of the agreement.

ii) The Company, on 21 June 2019, along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries w.e.f. 29 April 2020.In the Consolidated financial statements for the year ended 31 March 2020, MAMCPL and MTCPL have been treated as 100% subsidiaries of the Company.

iii) During the year ended 31 March 2020, the Company has entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka. Pursuant to these agreements, the Company has agreed to subscribe / acquire up to 58.20% of the Equity share capital of Ideal Finance, in one or more tranches over a specified period of time, for an amount not exceeding Sri Lankan Rupees (LKR) 200.30 crores (equivalent to around Rs.80.12 crores at foreign exchange rate of INR 1 to LKR 2.5). Upon acquisition of above stake, Ideal Finance will become a subsidiary of the Company. As part of this agreement, the Company has remitted an amount of Rs. 4,399.60 lakhs (equivalent to LKR 11,000.00 lakhs) to Ideal Finance towards acquisition of 38.20% of the Equity share capital under first and second tranches as prescribed in these agreements.

iv) During the year ended 31 March 2020, the Company had incorporated a Wholly-owned subsidiary company, namely, Mahindra Finance CSR Foundation, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

40 CAPITAL MANAGEMENT

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 outlines the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, the 'regulatory capital' as of 31 March 2020 has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended). The 'regulatory capital' as of 31 March 2019 as disclosed in the comparative period numbers below was computed based on the carrying values as reflected in the financial statements prepared in accordance with requirements of Ind AS.

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.

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Tier - I capital	**9,62,879.47**	10,02,787.58
Tier - II capital	**2,64,543.44**	3,08,102.15
Total Capital	**12,27,422.91**	13,10,889.73
Aggregate of Risk Weighted Assets	**62,48,547.10**	64,64,867.86
Tier - I capital ratio	**15.4%**	15.5%
Total Capital ratio	**19.6%**	20.3%

"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 the extend 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

I) In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company, previously classified these leases as operating leases under Ind AS 17 based on its assessment that the lessor effectively retained substantially all the risks and benefits incidental to ownership of the underlying asset and hence, the lease payments were recognized as an expense in the Statement of profit and loss.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and ROU asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments in relation to leases which has been previously classified as operating leases under Ind AS 17 subject to certain practical expedients as allowed by the Standard.

The following is the summary of practical expedients elected on initial application of Ind AS 116.

a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

b) Availed the exemption not to recognize ROU assets and liabilities for leases of low value assets and leases with less than 12 months (short-term lease) of lease term on the date of initial application;

c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;

d) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

e) Used hindsight to determine the lease term of contracts.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 April 2019. The weighted average of Company's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 9.00%

a) Transition date reconciliation as at 01 April 2019

	Rs. in Lakhs
Operating lease commitments as per Ind AS 17 as at 31 March 2019	30,840.74
Present value of above lease commitment, using incremental borrowing rate as on 01 April 2019	20,680.84
Less:- Adjustments for recognizing exemption for short term leases	2,233.34
Lease liabilities recognized as at 1 April 2019	18,447.50

b) Maturity Analysis - Contractual Undiscounted Cash Flow as at 31 March 2020

	Rs. in Lakhs
Less than 1 year	5,463.47
1 - 3 years	8,254.41
3 - 5 years	5,387.71
More than 5 years	4,582.31
Total undiscounted lease liabilities as at 31 March 2020	23,687.90

c) Other disclosures:

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognize short-term lease payments and payments for leases of low-value assets which are not included in the measurement of the lease liability and ROU asset as expense on a straight line basis over the lease term in the statement of profit or loss. Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Rs. in Lakhs

		Amount for the year ended / As at 31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 31 "Depreciation, amortization and impairment")	**4,704.38**
ii)	Interest expense on lease liabilities (presented under note - 28 "Finance costs")	**1,463.00**
iii)	Expense relating to short-term leases (included in Rent expenses under note 32 " Other expenses")	**2,476.16**
iv)	Expense relating to leases of low-value assets (included in Rent expenses under note 32 " Other expenses")	**1,264.94**
v)	Payments for principal portion of lease liability	**3,812.25**
vi)	Additions to right-of-use assets during the year	**4,245.13**
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset-	
	- Property taken on lease for office premises (presented under note - 11 "Property, plant and equipments")	**17,988.25**
viii)	Lease liabilities (presented under note - 20 "Other financial liabilities")	**18,880.38**

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease 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 extension 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 recognized as an expense.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any sub-lease transactions.

Other details are as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i) New vehicles to retail customers on operating lease -		
Gross carrying amount	**4,925.95**	13.75
Depreciation for the year	**396.21**	0.74
Accumulated Depreciation	**427.88**	13.02
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Gross carrying amount	**358.71**	63.40
Depreciation for the year	**42.62**	0.30
Accumulated Depreciation	**56.49**	63.10

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i) New vehicles to retail customers on operating lease -		
Not later than one year	**1,451.45**	357.77
Later than one year but not later than five years	**3,578.70**	1,253.64
Later than five years	**-**	-
	5,030.15	**1,611.41**
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Not later than one year	**50.92**	37.55
Later than one year but not later than five years	**33.71**	29.07
Later than five years		-
	84.63	**66.62**

Since there is no contingent rent applicable in respect of these lease arrangements, the Company has not recognized 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 2020 or 31 March 2019 .

Notes
forming part of the Financial Statements for the year ended 31 March 2020

43 FRAUDS REPORTED DURING THE YEAR

There were 101 cases (31 March 2019: 123 cases) of frauds amounting to Rs.285.03 lakhs (31 March 2019: Rs.768.18 lakhs) reported during the year. The Company has recovered an amount of Rs.70.62 lakhs (31 March 2019: Rs.76.20 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

Particulars	31 March 2020	31 March 2019
i) Contingent liabilities		
Claims against the Company not acknowledged as debts	**14,434.27**	22,174.97
Guarantees	**1,11,742.35**	51,236.91
	1,26,176.62	73,411.88
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**1,316.59**	500.03
Other commitments (loan sanctioned but not disbursed)	**23,945.91**	34,199.41
	25,262.50	34,699.44
	1,51,439.12	**1,08,111.32**

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, Sales Tax / VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

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 and continued to remit the contribution on same basis.

45 TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognized 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 securitization 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 Though Certificates (PTCs) issued by the SPV Trust. These securitization 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 recognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitization 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 2020	31 March 2019
Securitizations -		
Carrying amount of transferred assets measured at amortized cost	**8,85,523.52**	4,31,200.15
Carrying amount of associated liabilities	**8,88,170.82**	4,34,734.49
Fair value of transferred assets (A)	**8,76,973.52**	3,62,188.41
Fair value of associated liabilities (B)	**8,16,917.73**	4,13,225.89
Net position (A-B)	**60,055.79**	(51,037.48)

46 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year ended 31 March 2020, the Company has incurred an expenditure of Rs.2,533.54 lakhs (31 March 2019 : Rs. 2,502.95 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.246.08 lakhs (31 March 2019: Rs. 168.56 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.2280.16 lakhs (31 March 2019: Rs. 2,681.34 lakhs).

b) Amount spent by the Company during the year :

Rs. in Lakhs

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	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	2,797.36	-	2,797.36	2,687.30	-	2,687.30

The above expenditure includes Rs.17.74 lakhs (31 March 2019: Rs.15.79 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 2020, the Company had made a contribution of Rs.600.00 lakhs (31 March 2019: 240.00 lakhs) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013.

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.

Notes

forming part of the Financial Statements for the year ended 31 March 2020

49 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Year ended 31 March 2020

Rs. in Lakhs

Particulars	31 March 2019	Cash flows (net)	Exchange difference	Amortization of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2020
Debt securities	22,31,937.92	(4,56,151.40)	-	(1,298.79)	-	**17,74,487.73**
Borrowings (Other than debt securities)	21,30,153.03	7,97,802.95	19,173.16	1,605.13	-	**29,48,734.27**
Deposits	5,66,718.41	3,13,823.92	-	671.65	-	**8,81,213.98**
Subordinated liabilities	3,55,883.82	(13,976.88)	-	(112.37)	-	**3,41,794.57**
Lease liabilities	-	(3,812.25)	-	-	22,692.63	**18,880.38**
Dividend paid (including tax on dividend)	-	(47,786.03)	-	-	-	-
Total	52,84,693.18	5,89,900.31	19,173.16	865.62	22,692.63	**59,65,110.93**

Year ended 31 March 2019

Rs. in Lakhs

Particulars	31 March 2018	Cash flows (net)	Exchange difference	Amortization 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**
Dividend paid (including tax on dividend)	-	(29,378.43)	-	-	-
Total	40,09,315.82	12,48,614.23	826.29	(3,441.59)	**52,84,693.18**

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.

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 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 maximizing 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 16,206.00 lakhs (31st March 2019 : Rs 3,177.00 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

Particulars	US Dollar	Euro	Total
As at 31 March 2020			
Financial Assets	-	-	-
Financial Liabilities	2,72,141.24	19,931.66	2,92,072.90
As at 31 March 2019			
Financial Assets	-	-	-
Financial Liabilities	82,052.52	1,18,748.22	2,00,800.74

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

Particulars	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2020	INR/EUR	(+/-) 1.00%	(+/-) 199.32
	INR/USD	(+/-) 1.00%	(+/-) 2,721.41
Year ended 31 March 2019	INR/EUR	(+/-) 0.31%	(+/-) 371.85
	INR/USD	(+/-) 0.50%	(+/-) 407.98

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 analyses 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

Particulars	Currency	Increase / decrease in basis points	Effect on profit before tax
Year ended 31 March 2020	INR	270	42,114.28
Year ended 31 March 2019	INR	150	19,232.85

Notes
forming part of the Financial Statements for the year ended 31 March 2020

d) Off-setting of balances

The table below summarizes 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 recognized on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognized in balance sheet
Loan assets			
At 31 March' 2020	65,09,154.82	9,802.78	64,99,352.04
At 31 March' 2019	61,35,483.82	10,521.02	61,24,962.80

Financial liabilities subject to offsetting

Rs. in Lakhs

Particulars	Offsetting recognized on the balance sheet		
	Gross liabilities before offset	Financial liabilities netted	Liabilities recognized in balance sheet
Loan assets			
At 31 March' 2020	2,41,198.81	9,802.78	2,31,396.03
At 31 March' 2019	2,03,183.97	10,521.02	1,92,662.95

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 amortized cost based on days past due information. The amount represents gross carrying amount.

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Retail loans		
Neither Past due nor impaired	**49,49,484.43**	45,73,022.06
Past Due but not impaired		
30 days past due	**3,29,835.14**	3,99,846.71
31-90 days past due	**6,16,208.94**	5,17,380.10
Impaired (more than 90 days)	**5,48,449.65**	3,83,898.47
Total Gross carrying value as at reporting date	**64,43,978.16**	58,74,147.34

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	**1,62,662.60**	1,90,390.41
Past Due but not impaired		
30 days past due	**49,797.19**	38,294.97
31-90 days past due	**7,849.04**	3,247.19
Impaired (more than 90 days)	**19,298.01**	17,655.41
Total Gross carrying value as at reporting date	**2,39,606.84**	2,49,587.98

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Trade Advances		
Less than 60 days past due	**96,383.29**	1,78,777.59
61-90 days past due	**21,149.54**	3,134.21
Impaired (more than 90 days)	**6,402.06**	5,518.76
Total Gross carrying value as at reporting date	**1,23,934.89**	1,87,430.56

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	**1,12,958.95**	1,20,477.05
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	**1,12,958.95**	1,20,477.05

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 categorizes loan assets into stages primarily 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) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP. BC.47/21.04.048/2019-20 dated 27th March, 2020 and RBI/2019-20/220 DOR.No.BP. BC.63/21.04.048/2020-21 dated April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its board approved policy and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e, stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairment loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

(ii) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended March 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has recognized an overlay in the statement of profit and loss. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(iii) 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.

(iv) 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.

(v) 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 cash flows 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.

(vi) 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 percentage 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 commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

(vii) 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 pa) 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. As at 31 March 2020, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to Covid-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Company's assessment of downside risks.

(viii) 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.

Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognizing the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety 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 initiated.

(ix) 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 from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

(x) 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 scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		0	70	30
Agriculture (% real change p.a)	2020	5.7	3.5	1.3
	2021	5.4	3.2	1.0
	2022	5.6	3.4	1.2
	2023	5.5	3.3	1.1
	2024	6.0	3.8	1.6
Real GDP (% change p.a)	2020	7.7	6.7	5.7
	2021	7.8	6.8	5.8
	2022	7.7	6.7	5.7
	2023	7.5	6.5	5.5
	2024	7.4	6.4	5.4

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 2020	52,79,319.57	6,16,208.94	5,48,449.65	64,43,978.16
Expected credit loss rate	1.02%	11.75%	28.31%	
Carrying amount as at 31 March 2020 (net of impairment provision)	52,25,486.63	5,43,814.52	3,93,173.26	61,62,474.42
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

The expected credit loss allowance provision for **SME Loans including Bills of exchange** 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 2020	2,12,459.79	7,849.04	19,298.01	2,39,606.84
Expected credit loss rate	0.23%	27.21%	82.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	2,11,968.51	5,713.58	3,474.14	2,21,156.24
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

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 2020	96,383.28	21,149.54	6,402.06	1,23,934.89
Expected credit loss rate	0.40%	6.77%	100.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	95,997.75	19,718.61	-	1,15,716.36
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

The expected credit loss allowance provision for **Financial Investments** measured at amortized 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 2020	1,12,958.95	-	-	1,12,958.95
Expected credit loss rate	0.12%			
Carrying amount as at 31 March 2020 (net of impairment provision)	1,12,822.76			1,12,822.76
Gross Balance as at 31 March 2019	1,20,477.05	-	-	1,20,477.05
Expected credit loss rate	0.24%			
Carrying amount as at 31 March 2019 (net of impairment provision)	1,20,194.53	-	-	1,20,194.53

Level of Assessment - Aggregation Criteria

The company recognizes the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characteristics, pricing range, sector concentration (e.g. vehicle loans in unorganized 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 2020

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
As at 31 March 2020				
Gross carrying amount balance as at 1 April 2019	49,72,868.77	5,17,380.10	3,83,898.47	58,74,147.34
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	1,36,418.58	(1,12,758.71)	(23,659.87)	-
- Transfers to Stage 2	(5,15,583.82)	5,28,647.95	(13,064.13)	-
- Transfers to Stage 3	(1,97,300.63)	(1,25,390.74)	3,22,691.37	-
- Loans that have been derecognized during the period	(4,89,909.75)	(76,625.39)	(82,173.29)	(6,48,708.43)
New loans originated during the year	26,86,576.49	79,956.70	26,066.66	27,92,599.85
Write-offs	(1.86)	(18.00)	(33,598.54)	(33,618.40)
Remeasurement of net exposure	(13,13,748.21)	(1,94,982.97)	(31,711.02)	(15,40,442.20)
Gross carrying amount balance as at 31 March 2020	52,79,319.57	6,16,208.94	5,48,449.65	64,43,978.16
As at 31 March 2019				
Gross carrying amount balance as at 1 April 2018	38,63,531.16	4,66,067.48	4,87,361.73	48,16,960.37
Changes due to loans recognized 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 derecognized 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
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	50,985.79	56,959.98	64,550.72	1,72,496.50
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	16,392.25	(12,413.96)	(3,978.30)	-
- Transfers to Stage 2	(5,286.17)	7,482.85	(2,196.67)	-
- Transfers to Stage 3	(2,022.88)	(13,804.66)	15,827.54	-
- Loans that have been derecognized during the period	(5,022.94)	(8,435.93)	(13,817.05)	(27,275.92)
New loans originated during the year	24,539.86	9,113.32	6,329.97	39,983.15
Write-offs	(0.02)	(1.98)	(30,993.32)	(30,995.32)
Net remeasurement of loss allowance	(25,752.95)	33,494.79	1,19,553.49	1,27,295.33
ECL allowance balance as at 31 March 2020	**53,832.94**	**72,394.42**	**1,55,276.38**	**2,81,503.74**

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2019				
ECL allowance balance as at 1 April 2018	**48,600.95**	**74,547.72**	**1,59,267.36**	**2,82,416.03**
Changes due to loans recognized 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 derecognized 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 by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was Rs 38,352.61 lakhs (31 March 2019 : Rs 1,18,264.00 lakhs).

The increase in ECL of the portfolio was driven by an increase in the gross size of the portfolio, movements between stages as a result of increases in credit risk and a deterioration in economic conditions, and management overlay of Rs 55,206.00 lakhs.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans including Bills of exchange is, as follows :

Gross exposure reconciliation

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
Gross carrying amount balance as at 1 April 2019	**2,28,685.38**	**3,247.19**	**17,655.41**	**2,49,587.98**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	4,636.64	(1,512.78)	(3,123.86)	-
- Transfers to Stage 2	(5,961.16)	6,210.80	(249.64)	(0.00)
- Transfers to Stage 3	(3,218.85)	(556.88)	3,775.73	-
- Loans that have been derecognised during the period	(98,112.98)	(1,181.89)	(2,599.30)	(1,01,894.17)
New loans originated during the year	1,76,770.61	4,499.39	5,018.60	1,86,288.60
Write-offs	-	-	-	-
Net remeasurement of exposure	(90,339.85)	(2,856.78)	(1,178.94)	(94,375.57)
Gross carrying amount balance as at 31 March 2020	**2,12,459.79**	**7,849.04**	**19,298.01**	**2,39,606.84**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2019				
Gross carrying amount balance as at 1 April 2018	**1,73,745.46**	**5,775.43**	**11,560.77**	**1,91,081.66**
Changes due to loans recognized 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)	0.00
- Transfers to Stage 3	(6,576.32)	(1,451.36)	8,027.68	-
- Loans that have been derecognized 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**

Reconciliation of ECL balance

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	279.65	84.59	6,878.76	7,243.00
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	1,649.55	(40.53)	(1,609.02)	-
- Transfers to Stage 2	(1.08)	137.06	(135.98)	-
- Transfers to Stage 3	(6.54)	(17.10)	23.64	-
- Loans that have been derecognised during the period	(41.44)	(25.78)	(726.64)	(793.86)
New loans originated during the year	256.85	50.52	4,039.87	4,347.25
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(1,645.73)	1,946.69	7,353.24	7,654.20
ECL allowance balance as at 31 March 2020	**491.26**	**2,135.46**	**15,823.87**	**18,450.59**
As at 31 March 2019				
ECL allowance balance as at 1 April 2018	3,078.96	449.99	6,876.35	10,405.29
Changes due to loans recognized 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 derecognized 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 2020 and that were still subject to enforcement activity was nil (31 March 2019: Rs 4,051.38 lakhs).

The increase in ECL of the portfolio was driven by movements between stages as a result of increases in credit risk and a deterioration in economic conditions and management overlay of Rs 2,195.05 lakhs.

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
As at 31 March 2020				
Opening balance of outstanding exposure as at 1 April 2019	**34,199.41**	-	-	**34,199.41**
New Exposures	23,945.91	-	-	23,945.91
Exposure derecognized or matured/ lapsed (excluding write-offs)	(34,199.41)	-	-	(34,199.41)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of exposure	-	-	-	-
Closing balance of outstanding exposure as at 31 March 2020	**23,945.91**	**-**	**-**	**23,945.91**
As at 31 March 2019				
Opening balance of outstanding exposure as at 1 April 2018	**87,026.20**	-	-	**87,026.20**
New Exposures	34,199.41	-	-	34,199.41
Exposure derecognized 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	-	-	-	-
Net remeasurement of exposure	-	-	-	-
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
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	**279.09**	-	-	**279.09**
New Exposures	114.01	-	-	114.01
Exposure derecognized or matured/ lapsed (excluding write-offs)	(279.09)	-	-	(279.09)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognized during the period	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2020	**114.01**	**-**	**-**	**114.01**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

As at 31 March 2019				
ECL allowance balance as at 1 April 2018	**1,106.36**	-	-	**1,106.36**
New Exposures	279.09	-	-	279.09
Exposure derecognized 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 derecognized during the period	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2019	**279.09**	**-**	**-**	**279.09**

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortized cost is as follows :

Gross exposure reconciliation

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
Gross carrying amount balance as at 1 April 2019	**1,20,477.05**	-	-	**1,20,477.05**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized during the period	(50,107.82)	-	-	(50,107.82)
New Investments originated during the year	43,494.80	-	-	43,494.80
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(905.08)	-	-	(905.08)
Gross carrying amount balance as at 31 March 2020	**1,12,958.95**	**-**	**-**	**1,12,958.95**
As at 31 March 2019				
Gross carrying amount balance as at 1 April 2018	**2,04,843.85**	-	-	**2,04,843.85**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized 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
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	**282.52**	-	-	**282.52**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized during the period	(245.20)	-	-	(245.20)
New Investments originated during the year	108.26	-	-	108.26
Write-offs		-	-	-
Net remeasurement of loss allowance	(9.38)	-	-	(9.38)
ECL allowance balance as at 31 March 2020	**136.20**	**-**	**-**	**136.20**
As at 31 March 2019				
ECL allowance balance as at 1 April 2018	**1,299.20**	-	-	**1,299.20**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized during the period	(330.19)	-	-	(330.19)
New Investments originated during the year	88.31	-	-	88.31
Write-offs		-	-	-
Net premeasurement of loss allowance	(774.80)	-	-	(774.80)
ECL allowance balance as at 31 March 2019	**282.52**	**-**	**-**	**282.52**

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019 : 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.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

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 2020	31 March 2019
Concentration by Geographical region in India:		
North	**19,85,141.76**	17,97,636.32
East	**17,35,414.17**	15,54,329.99
West	**17,48,629.89**	17,12,872.13
South	**13,38,434.07**	12,46,427.44
Total Carrying Value	**68,07,619.89**	63,11,265.88

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 2020	31-Mar-19	31 March 2020	31-Mar-19
Upto 50%	**5,77,139.99**	5,27,367.84	**72,323.47**	64,170.17
51 - 70%	**10,42,245.97**	10,13,327.24	**14,520.50**	13,990.99
71 - 100%	**38,50,486.32**	36,70,238.10	**7,278.30**	4,988.59
Above 100%	**9,46,203.12**	6,53,338.83	**23,011.94**	33,898.27
	64,16,075.40	58,64,272.01	**1,17,134.21**	1,17,048.03

Gross value of credit impaired 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 2020	31-Mar-19	31 March 2020	31-Mar-19
Upto 50%	**12,405.55**	7,514.19	**9,528.06**	7,820.98
51 - 70%	**14,099.09**	11,186.35	**1,046.17**	1,009.71
71 - 100%	**40,597.81**	37,337.72	**771.73**	1,889.09
Above 100%	**4,81,347.20**	3,27,860.20	**7,952.05**	6,935.63
	5,48,449.65	3,83,898.47	**19,298.01**	17,655.41

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 recognizing the loss allowances.

Fair value of collateral held against Credit Impaired assets

Rs. in Lakhs

31 March 2020	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	5,48,449.65	3,80,919.96	-	-	-	(54,736.61)	3,26,183.35	2,22,266.30	1,55,276.38
SME Loans	19,298.01	3,762.00	10,206.56	24,663.58	1,202.50	(27,081.55)	12,753.09	6,544.92	15,823.87

Rs. in Lakhs

31 March 2019	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

50.3 DISCLOSURE AS REQUIRED UNDER RBI NOTIFICATION NO. RBI/2019-20/220 DOR.NO.BP.BC.63/21.04.048/2019-20 DATED 17 APRIL 2020 ON COVID-19 REGULATORY PACKAGE - ASSET CLASSIFICATION AND PROVISIONING

Rs. in Lakhs

Particulars	Amount
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	7,62,429.12
ii) Respective amount where asset classification benefits is extended	83,589.48
iii) Provisions made during the Q4 - FY2020 #	-
In respect of accounts in default but standard where moratorium upto 3 months is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 5 per cent of the total outstanding of such accounts as applicable for the quarter ended 31 March 2020 within the overall provision requirement of 10% of the total outstanding to be spread equally over two quarters. Balance general provision of not less than 5% of the total outstanding of such accounts is to be made for the quarter ending 30 June 2020.	
iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

 # Since the effective impairment allowance rate (as per ECL model) applied on standard assets outstanding equivalent Stage-1 and Stage-2 assets under Ind AS financial statements is much higher than the prescribed general provision of 5% for the current quarter (out of 10% provision to be spread equally over two quarters), the Company has not made any additional provision under this head in Ind AS financial statements for the quarter and year ended 31 March 2020. However, the Company has made an additional general provision of Rs.4,169.62 lakhs at 5% of the total outstanding for the quarter and year ended 31 March 2020 as per IRAC norms and the same is included in relevant disclosures as applicable to the Company.

50.4 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.

Notes

forming part of the Financial Statements for the year ended 31 March 2020

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 2020				
Trade Payable :	**63,574.79**	-	-	-
Debt Securities :				
- Principal	**6,23,700.00**	**4,09,720.83**	**2,85,856.11**	**4,61,165.30**
- Interest	**1,42,834.57**	**2,52,315.83**	**1,26,640.04**	**1,52,459.23**
Borrowings (Other than Debt Securities) :				
- Principal	**10,65,615.90**	**16,83,880.19**	**2,01,275.05**	-
- Interest	**1,74,428.68**	**1,51,283.89**	**13,471.24**	-
Deposit :				
- Principal	**1,66,223.58**	**6,10,885.66**	**1,08,286.07**	-
- Interest	**53,243.82**	**1,12,845.11**	**39,617.29**	-
Subordinated liabilities :				
- Principal	**27,220.00**	**22,515.78**	**41,445.96**	**2,53,608.62**
- Interest	**30,643.76**	**54,809.33**	**55,705.96**	**94,421.68**
Other financial liabilities :	**1,57,359.26**	**61,101.83**	**7,808.97**	**5,125.97**
Total	**25,04,844.35**	**33,59,358.45**	**8,80,106.69**	**9,66,780.80**
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	-
- Interest	1,49,581.56	1,38,536.45	7,594.16	-
Deposit :				
- Principal	1,37,787.00	3,67,398.25	64,702.42	-
- Interest	34,180.33	78,489.98	18,944.05	-
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**

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.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

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 2020				
Gross settled:				
Foreign exchange forward contracts				
- Payable	**18.21**	**2,791.47**	-	-
- Receivable	**61.79**	**2,595.34**	-	-
Interest Rate swaps				
- Payable	-	**1,468.82**	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	-	-	-
- Receivable	**692.75**	**6,276.99**	-	-
Total	**772.75**	**13,132.62**	-	-
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**	**-**	**-**

50.5

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 2020	As at 31 March 2019					
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	(1,693.03)	(1,258.33)	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	6,969.74	(5,437.81)	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	3,24,125.20	62,349.01	Level 1	Quoted market price			
4) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	2,891.83	1,154.65	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 Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	24,776.37	-	Level 1	Quoted market price			

The company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in Lakhs

Particulars	Unquoted Equity investment	Convertible debentures	Bonds	Govt Securities	Total
31 March 2020					
Opening balance	**1,154.65**	**1,088.52**	-	-	**2,243.17**
Total gains or losses recognized:					
In Profit or loss					
a) in profit or loss	-	-	-	-	-
b) in other comprehensive income	**278.20**	-	**332.94**	**424.60**	**1,035.74**
Fair value of -					
Purchases made during the year	**1,458.98**	-	**10,141.82**	**13,877.01**	**25,477.81**
Disposals made during the year	-	**(1,088.52)**	-	-	**(1,088.52)**
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Closing balance	**2,891.83**	-	**10,474.76**	**14,301.61**	**27,668.20**
31 March 2019					
Opening balance	700.00	-	-	-	700.00
Total gains or losses recognized:					
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**

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

Particulars	31 March 2020	31 March 2019
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited)		
Fair Value of Investments	**2891.83**	1154.65
Dividend income on investments held	-	-
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	**1,218.53**	-
Dividend income on investments held	-	-

There are no disposal of investment during the year ended 31 March 2020 and 2019 respectively.

Notes

forming part of the Financial Statements for the year ended 31 March 2020

d) Financial Instruments measured at amortized cost

Rs. in Lakhs

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	67,679.04	67,679.04	67,679.04		
b) Bank balances other than cash and cash equivalent	74,899.44	74,899.44	74,899.44		
c) Trade Receivables	858.71	858.71		858.71	
d) Loans and advances to customers	64,99,347.04	64,88,459.65			64,88,459.65
e) Financial investments - at amortized cost	1,12,822.76	1,20,367.53	1,05,594.07	14,773.46	
f) Other financial assets	47,665.27	48,773.85		48,773.85	
Total	**68,03,272.26**	**68,01,038.22**	**2,48,172.55**	**64,406.02**	**64,88,459.65**
Financial liabilities					
a) Trade Payables	63,574.79	63,574.79		63,574.79	
b) Debt securities	17,74,487.73	18,92,262.55	18,92,262.55		
c) Borrowings other than debt securities	29,48,734.27	28,84,790.94		28,84,790.94	
d) Deposits	8,81,213.98	9,09,544.36		9,09,544.36	
e) Subordinated Liabilities	3,41,794.57	3,82,366.57	3,82,366.57		
f) Other financial liability	2,31,396.03	2,31,621.93		2,31,621.93	
Total	**62,41,201.37**	**63,64,161.14**	**22,74,629.12**	**40,89,532.02**	**-**
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 amortized 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	2,81,699.51		
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**	**22,67,166.39**	**32,42,061.95**	**-**

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 cumulative/ non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

Notes

forming part of the Financial Statements for the year ended 31 March 2020

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 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	67,679.04	-	67,679.04	50,167.74	-	50,167.74
Bank balance	**74,899.44**	**-**	**74,899.44**	**45,681.43**	**-**	**45,681.43**
Derivative financial instruments	707.37	8,585.39	9,292.76	1,006.39	-	1,006.39
Trade receivables	858.71	-	858.71	519.19	-	519.19
Loans	25,11,926.27	39,87,420.77	64,99,347.04	26,67,650.59	34,57,312.21	61,24,962.80
Investments	3,35,108.81	2,55,987.81	5,91,096.62	2,18,775.01	1,60,395.36	3,79,170.37
Other financial assets	9,065.93	38,599.34	47,665.27	6,878.75	10,016.38	16,895.13
Current tax assets (Net)	-	23,995.98	23,995.98	-	30,210.00	30,210.00
Deferred tax Assets (Net)	-	48,962.66	48,962.66	-	37,172.53	37,172.53
Property, plant and equipment	-	33,794.74	33,794.74	-	13,250.02	13,250.02
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	-	-	-	-	-
Other Intangible assets	-	2,555.33	2,555.33	-	3,056.15	3,056.15
Other non-financial assets	4,867.57	2,106.11	6,973.68	4,499.38	1,207.45	5,706.83
Total Assets	**30,05,113.14**	**44,02,008.13**	**74,07,121.27**	**29,95,178.48**	**37,12,620.10**	**67,07,798.58**
Liabilities						
Financial Liabilities						
Derivative financial instruments	17.77	3,998.29	4,016.06	45.20	7,657.33	7,702.53
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	63,574.79	-	63,574.79	1,01,365.00	-	1,01,365.00
Debt Securities	6,21,063.59	11,53,424.14	17,74,487.73	9,88,467.80	12,43,470.12	22,31,937.92
Borrowings (Other than Debt Securities)	10,65,745.58	18,82,988.69	29,48,734.27	7,96,574.47	13,33,578.56	21,30,153.03
Deposits	1,65,438.58	7,15,775.40	8,81,213.98	1,37,020.74	4,29,697.67	5,66,718.41
Subordinated Liabilities	27,146.48	3,14,648.09	3,41,794.57	14,362.52	3,41,521.30	3,55,883.82
Other financial liabilities	1,57,359.26	74,036.77	2,31,396.03	1,62,299.91	30,363.03	1,92,662.94
Non-Financial Liabilities						-
Current tax liabilities (Net)	1,392.09	-	1,392.09	1,392.09	-	1,392.09
Provisions	5,735.20	8,587.63	14,322.83	12,722.49	7,930.21	20,652.70
Other non-financial liabilities	8,558.22	1,245.21	9,803.43	6,974.15	1,553.69	8,527.84
Total Liabilities	**21,16,031.56**	**41,54,704.22**	**62,70,735.78**	**22,21,224.37**	**33,95,771.91**	**56,16,996.28**
Net	**8,89,081.58**	**2,47,303.91**	**11,36,385.49**	**7,73,954.11**	**3,16,848.19**	**10,90,802.30**
Other undrawn commitments	23,945.91	-	23,945.91	34,199.41	-	34,199.41
Total commitments	**23,945.91**	**-**	**23,945.91**	**34,199.41**	**-**	**34,199.41**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

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
		MRHFL Employees Welfare Trust
		Mahindra Finance CSR Foundation
c)	Fellow Subsidiaries:	
	(entities with whom the Company has transactions)	Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Retail Private Limited
		Mahindra Integrated Business Solutions Ltd.
		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Bristlecone India Limited
		Mahindra Water Utilities Limited
		Mahindra Engineering & Chemical Products Ltd
		Mahindra Holidays & Resorts India Limited
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Agri Solutions Limited
		Mahindra Intertrade Limited
		New Democratic Electoral Trust
d)	Joint Ventures / Associates:	Mahindra Finance USA, LLC
	(entities on whom control is exercised)	Ideal Finance Limited (w.e.f. February 28, 2020)
e)	Joint Ventures / Associates of Holding Company:	Tech Mahindra Limited
	(entities with whom the Company has transactions)	Swaraj Engines Ltd
		Smartshift Logistics Solutions Pvt. Ltd. (Formerly known as Resfeber Labs Private Limited)
		Mahindra Summit Agriscience Ltd
		PSL Media & Communications Ltd
f)	Key Management Personnel:	Mr. Ramesh Iyer (Vice-Chairman & Managing Director)
	(where there are transactions)	Mr. V Ravi (Executive Director & Chief Financial Officer)
		Mr. Dhananjay Mungale (Chairman & Independent Director)
		Mr. C. B. Bhave (Independent Director)
		Ms. Rama Bijapurkar (Independent Director)
		Mr. Milind Sarwate (Independent Director)
		Mr. Arvind Sonde (Independent Director)
		Mr. V. S. Parthasarthy (Director)
g)	Relatives of Key Management Personnel	Ms. Janaki Iyer
	(where there are transactions)	Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramanium
		Ms. Prema Mahadevan
		Ms. Sudha Bhave
		Mr. V Murali
		Ms. Srilatha Ravi
		Mr. Siddharth Ravi
		Ms. Asha Ramaswamy

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		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Loan income												
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	306.59	-	-	-	-	-	-	-
Subvention income												
- Mahindra & Mahindra Limited	2,310.08	3,183.79	-	-	-	-	-	-	-	-	-	-
Lease rental income												
- Mahindra & Mahindra Limited	607.29	-	-	-	-	-	-	-	-	-	-	-
Interest income												
- Mahindra Rural Housing Finance Limited	-	-	-	37.97	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	-	0.66	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	-	9.68	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	-	7.10	-	-	-	-	-	-	-	-
Income from sharing services												
- Mahindra Rural Housing Finance Limited	-	-	863.83	744.98	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	247.42	272.88	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	21.29	48.04	-	-	-	-	-	-	-	-
- Mahindra Trustee Company Pvt Ltd.	-	-	1.12	-	-	-	-	-	-	-	-	-
Dividend Income												
- Mahindra Rural Housing Finance Limited	-	-	2,419.05	1,636.09	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	618.56	371.13	-	-	-	-	-	-	-	-
Interest expense												
- Mahindra & Mahindra Limited	1,903.06	3,524.01	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	319.48	552.53	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	1,193.42	2,112.45	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	65.97	45.62	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	118.90	731.87	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	58.41	35.12	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	57.86	2.20	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	1.16	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	6.63	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	-	-	13.36	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	7.16	4.28	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	6.36	0.07	-	-
- Mr. C. B. Bhave	-	-	-	-	-	-	-	-	6.33	3.97	-	-
- Others	-	-	-	-	-	-	-	-	-	-	32.84	19.71

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Other expenses												
- Mahindra & Mahindra Limited	2,336.78	2,865.67	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	6,843.80	6,971.18	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	8.25	19.96	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	1,524.77	1,402.17	-	-	-	-	-	-
- Bristlecone India Limited	-	-	-	-	103.66	91.68	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	70.49	124.38	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	1,591.19	943.39	-	-	-	-	-	-
- Mahindra Retail Pvt Limited	-	-	-	-	678.48	642.91	-	-	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	11.50	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	91.32	110.71	-	-	-	-	-	-
Donations												
- National Democratic Electoral Trust	-	-	-	-	600.00	240.00	-	-	-	-	-	-
Remuneration												
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	655.94	715.72	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	337.50	281.77	-	-
Reimbursement from parties												
- Mahindra & Mahindra Limited	170.15	2,664.63	-	-	-	-	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	-	-	58.86	9.24	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	8.26	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	6.09	-	-	-	-	-	-	-	-	-
Reimbursement to parties												
- Mahindra Insurance Brokers Limited	-	-	23.54	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	18.97	-	-	-	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	259.41	188.00	-	-	-	-	-	-
Purchase of fixed assets												
- Mahindra & Mahindra Limited	191.31	275.91	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	10.27	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	-	11.97	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	176.09	118.00	-	-	-	-	-	-
Sale of fixed assets												
- Mahindra Rural Housing Finance Limited	-	-	9.18	2.51	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	-	8.94	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	-	300.34	-	-	-	-	-	-
Investments made												
- Mahindra Rural Housing Finance Limited	-	-	-	15,000.00	-	-	-	-	-	-	-	-

Notes
forming part of the Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
- Mahindra Asset Management Co. Ltd.	-	-	5,000.00	4,000.00	-	-	-	-	-	-	-	-
- Mahindra Finance USA, LLC	-	-	-	-	-	-	-	963.21	-	-	-	-
- Ideal Finance Ltd	-	-	-	-	-	-	4,399.60	-	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	0.10	-	-	-	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	250.00	-	-	-	-	-	-	-
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	-	-	1,000.00	2,075.00	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	124.00	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	100.00	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	-	-	1,590.00	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	172.10	40.39	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	100.00	8.13	-	-
- Mr. C. B. Bhave	-	-	-	-	-	-	-	-	30.00	30.00	-	-
- Others	-	-	-	-	-	-	-	-	-	-	420.23	247.97
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	-	-	1,550.00	5,725.00	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	80.00	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	65.72	61.48	-	-
- Others	-	-	-	-	-	-	-	-	-	-	212.33	200.23
Dividend paid												
- Mahindra & Mahindra Limited	20,553.50	12,648.31	-	-	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	-	-	186.00	129.64	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	51.52	31.12	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	34.53	21.25	-	-
- Ms. Rama Bijapurkar	-	-	-	-	-	-	-	-	1.95	1.20	-	-
- Mr. Dhananjay Mungale	-	-	-	-	-	-	-	-	3.25	2.00	-	-
- Mr. V. S. Parthasarthy	-	-	-	-	-	-	-	-	0.02	0.01	-	-
- Others	-	-	-	-	-	-	-	-	-	-	0.07	0.03
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	10,000.00	70,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	5,575.00	10,175.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	40,000.00	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	30,000.00	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	1,000.00	1,000.00	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	1,575.00	350.00	-	-	-	-	-	-

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
- Mahindra Intertrade Limited	-	-	-	-	-	1,100.00	-	-	-	-	-	-
Inter corporate deposits repaid / matured												
- Mahindra & Mahindra Limited	40,000.00	70,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	3,750.00	11,900.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	40,000.00	10,000.00	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	10,000.00	20,000.00	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	1,000.00	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	1,050.00	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	1,000.00	100.00	-	-	-	-	-	-
Debentures issued												
- Mahindra & Mahindra Limited	19,500.00	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-

iii) Balances as at the end of the year:

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Balances as at the end of the period												
Receivables												
- Mahindra & Mahindra Limited	297.83	2,744.91	-	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	140.59	82.64	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	3.08	3.08	-	-	-	-	-	-	-	-
- Mahindra Trustee Co. Pvt. Ltd.	-	-	1.00	-	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	-	26.11	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	-	135.09	-	-	-	-	-	-

Notes
forming part of the Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Loan given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	-	-	-	-	334.33	334.33	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	1,879.96	1,700.00	-	-	-	-	-	-
Inter corporate deposits given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	-	-	-	-	113.38	113.38	-	-	-	-	-	-
Investments												
- Mahindra Rural Housing Finance Limited	-	-	79,929.79	51,252.22	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	45.16	45.16	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	21,000.00	16,000.00	-	-	-	-	-	-	-	-
- Mahindra Trustee Co. Pvt. Ltd.	-	-	50.00	50.00	-	-	-	-	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	0.10	-	-	-	-	-	-	-	-	-
- Mahindra Finance USA, LLC	-	-	-	-	-	-	21,054.81	21,054.81	-	-	-	-
- Ideal Finance Ltd	-	-	-	-	-	-	4,399.60	-	-	-	-	-
- New Democratic Electoral Trust	-	-	-	-	1.00	1.00	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	950.00	700.00	-	-	-	-	-	-
Payables												
- Mahindra Insurance Brokers Limited	-	-	1,237.38	2,815.15	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	349.46	239.58	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	161.38	58.60	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	129.08	53.94	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	23.34	-	-	-	-	-	-	-
- Mahindra Retail Pvt Ltd	-	-	-	-	93.36	39.24	-	-	-	-	-	-
- Others	-	-	-	-	16.96	56.89	-	-	-	-	-	-
Inter corporate deposits taken (including interest accrued but not due)												
- Mahindra & Mahindra Limited	10,212.46	41,718.79	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	2,152.13	316.23	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	41,642.19	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	10,066.88	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	1,019.65	1,041.05	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	881.66	351.98	-	-	-	-	-	-

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
- Mahindra Intertrade Limited	-	-	-	-	-	1,029.78	-	-	-	-	-	-
Debentures (including interest accrued but not due)												
- Mahindra & Mahindra Limited	20,109.37	-	-	-	-	-	-	-	-	-	-	-
Fixed deposits (including interest accrued but not due)												
- Mahindra Insurance Brokers Limited	-	-	3,299.05	4,001.72	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	125.04	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	104.25	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	-	-	1,602.03	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	175.82	41.83	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	113.97	8.19	-	-
- Mr. C. B. Bhave	-	-	-	-	-	-	-	-	88.24	52.54	-	-
- Others	-	-	-	-	-	-	-	-	-	-	486.47	288.74

Key Management Personnel as defined in Ind AS 24

Notes
forming part of the Financial Statements for the year ended 31 March 2020

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. Accordingly, the Company considers any Director, including independent and non-executive directors, to be key management personnel for the purposes of IND AS 24 - Related Party Disclosures.

Rs. in Lakhs

Name of the KMP	Nature of transactions	31 March 2020	31 March 2019
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)			
	Gross Salary including perquisites	**469.72**	446.15
	Commission	**164.12**	116.69
	Stock Option	**7.10**	139.91
	Others - Contribution to Funds	**29.70**	26.05
		670.64	**728.80**
Mr. V. Ravi (Executive Director & Chief Financial Officer)			
	Gross Salary including perquisites	**242.43**	227.51
	Commission	**95.07**	53.05
	Stock Option	-	1.21
	Others - Contribution to Funds	**9.00**	10.63
		346.50	**292.40**
Mr. Dhananjay Mungale (Chairman & Independent Director)			
	Commission	**28.00**	26.00
	Other benefits	**11.30**	10.00
		39.30	**36.00**
Ms. Rama Bijapurkar (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**8.50**	6.70
		29.50	**25.70**
Mr. C.B. Bhave (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**9.90**	9.10
		30.90	**28.10**
Mr. Milind Sarwate (Independent Director)			
(Appointed w.e.f. 1 April 2019)	Commission	-	-
	Other benefits	**9.70**	-
		9.70	**-**
Mr. Arvind V. Sonde (Independent Director)			
(Appointed w.e.f. 9 December 2019)	Commission	-	-
	Other benefits	**1.40**	-
		1.40	**-**

Notes

forming part of the Financial Statements for the year ended 31 March 2020

v) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2020

Rs. in Lakhs

	Particulars	Relation	Balance as on 1 April 2019	Advances / investments	Repayments/ sale	Balance as on 31 March 2020
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
	Mahindra Retail Pvt Ltd	Fellow subsidiary	-	-	-	-
	2 x 2 Logistics Pvt Ltd	Fellow subsidiary	-	-	-	-
	Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	1,700.00	800.00	637.18	1,862.82
			1,700.00	**800.00**	**637.18**	**1,862.82**
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
(C)	**Investments**					
	Mahindra Insurance Brokers Ltd.	Subsidiary	45.16	-	-	45.16
	Mahindra Rural Housing Finance Ltd.	Subsidiary	51,252.22	28,677.57	-	79,929.79
	Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	16,000.00	5,000.00	-	21,000.00
	Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	50.00	-	-	50.00
	Mahindra Finance CSR Foundation	Wholly owned Subsidiary	-	0.10	-	0.10
	Mahindra Finance USA, LLC	Joint Venture	21,054.81	-	-	21,054.81
	Ideal Finance Limited, Sri Lanka	Joint Venture	-	4,399.60	-	4,399.60
	Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	700.00	250.00	-	950.00
	New Democratic Electoral Trust	Fellow subsidiary	1.00	-	-	1.00
			89,103.19	**38,327.27**	**-**	**1,27,430.46**
	Total		**90,803.19**	**39,127.27**	**637.18**	**1,29,293.28**

As at 31 March 2019

Rs. in Lakhs

	Particulars	Relation	Balance as on 1 April 2019	Advances / investments	Repayments/ sale	Balance as on 31 March 2020
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
	Mahindra Retail Pvt Ltd	Fellow subsidiary	-	-	-	-
	2 x 2 Logistics Pvt Ltd	Fellow subsidiary	-	-	-	-
	Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	-	1,700.00	-	1,700.00
			-	**1,700.00**	**-**	**1,700.00**
(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
	Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	700.00	-	-	700.00
	New Democratic Electoral Trust	Fellow subsidiary	1.00	-	-	1.00
			69,139.98	**19,963.21**	**-**	**89,103.19**
	Total		**69,839.98**	**21,663.21**	**700.00**	**90,803.19**

Notes
forming part of the Financial Statements for the year ended 31 March 2020

v) Disclosure required under Section 186 (4) of the Companies Act, 2013 (Continued)

Notes :

i) Above loans & advances and investments have been given for general business purposes and figures are at historical cost.

ii) There were no guarantees given / securities provided during the year

iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former.

Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognized as per Ind AS 109 - Financial Instruments.

53 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 2020		As at 31 March 2019	
		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	**18,45,457.15**	-	20,65,266.41	-
	- Unsecured	**43,030.23**	-	21,515.42	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	**17,36,234.10**	-	13,80,336.19	-
	(d) Inter-corporate loans and Other Borrowings	**14,265.90**	-	96,166.87	-
	(e) Commercial Paper	**0.00**	-	2,57,244.63	-
	(f) Public Deposits	**8,80,799.31**	-	5,68,523.11	-
	(g) Fixed Deposits accepted from Corporates	**42,653.61**	-	27,295.47	-
	(h) FCNR Loans	**18,302.03**	-	63,424.85	-
	(i) External Commercial Borrowings	**2,75,690.59**	-	1,38,084.98	-
	(j) Associated liabilities in respect of securitization transactions	**8,89,320.81**	-	4,35,362.66	-
	(k) Subordinate debt (including NCDs issued through Public issue)	**3,66,749.00**	-	3,78,369.51	-
	(l) Other Short Term Loans and credit facilities from banks	**26,400.74**	-	28,454.72	-
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	**8,80,799.31**	-	5,68,523.11	-
Asset side:					
3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**				

Notes

forming part of the Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Sr. No.	Particulars	As at 31 March 2020 Amount Outstanding	As at 31 March 2020 Amount Overdue	As at 31 March 2019 Amount Outstanding	As at 31 March 2019 Amount Overdue
	(a) Secured			-	-
	(b) Unsecured			2,65,447.86	3,20,688.21
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			63.16	18.85
	(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			45,870.06	26,319.22
	(b) Loans other than (a) above			61,88,824.67	57,78,455.71
5)	**Break-up of Investments :**				
	Current Investments :				
	1. Quoted :				
	(i) Shares: (a) Equity			-	-
	(b) Preference			-	-
	(ii) Debentures and Bonds			2,477.16	3,662.07
	(iii) Units of mutual funds			3,24,125.20	62,148.40
	(iv) Government Securities			499.85	-
	2. Unquoted :				
	(i) Shares: (a) Equity			-	-
	(b) Preference			-	-
	(ii) Debentures and Bonds			-	-
	(iii) Units of mutual funds			-	-
	(iv) Government Securities			-	-
	(v) Certificate of Deposits with Banks			-	46,910.08
	(vi) Commercial Papers			-	81,065.33
	(vii) Investments in Pass Through Certificates under securitization transactions			8,006.59	20,509.33
	Long Term Investments :				
	1. Quoted :				
	(i) Shares: (a) Equity			-	-
	(b) Preference			-	-
	(ii) Debentures and Bonds (Bonds of FCI NCDs of NABARD)			10474.76	2474.37
	(iii) Units of mutual funds			0.00	200.61
	(iv) Government Securities			111851.06	70922.15
	2. Unquoted :				
	(i) Shares: (a) Equity			129372.29	89557.84
	(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			4,289.71	631.67

Notes

forming part of the Financial Statements for the year ended 31 March 2020

6) Borrower group-wise classification assets financed as in (3) and (4) above :

Rs. in Lakhs

Category	As at 31 March 2020 Amount net of provisions			As at 31 March 2019 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	**62,34,694.73**	**2,65,511.02**	**65,00,205.75**	58,04,774.93	3,20,707.06	61,25,481.99
Total	**62,34,694.73**	**2,65,511.02**	**65,00,205.75**	**58,04,774.93**	**3,20,707.06**	**61,25,481.99**

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 2020		As at 31 March 2019	
	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	**1,01,025.05**	**1,01,025.05**	67,347.38	67,347.38
(b) Companies in the same group	**26,816.73**	**26,816.73**	22,210.46	22,210.46
(c) Other related parties	-	-	-	-
2. Other than related parties	**4,63,079.05**	**4,62,942.86**	2,89,895.05	2,89,612.53
Total	**5,90,920.83**	**5,90,784.64**	**3,79,452.89**	**3,79,170.37**

8) Other information:

Particulars	As at 31 March 2020	As at 31 March 2019
i) Gross Non-Performing Assets :		
(a) Related parties	**473.39**	473.39
(b) Other than related parties	**5,74,200.47**	4,06,583.29
ii) Net Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	**3,96,647.41**	3,29,070.49
iii) Assets acquired in satisfaction of debt :	**-**	**-**

54 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

These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.

The CRAR as of 31 March 2019 as disclosed in the comparative period numbers below was computed based on the carrying values as reflected in the financial statements prepared in accordance with requirements of Ind AS. The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from

financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, the CRAR as of 31 March 2020 has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

I) Capital

Particulars	As at 31 March 2020	As at 31 March 2019
CRAR (%)	**19.6%**	20.3%
CRAR-Tier I Capital (%)	**15.4%**	15.5%
CRAR-Tier II Capital (%)	**4.2%**	4.8%
Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs)	-	33,687.23
Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Value of Investments		
(i) Gross Value of Investments		
(a) In India	**5,65,778.40**	3,58,398.08
(b) Outside India	**25,454.41**	21,054.81
(ii) Provisions for Depreciation		
(a) In India	**136.19**	282.52
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	**5,65,642.21**	3,58,115.56
(b) Outside India	**25,454.41**	21,054.81
Movement of provisions held towards depreciation on investments.		
(i) Opening balance	**282.52**	1,299.21
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	**(146.33)**	(1,016.69)
(iv) Closing balance	**136.19**	282.52

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at 31 March 2020	As at 31 March 2019
(i) The notional principal of swap agreements	**2,83,298.87**	2,02,969.68
(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))	**5,276.71**	(6,696.14)

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

Notes
forming part of the Financial Statements for the year ended 31 March 2020

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) Foreign currency non-repatriate loans availed:

Rs. in Lakhs

	As at 31 March 2020		As at 31 March 2019	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i) Derivatives (Notional Principal Amount)				
- For hedging		**2,83,298.87**		2,02,969.68
ii) Marked to Market Positions [1]				
(a) Asset (+) Estimated gain	**9,292.77**	-	917.97	88.42
(b) Liability (-) Estimated loss	**(2,559.18)**	**(1,456.88)**	(7,670.52)	(32.01)
iii) Credit Exposure [2]	-	-	-	-
iv) Unhedged Exposures	-	-	-	-

IV) Disclosures relating to Securitization

a) Disclosures in the notes to the accounts in respect of securitization transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in Lakhs

Sr. no.	Particulars	As at 31 March 2020	As at 31 March 2019
1)	No of SPVs sponsored by the NBFC for securitization transactions	**24**	19
2)	Total amount of securitized assets as per books of the SPVs sponsored	**8,88,170.82**	4,34,734.49
3)	Total amount of exposures retained by the NBFC to		
	comply with MRR as on the date of balance sheet		
	Off-balance sheet exposures		

Rs. in Lakhs

Sr. no.	Particulars	As at 31 March 2020	As at 31 March 2019
	First loss		
	Credit enhancement in form of corporate undertaking	**1,11,533.49**	51,128.05
	Others	-	-
	b) On-balance sheet exposures		
	First loss-		
	Cash collateral term deposits with banks	**48,533.64**	24,538.60
	Others-		
	Retained interest in pass through certificates (excluding accrued interest)	-	3.43
4)	Amount of exposures to securitization transactions		
	other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	Excess Interest Spread	**1,19,409.11**	53,652.25
	(ii) Exposure to third party securitizations		
	First loss		
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Others-	-	-
	Cash collateral term deposits with banks	-	-
	(ii) Exposure to third party securitizations		
	First loss	-	-
	Others	-	-

b) Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction

During the current year and the previous year, the Company has not sold any financial assets to Securitization /Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs

Particulars	As at 31 March 2020	As at 31 March 2019
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.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

V) Exposures

a) Exposure to Real Estate Sector

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
a) Direct exposure		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	-	-
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	**1,119.45**	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	**1,119.45**	**-**

b) Exposure to Capital Market

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
(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;	**1,29,372.29**	90,646.36
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**1,29,372.29**	**90,646.36**

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2019-20, 40% (31 March 2019: 41%) of the financing was towards parent company products.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

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 2020, the amount of unsecured advances stood at Rs. 2,74,410.28 Lakhs (31 March 2019: Rs.3,29,945.84 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'and Principal protected market linked debenture: IND PP-MLD AAA emr/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 Accounts in terms of the relevant Accounting Standard.

VIII) Revenue Recognition
(Refer note no. 2.6 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 2020

X) Provisions and Contingencies

Rs . in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	**(146.33)**	(1,016.69)
Provision towards non-performing assets	**1,22,022.00**	(1,11,011.91)
Provision made towards Income tax	**55,693.89**	57,024.06
Other Provision and Contingencies (with details)	**(165.08)**	(827.27)
Provision for diminution in the fair value of restructured advances	-	-
Provision for Standard Assets	-	-

Draw Down from Reserves
Year ended March 31, 2020 : Nil

Year ended March 31, 2019 : 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 2020	As at 31 March 2019
Total Deposits of twenty largest depositors	**44,606.16**	40,098.03
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	**5.1%**	6.7%

b) Concentration of Advances

Particulars	As at 31 March 2020	As at 31 March 2019
Total Advances to twenty largest borrowers	**73,391.51**	86,229.26
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	**1.1%**	1.4%

c) Concentration of Exposures

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to twenty largest borrowers / customers	**73,391.51**	86,229.26
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**1.1%**	1.4%

d) Concentration of NPAs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to top four NPA accounts	**6,705.44**	8,870.67

e) Sector-wise NPAs

Particulars	As at 31 March 2020	As at 31 March 2019
i) Agriculture & allied activities	**10.7%**	8.9%
ii) Auto loans	**7.8%**	6.0%
iii) MSME	**7.6%**	5.2%
iv) Corporate borrowers	**10.4%**	3.7%
v) Unsecured personal loans	**1.7%**	1.6%
vi) Other personal loans	-	-
vii) Services	-	-

f) Movement of NPAs

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
i) Net NPAs to Net Advances (%)	**5.98%**	5.3%
ii) Movement of NPAs (Gross)		
(a) Opening balance	**4,07,056.68**	5,02,697.70
(b) Additions during the year	**3,26,085.80**	1,96,269.02
(c) Reductions during the year	**(1,58,468.62)**	(2,91,910.04)
(d) Closing balance	**5,74,673.86**	4,07,056.68
iii) Movement of Net NPAs		
(a) Opening balance	**3,29,070.49**	3,31,090.28
(b) Additions during the year	**1,72,588.56**	1,40,920.06
(c) Reductions during the year	**(1,05,011.64)**	(1,42,939.85)
(d) Closing balance	**3,96,647.41**	3,29,070.49
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	**77,986.19**	1,71,607.42
(b) Provisions made during the year	**1,53,497.24**	55,348.96
(c) Write-off / write-back of excess provisions	**(53,456.98)**	(1,48,970.19)
(d) Closing balance	**1,78,026.45**	77,986.19

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	As at 31 March 2020	As at 31 March 2019
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	**3,95,636.17**	3,60,470.90
Ideal Finance Limited	Ideal Finance Limited, Sri Lanka	Sri Lanka	**7,782.86**	N/A

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, 2020

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	10,480.14	10,738.50	12,923.85	40,811.75	90,484.34	6,08,000.72	1,07,774.68	-	8,81,213.98
Advances	5,40,634.79	42,040.84	2,36,176.26	5,89,818.93	11,03,255.45	31,15,566.24	8,64,779.92	7,074.61	64,99,347.04
Reserves & surplus	-	-	-	-	-	-	-	11,24,078.54	11,24,078.54
Investments	3,24,812.99	1,187.38	1,306.39	2,686.68	5,115.37	10,794.26	7,600.75	2,37,592.80	5,91,096.62
Borrowings	1,64,054.50	53,999.64	2,24,886.33	4,20,435.91	8,32,285.21	18,38,976.41	4,92,681.02	7,45,624.65	47,72,943.67
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	18,294.06	2,73,778.84	-	-	2,92,072.90

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

XV Disclosure of complaints

Customer complaints

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
(a) No. of complaints pending at the beginning of the year	**681**	315
(b) No. of complaints received during the year	**10,002**	3,041
(c) No. of complaints redressed during the year	**8,990**	2,675
(d) No. of complaints pending at the end of the year	**1,693**	681

55 DISCLOSURES AS REQUIRED UNDER GUIDELINES ON LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NBFCS ISSUED BY RBI VIDE NOTIFICATION NO. RBI/2019-20/88 DOR.NBFC (PD) CC. NO.102/03.10.001/2019-20 DATED 4 NOVEMBER 2019

Public disclosure on liquidity risk :

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. no.	Type of instrument	Number of Significant Counter parties	Amount (Rs. in Lakhs)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	19	34,31,365.82	N/A	54.72%

ii) Top 20 large deposits (amount in Rs. in Lakhs and % of total deposits)

Sr. no.	Description	Amount (Rs. in Lakhs)	% of Total deposits
	Total for Top 20 large deposits	44,606.16	5.06%

iii) Top 10 borrowings (amount in Rs. in Lakhs and % of total borrowings)

Sr. no.	Description	Amount (Rs. in Lakhs)	% of Total borrowings
	Total for Top 10 borrowings	26,86,667.69	45.18%

iv) Funding Concentration based on significant instrument/product

Sr. no.	Name of instrument/product	Amount (Rs. in Lakhs)	% of Total deposits
1	Non-convertible debentures (Secured)	17,39,521.31	27.74%
2	Term loans from banks (including FCNR loans)	17,72,784.62	28.27%
3	External Commercial Borrowings	2,73,778.83	4.37%
4	Associated liabilities in respect of securitization transactions	8,88,170.82	14.16%
5	Public deposits	8,81,213.98	14.05%
6	Subordinated redeemable non-convertible debentures	3,41,794.57	5.45%
		58,97,264.13	**94.04%**
	Funding Concentration pertaining to insignificant instruments/products	48,966.42	0.78%
	Total borrowings under all instruments/products	**59,46,230.55**	**94.83%**

v) Stock Ratios

Sr. no.	Name of instrument/product	Amount (Rs. in Lakhs)			% of Total deposits
a)	Commercial papers (CPs)	Nil	Nil	Nil	Nil
b)	Non-convertible debentures (NCDs) with original maturity of less than one year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	2,26,238.34	3.80%	3.61%	3.05%

vi) Institutional set-up for liquidity risk management

The 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 ALCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities to hedge against unexpected requirements.

Notes
forming part of the Financial Statements for the year ended 31 March 2020

In order to achieve above, the Company also has an Investment Policy to ensure that safety, liquidity and return on the surplus funds are given appropriate weightages and are placed in that order of priority. The Investment Committee frames the strategy, sets the operational parameters and framework within the limits as may be set by the Board for investment. The Committee approaches the Board for revising the limit as and when required. The policy is also reviewed periodically in the background of developments in the money markets and the Investment Committee depending on the external factors proactively to reduce the risk in the investments. A well-defined front and back office mechanism is in place to ensure a system of checks and balances.

Definition of terms as used in the table above:

a) *Significant counterparty:*
A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) *Significant instrument/product:*
A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) *Total liabilities:*
Total liabilities include all external liabilities (other than equity).

d) *Public funds:*
"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

It includes total borrowings outstanding under all types of instruments/products.

e) *Other short-term liabilities:*
All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

56 DISCLOSURE AS REQUIRED UNDER RBI NOTIFICATION NO. RBI/2019-20/170 DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 DATED 13 MARCH 2020 ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2020

Rs. in Lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	55,89,022.84	54,711.21	55,34,311.63	22,356.09	32,355.12
	Stage 2	6,45,207.52	75,960.80	5,69,246.72	6,750.45	69,210.35
Subtotal for standard		62,34,230.36	1,30,672.01	61,03,558.35	29,106.54	1,01,565.47
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,00,533.42	92,195.54	2,08,337.88	33,492.04	58,703.50
Doubtful - up to 1 year	Stage 3	1,44,652.81	44,425.57	1,00,227.24	71,439.99	(27,014.42)
1 to 3 years	Stage 3	1,02,056.70	25,763.50	76,293.20	82,955.08	(57,191.58)
More than 3 years	Stage 3	15,536.44	3,771.52	11,764.92	15,359.02	(11,587.50)
Subtotal for doubtful		2,62,245.95	73,960.59	1,88,285.36	1,69,754.09	(95,793.50)
Loss	Stage 3	11,894.49	11,870.32	24.17	11,894.45	(24.13)
Subtotal for NPA		5,74,673.86	1,78,026.45	3,96,647.41	2,15,140.58	(37,114.13)

Rs. in Lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	250.20	(250.20)	-	250.20
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	250.20	(250.20)	-	250.20
Total	Stage 1	55,89,022.84	54,961.41	55,34,061.43	22,356.09	32,605.32
	Stage 2	6,45,207.52	75,960.80	5,69,246.72	6,750.45	69,210.35
	Stage 3	5,74,673.86	1,78,026.45	3,96,647.41	2,15,140.58	(37,114.13)
Total		68,08,904.21	3,08,948.66	64,99,955.56	2,44,247.12	64,701.54

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2020, no amount is required to be transferred to 'Impairment Reserve'. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

ii) In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.

As at 31 March 2020, there are no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 3+ ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

iii) Policy for sales / transfers out of amortized cost business model portfolios

Sale/ transfer of portfolios out of amortized cost business model:

As a short-term financing arrangement, the Company has been transferring or selling certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction. As a part of annual budgetary planning and with the objective of better liquidity and risk management, the Company, at the beginning of the year, obtains approval of Asset Liability Committee and Risk Management Committee of the Board of Directors for undertaking securitization transactions of certain value of standard assets comprising the collateral based loan receivables at appropriate times during the year.

These transactions are carried out after complying with RBI guidelines on securitization of standard assets. The consideration received through such securitization transactions is utilized for funding regular vehicle loan disbursements to customers who service their loans through fixed installments over a specified period of loan tenor. Besides using securitization as alternate financing tool, it is also being used as a effective Balance sheet management through better liquidity and risk management by transfer of assets from risk averse to risk takers.

When the assets in the form of loan receivables are sold / transferred to an SPV/Bank through securitization transaction, then on a consolidated portfolio level, such sale/transfer does not change the Company's business objective of holding financial assets to collect contractual cash flows.

The Company remains exposed to credit risk, being the expected losses that will be incurred on the securitized loan portfolio to the extent of the credit enhancement provided. Any increase in losses as compared to

Notes
forming part of the Financial Statements for the year ended 31 March 2020

the expected loss shall require the Company to present its credit enhancement / cash collateral to help compensate the investors. This is as per the requirement of the Reserve Bank of India. Thus, the Company as per Ind AS 109 has retained substantially all the risks and rewards of ownership of the financial asset.

The Company derecognizes 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. Accordingly, the securitized financial assets are derecognized from the financial statements prepared as per IRACP norms.

If the Company enters into transactions whereby it transfers assets recognized 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 derecognized.

Accordingly, these financial assets are not de-recognized by the Company from the financial statements prepared under Ind AS. Since the contractual terms of these financial assets give rise to cash flows, that are solely payments of principal and interest, on specified dates, these assets meet the SPPI criterion and are thus continued to be recognized in the books at amortized cost.

57 EVENTS AFTER THE REPORTING DATE

During the year ended 31 March 2020, the Company along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. This sale transaction has been recorded in the books of accounts on 29 April 2020.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries.

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 57

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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited
Report on the Audit of the 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 (Holding Company and its subsidiaries together referred to as "the Group") and its associate and its joint venture, which comprise the consolidated balance sheet as at 31 March 2020, 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, associate and joint venture 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, its associate and joint venture as at 31 March 2020, 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.

EMPHASIS OF MATTER

As described in Note 50.2(i) to the Consolidated Financial Statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in Note 50.2(ii) to the Consolidated Financial Statements, the extent to which the COVID-19 pandemic will impact the Group's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

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 year. 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 MATTER

Impairment Loss Allowance

Refer note 2.11(h) and 50.2 to the Consolidated Financial Statements

The key audit matter	How the matter was addressed in our audit
The Group has recognized impairment loss allowance of Rs. 366,900.65 lakhs as at 31 March 2020 and has recognized an expense for Rs. 142,960.16 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	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.

The key audit matter	How the matter was addressed in our audit
∨ Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows ∨ Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID-19 regulatory package. ∨ In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. 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.	∨ Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package ∨ 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. ∨ 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, particularly in response to COVID-19 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. ∨ 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.

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 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 term 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 and joint venture 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 and joint venture 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 and joint venture 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 and joint venture 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 Company has adequate internal financial controls with reference to 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 (the Company and subsidiaries) as well as associate and joint venture 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 and joint venture 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 of six subsidiaries, whose financial statements reflect total assets of Rs. 68,044.36 lakhs as at 31 March 2020, total revenues of Rs. 35,874.22 lakhs and net cash flows amounting to Rs. 770.45 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial information have been audited by other auditors whose reports have been furnished to us by 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 Consolidated Financial Statements also include the Group's share of net profit (and other comprehensive income) of Rs. 4,589.73 lakhs for the year ended 31 March 2020, as considered in the Consolidated Financial Statements, in respect of one associate and one joint venture, whose financial information have not been audited by us or by other auditors. These unaudited financial information have been furnished to us by 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 associate and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these 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 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 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 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies 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, associate and joint ventures as noted in the 'Other Matters' paragraph:

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group, its associate and joint venture - 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, its associate and joint venture.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2020.

(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 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
ICAI UDIN: 20113156AAAACN4391

Mumbai
15 May 2020

Annexure A to the Independent Auditors' report on the Consolidated Financial Statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2020

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013

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

OPINION

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the 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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 were 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 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 the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 of the relevant subsidiary companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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 controls 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 controls with reference to consolidated 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 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls 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.

OTHER MATTERS

Our aforesaid reports 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 insofar as it relates to six subsidiary companies, which are companies 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
ICAI UDIN: 20113156AAAACN4391

Mumbai
15 May 2020

Consolidated Balance Sheet

as at 31 March 2020

Rs. in Lakhs

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	**78,260.23**	53,722.32
b) Bank balance other than (a) above	4	**74,899.44**	45,681.43
c) Derivative financial instruments	5	**9,292.76**	1,006.39
d) Receivables			
i) Trade receivables	6	**5,291.06**	5,360.31
ii) Other receivables		**-**	-
e) Loans	7	**72,86,378.45**	68,93,899.97
f) Investments	8	**5,34,035.78**	3,32,735.30
g) Other financial assets	9	**51,978.71**	21,207.08
		80,40,136.43	**73,53,612.80**
Non-financial Assets			
a) Current tax assets (Net)		**25,783.00**	31,212.81
b) Deferred tax Assets (Net)	10 (i)	**57,883.42**	44,969.75
c) Property, plant and equipment	11	**42,775.57**	16,818.54
d) Intangible assets under development		**55.68**	79.41
e) Other intangible assets	12	**2,760.26**	3,326.44
f) Other non-financial assets	13	**9,863.45**	7,577.16
		1,39,121.38	**1,03,984.11**
Total Assets		**81,79,257.81**	**74,57,596.91**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Derivative financial instruments	14	**4,016.06**	7,702.53
b) Payables	15		
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises		**25.61**	23.72
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**69,297.22**	1,11,406.58
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		**17.40**	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**2,944.47**	3,164.54
c) Debt Securities	16	**19,74,461.07**	24,71,588.50
d) Borrowings (Other than Debt Securities)	17	**33,32,713.60**	24,63,272.12
e) Deposits	18	**8,78,138.98**	5,63,093.41
f) Subordinated Liabilities	19	**3,78,110.37**	3,82,208.09
g) Other financial liabilities	20	**2,99,417.34**	2,84,074.55
		69,39,142.12	**62,86,787.33**
Non-Financial Liabilities			
a) Current tax liabilities (Net)		**1,737.93**	1,392.09
b) Provisions	21	**21,138.99**	25,493.93
c) Other non-financial liabilities	22	**11,370.10**	9,170.85
		34,247.02	**36,056.87**
EQUITY	23		
a) Equity Share capital		**12,306.95**	12,297.54
b) Other Equity		**11,84,593.52**	11,14,604.29
Equity attributable to owners of the Company		**11,96,900.47**	11,26,901.83
Non-controlling interests		**8,968.20**	7,850.88
		12,05,868.67	**11,34,752.71**
Total Liabilities and Equity		**81,79,257.81**	**74,57,596.91**
The accompanying notes form an integral part of the consolidated financial statements.	1 to 55		

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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Consolidated Statement of Profit and Loss

for year ended 31 March 2020

Rs. in Lakhs

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
i) Interest income	24	**11,45,761.28**	9,96,952.90
ii) Dividend income		**2,715.21**	1,524.27
iii) Rental income		**874.93**	71.45
iv) Fees and commission Income	25	**10,413.36**	11,638.82
v) Net gain on fair value changes	26	**2,561.56**	761.75
vi) Sale of services	27	**25,968.81**	26,220.90
I Total Revenue from operations		**11,88,295.15**	**10,37,170.09**
II Other income	28	**11,350.46**	5,915.38
III Total income (I+II)		**11,99,645.61**	**10,43,085.47**
Expenses			
i) Finance costs	29	**5,39,056.37**	4,43,227.98
ii) Fees and commission expense		**12,489.86**	12,968.10
iii) Impairment on financial instruments	30	**2,31,897.83**	71,710.83
iv) Employee benefits expenses	31	**1,60,982.02**	1,47,794.76
v) Depreciation, amortization and impairment	32	**14,687.38**	7,553.32
vi) Others expenses	33	**84,918.91**	80,447.20
IV Total expenses (IV)		**10,44,032.37**	**7,63,702.19**
V Profit before share of profit of associate and joint venture and tax (III-IV)		**1,55,613.24**	2,79,383.28
VI Share of Profit of Associate and Joint Venture		**4,589.73**	4,692.88
VII Profit before tax (V -VI)		**1,60,202.97**	2,84,076.16
VIII Tax expense :	10 (ii)		
(i) Current tax		**64,730.05**	70,650.27
(ii) Deferred tax		**(12,989.05)**	26,211.44
(iii) (Excess) / Short Provision for Income Tax - earlier years		**(119.80)**	486.26
		51,621.20	**97,347.97**
IX Profit for the year (VII-VIII)		**1,08,581.77**	**1,86,728.19**
X Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) on defined benefit plans		**(1,581.38)**	(1,481.98)
- Net gain / (loss) on equity instruments through OCI		**268.65**	454.65
(ii) Income tax impact thereon	10 (iii)	**40.59**	353.97
Subtotal (A)		**(1,272.14)**	**(673.36)**
(B) (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		**3,900.25**	2,398.78
- Net gain / (loss) on debt instruments through OCI		**767.09**	788.52
(ii) Income tax impact thereon	10 (iii)	**(115.97)**	(275.54)
Subtotal (B)		**4,551.37**	**2,911.76**
Other Comprehensive Income (A + B)		**3,279.23**	**2,238.40**
XI Total Comprehensive Income for the year (IX+X)		**1,11,861.00**	**1,88,966.59**
Profit for the year attributable to:	33		
Owners of the Company		**1,07,514.53**	1,82,729.83
Non-controlling interests		**1,067.24**	3,998.36
		1,08,581.77	**1,86,728.19**
Other Comprehensive Income for the year attributable to:			
Owners of the Company		**3,323.67**	2,252.51
Non-controlling interests		**(44.44)**	(14.11)
		3,279.23	**2,238.40**
Total Comprehensive Income for the year attributable to:			
Owners of the Company		**1,10,838.20**	1,84,982.34
Non-controlling interests		**1,022.80**	3,984.25
		1,11,861.00	**1,88,966.59**
XII Earnings per equity share (Face value Rs.2/- per equity share)	34		
Basic (Rupees)		**17.48**	29.73
Diluted (Rupees)		**17.44**	29.67
The accompanying notes form an integral part of the consolidated financial statements.	1 to 55		

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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Consolidated Statement of Changes in Equity for year ended 31 March 2020

A. EQUITY SHARE CAPITAL

Rs. in Lakhs

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2018	12,289.54
Changes during the year:	
Allotment of shares by ESOS Trust to employees	8.00
Balance as at 31 March 2019	**12,297.54**
Balance as at 1 April 2019	**12,297.54**
Changes during the year:	
Allotment of shares by ESOS Trust to employees	**9.41**
Balance as at 31 March 2020	**12,306.95**

B. OTHER EQUITY

Particulars	Reserves and Surplus							Item of Other Comprehensive Income					
	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 or Profit & loss account	Debt instruments through OCI	Equity instruments through OCI	Foreign Currency Translation Reserve	Total Other Equity	Non-controlling Interests	Total
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 year							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
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)				-		-
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**

Consolidated Statement of Changes in Equity

for year ended 31 March 2020

Particulars	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 reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings or Profit & loss account	Debt instruments through OCI	Equity instruments through OCI	Foreign Currency Translation Reserve			
Balance as at 1 April 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
Profit for the year							1,07,514.53				1,07,514.53	1,067.24	1,08,581.77
Other Comprehensive Income							(1,473.18)	651.12	245.48	3,900.25	3,323.67	(44.44)	3,279.23
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-**	**1,06,041.35**	**651.12**	**245.48**	**3,900.25**	**1,10,838.20**	**1,022.80**	**1,11,861.00**
Dividend paid on equity shares (including tax thereon)							(48,425.89)				(48,425.89)		(48,425.89)
Transfers to Securities premium on exercise of employee stock options			1,462.56			(1,462.56)					-		-
Employee stock options expired				7.54		(7.54)					-		-
Share based payment expense			-			3,180.77					3,180.77		3,180.77
Transfers to Statutory reserves	22,279.00						(22,279.00)				-		-
Transfers from Debenture Redemption Reserve (refer note no. 23)					(22,370.59)		22,370.59				-		-
Changes in Group's Interest											-	94.52	94.52
Gross obligation at fair value to acquire non-controlling interest							4,357.53				4,357.53		4,357.53
Others			38.62								38.62		38.62
Balance as at 31 March 2020	**2,10,343.24**	**5,000.00**	**4,16,713.77**	**81,314.46**	**-**	**5,370.45**	**4,57,796.59**	**1,164.10**	**541.26**	**6,349.65**	**11,84,593.52**	**8,968.20**	**11,93,561.72**

The accompanying notes 1 to 55 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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Consolidated Statement of Cash Flows
for year ended 31 March 2020

Rs. in Lakhs

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
A) CASH FLOW FROM OPERATING ACTIVITIES			
Profit before exceptional items and taxes		**1,55,613.24**	2,79,383.28
Adjustments to reconcile profit before tax to net cash flows:			
Add: Non-cash expenses			
Depreciation, amortization and impairment		**14,687.38**	7,553.34
Impairment on financial instruments		**1,48,475.29**	(1,04,665.86)
Bad debts and write offs		**83,736.68**	1,76,376.70
Net loss in fair value of derivative financial instruments		**(11,972.85)**	2,693.63
Unrealised foreign exchange gain/loss		**19,173.16**	826.29
Remeasurement gain / (loss) on defined benefit plans		**(17.57)**	(4.03)
Share based payments to employees		**3,175.41**	2,430.56
		2,57,257.50	**85,210.63**
Less: Income considered separately			
Net gain on fair value changes		**(2,561.05)**	(710.34)
Income from investing activities		**(13,854.42)**	(19,226.46)
Dividend income		**(2,636.52)**	(1,511.34)
Net gain on derecognition of property, plant and equipment		**(45.20)**	(67.82)
Net gain on sale investments		**(5,093.66)**	56.72
		(24,190.85)	**(21,459.24)**
Operating profit before working capital changes	I	**3,88,679.89**	**3,43,134.67**
Changes in -			
Loans		**(6,19,739.85)**	(15,03,646.33)
Trade receivables		**203.21**	(4,024.30)
Interest accrued on other deposits		**(3,667.81)**	311.77
Other financial assets		**2,423.07**	(3,649.28)
Other financial liabilities		**20,673.70**	33,244.22
Other non-financial assets		**(946.56)**	(2,451.62)
Trade Payables		**(35,972.66)**	215.15
Other non-financial liabilities		**1,115.29**	2,253.25
Derivative financial instruments		-	1,427.65
Provisions		**(5,456.68)**	7,780.20
Cash used in operations	II	**(6,41,368.29)**	**(14,68,539.29)**
Income taxes paid (net of refunds)		**(58,834.60)**	(82,389.37)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(3,11,523.00)**	**(12,07,793.99)**
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, plant and equipment and intangible assets		**(11,826.83)**	(13,550.99)
Proceeds from sale of Property, plant and equipment		**216.97**	213.35
Purchase of investments at amortised cost		**(5,92,357.86)**	(44,869.94)
Proceeds from sale of investments at amortised cost		**5,88,377.31**	1,24,063.95
Purchase of investments at FVOCI		**(24,389.29)**	(300.00)
Purchase of investments at FVTPL		**(73,04,128.98)**	(34,76,945.36)
Proceeds from sale of investments at FVTPL		**71,47,407.36**	33,06,075.83
Purchase of investments at cost		**(33,077.17)**	(963.21)
Proceeds from term deposits with banks (net)		**(58,312.37)**	(37,802.46)
Dividend income received		**6,379.28**	3,648.21
Interest income received on investments measured at amortised cost, FVOCI, FVTPL and at cost		**9,825.09**	19,138.27
Increase in Earmarked balances with banks		**2,976.27**	(12.54)
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(2,68,910.22)**	**(1,21,304.89)**

Consolidated Statement of Cash Flows

for year ended 31 March 2020

Rs. in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares (net of issue expenses)	-	(10.93)
Expenses incurred on issuance of Non-convertible debentures	-	(2,143.51)
Proceeds from borrowings through Debt Securities	**14,17,780.00**	34,80,912.24
Repayment of borrowings through Debt Securities	**(19,15,431.40)**	(32,01,672.60)
Proceeds from Borrowings (Other than Debt Securities)	**30,67,768.81**	31,52,262.34
Repayment of Borrowings (Other than Debt Securities)	**(21,96,458.97)**	(23,41,343.42)
Proceeds from borrowings through Subordinated Liabilities	**10,000.00**	37,187.23
Repayment of borrowings through Subordinated Liabilities	**(13,976.88)**	(1,680.00)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	**(22,600.50)**	(2,205.46)
Increase / (decrease) in Fixed deposits (net)	**3,14,373.92**	2,59,800.55
Payments for principal portion of lease liability	**(4,802.62)**	-
Dividend paid (including tax on dividend)	**(51,681.23)**	(32,153.90)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**6,04,971.13**	**13,48,952.54**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**24,537.91**	**19,853.66**
Cash and Cash Equivalents at the beginning of the year	**53,722.32**	**33,868.66**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**78,260.23**	**53,722.32**
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Cash on hand	**1,519.28**	4,366.26
- Cheques and drafts on hand	**409.04**	1,601.77
- Balances with banks in current accounts	**56,331.91**	47,754.29
- Term deposits with original maturity up to 3 months	**20,000.00**	-
Total	**78,260.23**	**53,722.32**

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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 and joint venture 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.

These consolidated financial statements have been approved by the Company's Board of Directors and authorized for issue on 15 May 2020.

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 Group. 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 as required by relevant Ind AS.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, associate and joint venture.

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 directly in equity and attributed to owners of the Company.

Inter-company 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.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. Investment in joint ventures 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 judgments and Estimation uncertainty

In preparing these financial statements, management has made judgments, 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 judgment 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 judgment regarding the expected behavior 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 judgment, 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 judgments 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

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

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 50).

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 judgments 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.

Provision for income tax and deferred tax assets:

The Group uses estimates and judgments based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid/recovered for uncertain tax postions. A deferred tax asset is recognised to the extent that it

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Group exercises its judgment to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Defined Benefit Plans:
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Estimation uncertainty relating to the global health pandemic from COVID-19:
The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;

- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and

- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Management believe are reasonable in the circumstances. There is a considerable degree of judgment involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these consolidated Financial Statements. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions (refer note 50).

2.7 Revenue recognition :

a) Recognition of interest income on loans

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.

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.

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) Subvention income

Subvention income received from manufacturers / dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognised in Statement of profit and loss using the effective interest method over the tenor of such loan for all financial instruments measured at amortised cost. In cases where the subvention income is determined based on achievement of certain volume or business target and right to receive such subvention is established, it is recognized fully in the Statement of profit and loss using straight line method over the tenor of such loan contracts.

c) Rental Income

Income from operating leases is recognised in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognised over and above minimum commitment charges based on usage pattern and make/model of the asset.

d) 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.

e) 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.

f) 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.

2.8 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

In accordance with Ind AS 116 - Leases, applicable effective from 1 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

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
Right-Of-Use assets (Leasehold premises)	2 to 10 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 (calculated as the difference 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 a) 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 calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

b) Intangible assets under development :

The Group, initially recognizes intangible asset under development at cost during the development phase based on the management's judgement that technological and economic feasibility is confirmed. Upon completion of the development phase, the amount is capitalized as intangible asset.

2.10 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.

2.11 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 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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 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 recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

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.

h) 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).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Group's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

The Group recognises lifetime ECL for trade, lease and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the respective businesses of the Group'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.

i) 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.

j) 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 from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

2.12 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 and National Pension Scheme

Group's contribution paid/payable during the year to provident fund, ESIC and National Pension Scheme 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

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 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.

2.13 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.

Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Group's weighted average incremental borrowing rate has been included under finance costs.

2.14 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. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

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 extant 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 extant that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.15 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

2.16 Impairment of assets other than financial assets :

The Group reviews the carrying amounts of its tangible (PPE , including assets given on operating lease) 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.

2.17 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.

2.18 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.

2.19 Leases :

Where the Group is the lessee -

As a lessee, the Group's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Group's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

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

Where the Group is the lessor -

At the inception of the lease, the Group classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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. Costs including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct costs are recognised immediately in Statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Group has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31,2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.
a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;
b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;
c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.
d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;
Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed

from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability in the current financial year. The effect of transition to Ind AS 116 and other disclosures are set out under note no.41.

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 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.

2.22 Standards issued but not yet effective :

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

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

3 CASH AND CASH EQUIVALENTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Cash on hand	**1,627.41**	4,366.26
Cheques and drafts on hand	**300.91**	1,601.77
Balances with banks in current accounts	**56,331.91**	47,754.29
Term deposits with original maturity up to 3 months	**20,000.00**	-
	78,260.23	**53,722.32**

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Earmarked balances with banks -		
- Unclaimed dividend accounts	**68.66**	89.78
Term deposits with maturity less than 12 months -		
- Free	**4,575.00**	15,001.00
- Under lien #	**70,255.78**	30,590.65
	74,899.44	**45,681.43**

Details of Term deposits

Rs. in Lakhs

Particulars	As at 31 March 2020			As at 31 March 2019		
	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	**22,501.00**	**20,000.00**	**42,501.00**	5,517.23	7,500.00	13,017.23
For securitization transactions	**46,208.47**	**4,330.00**	**50,538.47**	24,538.61	-	24,538.61
Legal deposits	**21.31**	**60.25**	**81.56**	9.81	71.50	81.31
For towards Constituent Subsidiary General Ledger (CSGL) account	**1,500.00**	-	**1,500.00**	500.00	-	500.00
Collateral deposits with banks for Aadhaar authentication	**25.00**	**100.00**	**125.00**	25.00	-	25.00
Total	**70,255.78**	**24,490.25**	**94,746.03**	**30,590.65**	**7,571.50**	**38,162.15**

5 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
Currency derivatives :				
Forward contracts	**58,205.49**	**2,323.02**	59,659.22	917.97
Options	**2,05,079.75**	**6,969.74**	-	88.42
Total derivative financial instruments	**2,63,285.24**	**9,292.76**	**59,659.22**	**1,006.39**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

6 RECEIVABLES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Trade receivables		
i) Secured, considered good		
- Lease rental receivable on operating lease transactions	**64.64**	18.85
Less : Impairment loss allowance	**(1.48)**	-
	63.16	**18.85**
ii) Unsecured, considered good :		
- Subvention and other income receivables	**5,227.90**	5,341.46
iii) Credit impaired :		-
- Trade receivable on hire purchase transactions	**373.39**	373.39
- Subvention and other income receivables	**241.95**	109.75
	615.34	**483.14**
Less : Impairment loss allowance	**(615.34)**	(483.14)
	5,291.06	**5,360.31**

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

Particulars	31 March 2020	31 March 2019
A) Loans (at amortized cost) :		
Retail loans	**64,43,978.16**	58,74,147.34
Small and Medium Enterprise (SME) financing	**1,86,440.83**	1,88,053.12
Loans under housing finance business	**8,44,389.35**	8,04,874.76
Bills of exchange	**53,166.01**	61,534.86
Trade Advances	**1,23,934.89**	1,87,430.56
Inter corporate deposits to related parties	**100.00**	100.00
Other loans and advances	**23.42**	12.27
Total (Gross)	**76,52,032.66**	**71,16,152.91**
Less : Impairment loss allowance	**(3,65,654.21)**	(2,22,252.94)
Total (Net)	**72,86,378.45**	**68,93,899.97**
B) i) Secured by tangible assets	**73,74,911.86**	67,86,072.79
ii) Secured by intangible assets	-	-
iii) Covered by bank / Government guarantees	-	-
iv) Unsecured	**2,77,120.80**	3,30,080.12
Total (Gross)	**76,52,032.66**	**71,16,152.91**
Less : Impairment loss allowance	**(3,65,654.21)**	(2,22,252.94)
Total (Net)	**72,86,378.45**	**68,93,899.97**
C) i) Loans in India		
a) Public Sector	-	-
b) Others	**76,52,032.66**	71,16,152.91
Total (Gross)	**76,52,032.66**	**71,16,152.91**
Less : Impairment loss allowance	**(3,65,654.21)**	(2,22,252.94)
Total (Net) - C (i)	**72,86,378.45**	**68,93,899.97**
ii) Loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (Net) - C (ii)	**-**	**-**
Total (Net) - C (i+ii)	**72,86,378.45**	**68,93,899.97**

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

8 INVESTMENTS

Rs. in Lakhs

Investments	31 March 2020						31 March 2019					
	Amortized cost	At Fair Value			Others (at cost)	Total	Amortized cost	At Fair Value			Others (at cost)	Total
		Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total		
Units of mutual funds		-	3,39,750.56	3,39,750.56	-	3,39,750.56	-	-	63,412.45	63,412.45	-	63,412.45
Government securities	98,049.30	14,301.61	-	14,301.61		1,12,350.91	70,922.15					70,922.15
Debt securities -				-								
i) Secured redeemable non-convertible debentures	2,500.00	-	-	-	-	2,500.00	6,200.00	-	-	-	-	6,200.00
ii) Investments in Pass Through Certificates under securitization transactions	12,409.65	-	-	-	-	12,409.65	21,359.96	-	-	-	-	21,359.96
iii) Commercial Papers	-		-	-	-	-	21,994.94	-	59,070.39	59,070.39	-	81,065.33
iv) Certificate of deposits with banks	-	-	-	-	-	-	-		46,910.08	46,910.08	-	46,910.08
v) Investment in Bonds of Food Corporation of India and NCDs of NABARD	-	10,474.76	-	10,474.76	-	10,474.76		-	-	-	-	-
vi) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited	-	-	-	-	-	-		-	1,088.52	1,088.52	-	1,088.52
Equity instruments of associate -												
49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC. in United States of America)	-	-	-	-	49,371.81	49,371.81	-	-	-	-	40,894.08	40,894.08
Equity instruments of joint venture -												
38.20% Ownership in Ideal Finance Limited, Sri Lanka (Joint venture entity with Ideal Finance Limited in Sri Lanka)	-	-	-	-	4,411.85	4,411.85	-	-	-	-	-	-
Equity instruments of other entities -												
i) 'Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	1,361.32	-	1,361.32	-	1,361.32	-	1,154.65	-	1,154.65	-	1,154.65
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	311.98	-	311.98	-	311.98	-	-	-	-	-	-
iii) 'Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted in to equity shares on exercise of conversion option after meeting applicable terms and conditions)	-	1,218.53	-	1,218.53	-	1,218.53	-	-	-	-	-	-
iv) 'New Democratic Electoral Trust	-	-	-	-	1.00	1.00			-	-	1.00	1.00
v) 'Equity investment in MF Utilities Limited	-	9.60	-	9.60	-	9.60	-	9.60	-	9.60	-	9.60
Total - Gross (A)	**1,12,958.95**	**27,677.80**	**3,39,750.56**	**3,67,428.36**	**53,784.66**	**5,34,171.97**	**1,20,477.05**	**1,164.25**	**1,70,481.44**	**1,71,645.69**	**40,895.08**	**3,33,017.82**
i) Investments outside India	-	-	-	-	53,783.66	53,783.66	-	-	-	-	40,894.08	40,894.08
ii) Investments in India	1,12,958.95	27,677.80	3,39,750.56	3,67,428.36	1.00	8,47,816.67	1,20,477.05	1,164.25	1,70,481.44	1,71,645.69	1.00	4,63,769.43
Total - Gross (B)	**1,12,958.95**	**27,677.80**	**3,39,750.56**	**3,67,428.36**	**53,784.66**	**5,34,171.97**	**1,20,477.05**	**1,164.25**	**1,70,481.44**	**1,71,645.69**	**40,895.08**	**3,33,017.82**
Less : Allowance for Impairment loss (C)	136.19	-	-	-	-	136.19	282.52	-	-	-	-	282.52
Total - Net D (A-C)	**1,12,822.76**	**27,677.80**	**3,39,750.56**	**3,67,428.36**	**53,784.66**	**5,34,035.78**	**1,20,194.53**	**1,164.25**	**1,70,481.44**	**1,71,645.69**	**40,895.08**	**3,32,735.30**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

9 OTHER FINANCIAL ASSETS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Interest accrued on investments	**2,393.28**	1,564.09
Interest accrued on other deposits	**4,615.09**	946.97
Security Deposits	**3,791.88**	3,487.02
Term deposits with banks (remaining maturity more than 12 months)		
- Free	**15,444.49**	3,281.49
- Under lien	**24,490.25**	7,571.50
Others	**1,243.72**	4,356.01
	51,978.71	**21,207.08**

10 DEFERRED TAX ASSETS (NET) AND TAX EXPENSE

(i) Deferred tax assets (net)

Rs. in Lakhs

	Balance as at 1 April 2018	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities :									
- Share based payments	(703.06)	(470.85)	-	-	(1,173.91)	11.70	-	-	(1,162.21)
- Application of EIR on financial assets & liabilities	(3,903.52)	(4,058.68)	-	-	(7,962.20)	3,226.79	-	-	(4,735.41)
- FVTPL financial asset	(9.37)	(238.98)	-	-	(248.35)	(589.21)	-	-	(837.56)
- Others	(959.09)	(580.61)	(749.03)	-	(2,288.73)	(3,626.92)	-	-	(5,915.65)
	(5,575.04)	**(5,349.12)**	**(749.03)**	**-**	**(11,673.19)**	**(977.64)**	**-**	**-**	**(12,650.83)**
Tax effect of items constituting deferred tax assets :									
- Provision for employee benefits	2,430.87	129.74	-	512.84	3,073.45	570.15	-	63.76	3,707.36
- Derivatives	2,130.60	1,909.02	-	-	4,039.62	2,385.86	-	-	6,425.48
- Depreciation on fixed assets	190.73	108.52	-	-	299.25	(1.98)	-	-	297.27
- Application of EIR on financial liabilities	292.37				292.37	(81.79)	-	-	210.58
- Allowance for ECL	65,664.40	(24,462.72)	-	-	41,201.68	14,672.21	-	-	55,873.89
- Others	6,717.84	1,453.14	-	(434.41)	7,736.57	(3,577.76)	-	(139.14)	4,019.67
	77,426.81	**(20,862.30)**	**-**	**78.43**	**56,642.94**	**13,966.69**	**-**	**(75.38)**	**70,534.25**
Net deferred tax assets	**71,851.77**	**(26,211.43)**	**749.03**	**78.43**	**44,969.75**	**12,989.05**	**-**	**(75.38)**	**57,883.42**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

(ii) Income tax recognized in Statement of profit and loss

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
(a) Current tax:		
In respect of current year	**64,730.05**	70,650.28
In respect of prior years	**(119.80)**	486.26
	64,610.25	**71,136.54**
(b) Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(25,152.61)**	26,211.43
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change) #	**12,163.56**	-
	(12,989.05)	**26,211.43**
Total Income tax recognized in Statement of profit and loss	**51,621.20**	**97,347.97**

(iii) Income tax recognized in Other Comprehensive Income

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Income 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	**63.76**	512.84
Net gain / (loss) on equity instruments through OCI	**(23.17)**	(158.87)
Net gain / (loss) on debt instruments through OCI	**(115.97)**	(275.54)
Total Income tax recognised in Other Comprehensive Income	**(75.38)**	**78.43**

(iv) 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

Particulars	As at 31 March 2020	As at 31 March 2019
Profit before tax	**1,55,613.24**	2,79,383.28
Applicable income tax rate	**25.168%**	34.944%
Expected income tax expense	**39,164.74**	97,627.69
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(1,439.60)**	(1,233.25)
Effect of expenses / provisions not deductible in determining taxable profit	**369.27**	(843.59)
Effect of tax incentives and concessions	**61.71**	251.54
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change) #	**12,163.56**	-
Adjustment related to tax of prior years	**(119.80)**	486.26
Tax not recognised	**1,807.06**	1,380.24
Others	**(385.74)**	(320.92)
Reported income tax expense	**51,621.20**	**97,347.97**

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 which provides for an option to domestic companies to pay income tax at a concessional rate. The Group has elected to apply the concessional tax rate. Accordingly, the respective businesses of the Group has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs.12,163.56 lakhs recognised as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

11 PROPERTY, PLANT AND EQUIPMENTS

Rs. in Lakhs

Particulars	Land	Buildings #	Building - Leasehold	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machinery under lease	Right-Of-Use Assets (Leasehold premises)	Total
GROSS CARRYING AMOUNT											
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**
Balance as at 1 April 2019	81.40	132.04	177.81	12,486.78	9,972.11	11,404.21	9,420.47	1,230.18	-	25,183.63	70,088.63
Additions during the year			36.61	775.09	777.46	939.25	2,546.45	4,054.47	19.06	4,533.27	13,681.66
Disposals / deductions during the year				477.97	200.41	561.54	991.08			-	2,231.00
Balance as at 31 March 2020	**81.40**	**132.04**	**214.42**	**12,783.90**	**10,549.16**	**11,781.92**	**10,975.84**	**5,284.65**	**19.06**	**29,716.90**	**81,539.29**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES											
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**
Balance as at 1 April 2019	-	28.00	10.05	8,389.97	6,369.47	7,996.85	5,246.59	45.53		-	28,086.46
Additions during the year	-	2.22	25.15	1,958.80	1,018.00	1,470.22	1,838.87	438.83	1.39	6,015.18	12,768.66
Disposals / deductions during the year	-	-		477.17	186.09	553.61	874.53	-		-	2,091.40
Balance as at 31 March 2020	**-**	**30.22**	**35.20**	**9,871.60**	**7,201.38**	**8,913.46**	**6,210.93**	**484.36**	**1.39**	**6,015.18**	**38,763.72**
NET CARRYING AMOUNT											
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**
As at 31 March 2020	**81.40**	**101.82**	**179.22**	**2,912.30**	**3,347.78**	**2,868.46**	**4,764.91**	**4,800.29**	**17.67**	**23,701.72**	**42,775.57**

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

12 INTANGIBLE ASSETS

Rs. in Lakhs

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2018	3,998.08
Additions during the year	3,889.43
Deductions during the year	-
Balance as at 31 March 2019	**7,887.51**
Balance as at 1 April 2019	7,887.51
Additions during the year	1,375.71
Deductions during the year	45.31
Balance as at 31 March 2020	**9,217.91**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2018	3,072.15
Additions during the year	1,488.92
Deductions during the year	-
Balance as at 31 March 2019	**4,561.07**
Balance as at 1 April 2019	4,561.07
Additions during the year	1,918.72
Deductions during the year	22.14
Balance as at 31 March 2020	**6,457.65**
NET CARRYING AMOUNT	
As at 31 March 2019	**3,326.44**
As at 31 March 2020	**2,760.26**

13 OTHER NON-FINANCIAL ASSETS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Capital advances	**2,201.03**	896.25
Prepaid expenses	**4,397.82**	3,188.81
Balances with Government Authorities	**1,221.09**	1,224.00
Unamortised placement and arrangement fees paid on borrowing instruments	**302.36**	401.48
Insurance advances	**290.94**	185.59
Others	**1,450.21**	1,681.03
	9,863.45	**7,577.16**

14 DERIVATIVE FINANCIAL INSTRUMENTS

Rs. in Lakhs

Particulars	31 March 2020		31 March 2019	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency derivatives :				
Forward contracts	**20,013.63**	**2,559.18**	20,231.96	2,176.30
Options	-	**1,456.88**	1,23,078.50	5,526.23
Total derivative financial instruments		**4,016.06**		**7,702.53**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

15 PAYABLES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	**25.61**	23.72
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**69,297.22**	1,11,406.58
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	**17.40**	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**2,944.47**	3,164.54
	72,284.70	**1,14,848.13**

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

Particulars	31 March 2020	31 March 2019
a) Dues remaining unpaid to any supplier at the year end		
- Principal	**42.50**	27.42
- 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	**49.47**	-
- Interest paid in terms of Section 16 of the MSMED Act	**0.93**	-
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	-	-
	92.90	**27.42**

16 DEBT SECURITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At Amortised cost		
Non-convertible debentures (Secured)	**18,99,694.63**	21,50,047.33
Non-convertible debentures (Unsecured)	**39,800.02**	19,893.55
Commercial Papers (Unsecured)	-	3,01,647.62
Rupee Denominated Secured Bonds overseas (Masala Bonds)	**34,966.42**	-
Total (A+B)	**19,74,461.07**	**24,71,588.50**
Debt securities in India	**19,39,494.65**	24,71,588.50
Debt securities outside India	**34,966.42**	-
Total	**19,74,461.07**	**24,71,588.50**

Note: There is no debt security measured at FVTPL or designated at FVTPL.

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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Details of Non-convertible debentures (Secured) :

Rs. in Lakhs

From the Balance Sheet date	AS at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**7.10%-9.40%**	**7,03,050.00**	7.29%-9.45%	7,66,000.00
Maturing between 1 year to 3 years	**7.00%-9.75%**	**4,55,980.00**	7.35% - 9.75 %	8,85,300.00
Maturing between 3 years to 5 years	**7.45%-9.25%**	**2,26,800.00**	7.82% - 9.25%	1,44,500.00
Maturing beyond 5 years	**7.75%-9.18%**	**3,38,760.00**	8.30% - 9.18%	1,84,010.00
Sub-total at face value (A)		**17,24,590.00**		**19,79,810.00**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**9.00%-9.05%**	**40,540.83**	9.00%-9.15%	94,096.94
Maturing between 3 years to 5 years	**9.10%-9.15%**	**53,556.11**		
Maturing beyond 5 years	**9.20%-9.30%**	**86,915.30**	9.20%-9.30%	86,915.30
Sub-total at face value (B)		**1,81,012.24**		**1,81,012.24**
Total at face value (A+B)		**19,05,602.24**		**21,60,822.24**
Less: Unamortized discounting charges		**5,907.61**		10,774.91
Total amortized cost		**18,99,694.63**		**21,50,047.33**

Details of Non-convertible debentures (Unsecured) - :

Rs. in Lakhs

From the Balance Sheet date	AS at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing beyond 5 years	**8.53%**	**40,000.00**	8.53%	20,000.00
Total at face value		**40,000.00**		**20,000.00**
Less: Unamortised discounting charges		**199.98**		106.45
Total amortised cost		**39,800.02**		**19,893.55**

Details of Commercial Papers (Unsecured):

Rs. in Lakhs

From the Balance Sheet date	AS at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	-	-	7.70% - 9.05%	3,10,000.00
Total at face value		**-**		**3,10,000.00**
Less: Unamortised discounting charges		-		8,352.38
Total amortised cost		**-**		**3,01,647.62**

Rupee Denominated Secured Bonds overseas (Masala Bonds)

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing between 3 years to 5 years	7.40%	35,000.00	-	-
Total at face value		**35,000.00**		**-**
Less: Unamortised discounting charges		33.58		-
Total amortised cost		**34,966.42**		**-**

17 BORROWINGS (OTHER THAN DEBT SECURITIES)

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At Amortized cost		
a) Term loans		
i) Secured -		
- from banks	**20,80,872.19**	16,82,292.65
- from banks in foreign currency	**18,294.06**	63,403.97
- External Commercial Borrowings	**2,73,778.83**	1,37,396.77
- Associated liabilities in respect of securitisation transactions	**8,88,170.82**	4,34,734.49
- from other parties	**22.70**	3,180.20
ii) Unsecured -		
- from banks	**26,400.00**	5,813.54
b) Other loans and advances (other than related parties)		
Unsecured -		
- Inter-corporate deposits (ICDs)	**45,175.00**	1,13,850.00
c) Loans repayable on demand		
Secured -		
- Cash credit facilities with banks	-	22,600.50
Total	**33,32,713.60**	**24,63,272.12**
Borrowings in India	**30,58,934.77**	23,25,875.35
Borrowings outside India	**2,73,778.83**	1,37,396.77
Total	**33,32,713.60**	**24,63,272.12**

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 extend 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 2020

Details of term loans from banks (Secured)

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	**6.55%-9.75%**	**2,48,635.00**	8.20% -9.50%	1,66,400.00
Maturing between 1 year to 3 years	**6.95% -9.50%**	**2,62,500.00**	8.20% - 9.50%	1,00,500.00
Maturing between 3 years to 5 years			7.90% -9.50%	25,000.00
Total for repayable on maturity		**5,11,135.00**		**2,91,900.00**
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years	**7.85%**	**10,000.00**	8.91%	10,000.00
Sub-Total	-	**10,000.00**	-	**10,000.00**
ii) Quarterly -				
Maturing within 1 year	**5.45%-9.25%**	**1,72,923.61**	8.35% - 8.85%	1,05,313.49
Maturing between 1 year to 3 years	**5.45%-9.25%**	**3,02,711.31**	8.35% - 8.85%	2,21,666.67
Maturing between 3 years to 5 years	**8.00% - 8.20%**	**27,500.00**	8.70% - 8.85%	28,968.25
Sub-Total	-	**5,03,134.92**	-	**3,55,948.41**
iii) Half yearly -				
Maturing within 1 year	**7.15% - 10.50%**	**1,85,944.44**	7.45% - 10.50%	1,61,666.67
Maturing between 1 year to 3 years	**6.80% - 10.50%**	**3,49,554.90**	7.45% - 10.50%	3,33,666.67
Maturing beyond 3 years to 5 years	**7.75% - 10.50%**	**1,20,667.33**	8.55% - 10.50%	63,000.00
Sub-Total		**6,56,166.67**		**5,58,333.34**
iv) Yearly -				
Maturing within 1 year	**8.05%-9.70%**	**1,37,066.67**	8.20%-9.34%	75,333.33
Maturing between 1 year to 3 years	**8.05%-9.70%**	**2,38,983.33**	8.20%-9.70%	3,18,133.33
Maturing between 3 years to 5 years	**8.65%-9.70%**	**24,000.00**	8.20%-9.70%	73,050.00
Sub-Total		**4,00,050.00**		**4,66,516.67**
Total for repayable in installments		**15,69,351.59**		**13,90,798.41**
Total (1+2) (As per contractual terms)		**20,80,486.59**		**16,82,698.41**
Less Unamortized Finance Cost		**(385.60)**		405.76
Total Amortized Cost		**20,80,872.19**		**16,82,292.65**

Details of Secured term loans from banks in foreign currency

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**LIBOR plus spread 1.44% -2.20%**	**18,297.55**	LIBOR plus spread 2.00% -2.20%	63,399.36
Total		**18,297.55**		**63,399.36**
Less Unamortized Finance Cost		**3.49**		(4.61)
Total Amortized Cost		**18,294.06**		**63,403.97**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Details of External Commercial Borrowings (USD & Euro)

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing between 1 year to 3 years	**LIBOR plus spread 1.10 - 1.50%**	**2,76,243.96**	LIBOR plus spread 1.10%	1,39,698.35
Total		**2,76,243.96**		**1,39,698.35**
Less Unamortized Finance Cost		**2,465.13**		2,301.58
Total Amortized Cost		**2,73,778.83**		**1,37,396.77**

Details of associated liabilities related to Securitization transactions

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	**8.73% - 9.03%**	**3,86,697.24**	5.2%-9.25%	1,94,427.46
Maturing between 1 year to 3 years	**8.80% - 9.03%**	**4,48,365.86**	5.2%-9.25%	2,13,893.72
Maturing between 3 years to 5 years	**9.03%**	**53,107.72**	5.2%-9.25%	26,413.31
		8,88,170.82		**4,34,734.49**
Less Unamortized Finance Cost		**-**		**-**
Total		**8,88,170.82**		**4,34,734.49**

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

Details of Secured term loans from NHB

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable in installments :				
Quarterly -				
Maturing within 1 year	**8.85%**	**22.70**	9.05%-9.65%	2,206.40
Maturing between 1 year to 3 years		-	9.30%-9.55%	973.80
Total		**22.70**		**3,180.20**
Less Unamortized Finance Cost		**-**		**-**
Total Amortized Cost		**22.70**		**3,180.20**

Details of Unsecured term loans from banks

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.80% - 9.00%**	**26,400.00**	8.00% - 8.40%	5,813.54
Total		**26,400.00**		**5,813.54**
Less Unamortized Finance Cost		**-**		**-**
Total Amortized Cost		**26,400.00**		**5,813.54**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Details of Inter-corporate deposits (ICDs) other than related parties :

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.20%-8.50%**	**30,000.00**	7.75% - 9.40%	1,13,850.00
Maturing between 1 year to 3 years	**7.55%-7.90%**	**15,175.00**		-
Total		**45,175.00**		**1,13,850.00**
Less Unamortized Finance Cost		**-**		**-**
Total Amortized Cost		**45,175.00**		**1,13,850.00**

Loans repayable on demand - Cash credit facilities with banks (Secured)

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year		-	8.70%-9.80%	22,600.50
Total		**-**		**22,600.50**
Less Unamortized Finance Cost		-		-
Total Amortized Cost		**-**		**22,600.50**

18 DEPOSITS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At amortized cost		
Deposits (Unsecured)		
- **Public deposits**	**8,78,138.98**	5,63,093.41
Total	**8,78,138.98**	**5,63,093.41**

Note: There is no other deposit measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.00% - 9.60%**	**1,66,223.58**	7.30% - 10.10%	1,36,237.00
Maturing between 1 year to 3 years	**6.9% - 9.15%**	**6,07,810.66**	7.35% - 9.60%	3,65,323.25
Maturing beyond 3 years	**7.65% - 9.15%**	**1,08,286.07**	7.35% - 10.10%	64,702.42
Total at face value		**8,82,320.31**		**5,66,262.68**
Less: Unamortised discounting charges		**4,181.33**		3,169.27
Total amortised cost		**8,78,138.98**		**5,63,093.41**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

19 SUBORDINATED LIABILITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
At Amortized cost		
Subordinated redeemable non-convertible debentures - private placement	**1,32,106.39**	1,36,491.33
Subordinated redeemable non-convertible debentures - retail public issue	**2,46,003.98**	2,45,716.76
Total	**3,78,110.37**	**3,82,208.09**
Subordinated liabilities in India	**3,78,110.37**	3,82,208.09
Subordinated liabilities outside India	-	-
Total	**3,78,110.37**	**3,82,208.09**

Note: There is no Subordinated liability measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortised cost) - Subordinated redeemable non-convertible debentures:

Rs. in Lakhs

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**9.50% - 9.80%**	**27,220.00**	9.85% - 10.02%	14,500.00
Maturing between 1 year to 3 years	**9.80% - 10.50%**	**17,050.00**	9.50% - 10.50%	37,270.00
Maturing between 3 years to 5 years	**8.40% - 9.70%**	**35,280.00**	9.50% - 10.15%	19,780.00
Maturing beyond 5 years	**8.90% - 9.50%**	**53,000.00**	8.40% - 9.60%	65,500.00
Sub-total at face value (A)		**1,32,550.00**		**1,37,050.00**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**8.34% - 8.70%**	**5,465.78**	8.34% - 8.70%	5,465.78
Maturing between 3 years to 5 years	**7.75% - 8.80%**	**7,165.96**	8.44% - 8.80%	1,233.72
Maturing beyond 5 years	**7.90% - 9.50%**	**2,36,108.62**	7.75% - 9.50%	2,42,040.86
Sub-total at face value (B)		**2,48,740.36**		2,48,740.36
Total at face value (A+B)		**3,81,290.36**		**3,85,790.36**
Less: Unamortised discounting charges		**3,179.99**		3,582.27
Total amortised cost		**3,78,110.37**		**3,82,208.09**

20 OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Interest accrued but not due on borrowings	**2,14,357.63**	1,90,089.74
Unclaimed dividends	**68.66**	89.36
Unclaimed matured deposits and interest accrued thereon	**522.20**	504.63
Deposits / advances received against loan agreements	**5,744.55**	6,937.36
Insurance premium payable	**1,401.75**	2,974.74
Salary, Bonus and performance payable	**7,167.57**	5,263.32
Provision for expenses	**7,917.22**	7,835.53
Gross obligation at fair value to acquire non-controlling interest	**35,560.00**	68,595.10
Lease liabilities (refer note 41)	**24,914.27**	-
Others	**1,763.49**	1,784.77
Total	**2,99,417.34**	**2,84,074.55**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

21 PROVISIONS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Provision for employee benefits		
- Gratuity	**3,406.06**	3,594.94
- Leave encashment	**8,960.31**	7,056.12
- Bonus, incentives and performance pay	**8,279.19**	13,920.97
Provision for loan commitment	**493.43**	921.90
Total	**21,138.99**	**25,493.93**

22 OTHER NON-FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Deferred subvention income	**2,691.27**	2,692.81
Statutory dues and taxes payable	**8,036.90**	5,820.29
Others	**641.93**	657.75
Total	**11,370.10**	**9,170.85**

23 EQUITY SHARE CAPITAL

Rs. in Lakhs

	AS at 31 March 2020	As at 31 March 2019
Authorized:		
70,00,00,000 (31 March 2019: 70,00,00,000) Equity shares of Rs.2/- each	**14,000.00**	14,000.00
50,00,000 (31 March 2019: 50,00,000) Redeemable preference shares of Rs.100/- each	**5,000.00**	5,000.00
Issued, Subscribed and paid-up:		
61,77,64,960 (31 March 2019: 61,77,64,960) Equity shares of Rs.2/- each fully paid up	**12,355.30**	12,355.30
Less : 24,17,256 (31 March 2019: 28,88,245) Equity shares of Rs.2/- each fully paid up issued to ESOS Trust but not yet allotted to employees	**48.35**	57.76
Adjusted Issued, Subscribed and paid-up Share capital	**12,306.95**	**12,297.54**

Rs. in Lakhs

Particulars	31 March 2020		31 March 2019	
	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**	61,77,64,960	12,355.30
Add : Fresh allotment of shares :	**-**	**-**	-	-
Balance at the end of the year	**61,77,64,960**	**12,355.30**	61,77,64,960	12,355.30
Less: Shares issued to ESOS Trust but not yet allotted to employees	**24,17,256**	**48.35**	28,88,245	57.76
Adjusted Issued, Subscribed and paid-up Share capital	**61,53,47,704**	**12,306.95**	61,48,76,715	**12,297.54**
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
Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%
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
Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%

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.

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)

Until issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the Companies Act, 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company was 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 be utilised only to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings. Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and written-back the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Details of dividends proposed

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Face value per share (Rupees)	**2.00**	2.00
Dividend percentage	**0%**	325%
Dividend per share (Rupees)	**-**	6.50
Dividend on Equity shares	**-**	40,154.72
Estimated dividend distribution tax	**-**	7,631.31
Total dividend including estimated dividend distribution tax	**-**	**47,786.03**

The dividends proposed for the financial year ended 31 March 2019 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. The proposed dividend of 325% pertaining to financial year ended 31 March 2019 included special dividend of 125%.

The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2020.

24 INTEREST INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
I) On financial instruments measured at Amortised cost		
Interest on loans	**11,22,483.82**	9,72,258.70
Income from bill discounting	**6,157.37**	6,535.21
Interest income from investments	**10,254.47**	16,117.25
Interest on term deposits with banks	**6,864.35**	2,017.44
Other interest income	**1.27**	17.90
II) On financial instruments measured at fair value through OCI		
On financial instruments measured at fair value through OCI	**-**	6.40
Total	**11,45,761.28**	**9,96,952.90**

Note: There is no loan asset measured at FVTPL.

25 FEES AND COMMISSION INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Fees / charges on loan transactions	**7,483.16**	8,606.49
Commission / brokerage received from mutual fund distribution/other debt products	**1,744.30**	2,424.02
Collection fees related to transferred assets under securitisation transactions	**1,185.90**	608.31
Total	**10,413.36**	**11,638.82**

26 NET GAIN / (LOSS) ON FAIR VALUE CHANGES

Rs. in Lakhs

	31 March 2020	31 March 2019
A) Net gain / (loss) on financial instruments at FVTPL		
i) On trading portfolio		
- Investments	**(191.35)**	191.35
ii) On financial instruments designated at FVTPL	**(53.54)**	77.88
B) Others - Mutual fund units	**2,806.45**	492.52
C) Total Net gain / (loss) on financial instruments at FVTPL	**2,561.56**	761.75
Fair value changes :		
- Realised	**-**	51.26
- Unrealised	**2,561.56**	710.49
D) Total Net gain / (loss) on financial instruments at FVTPL	**2,561.56**	**761.75**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

27 SALE OF SERVICES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Income from insurance broking business services	**24,682.92**	23,890.65
Income from mutual fund business	**1,285.89**	2,330.25
Total	**25,968.81**	**26,220.90**

28 OTHER INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Net gain on derecognition of property, plant and equipment	**70.09**	80.41
Net gain on sale of investments measured at amortised cost	**5,093.66**	(108.13)
Income from shared services	**6,143.05**	5,844.25
Others	**43.66**	98.85
Total	**11,350.46**	**5,915.38**

29 FINANCE COSTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
On financial liabilities measured at Amortised cost		
Interest on deposits	**67,242.25**	35,708.17
Interest on borrowings	**1,95,988.64**	1,52,024.29
Interest on debt securities	**2,47,778.04**	2,18,504.92
Interest on subordinated liabilities	**34,232.87**	31,950.77
Net loss in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
Interest expense on lease liabilities (refer note 41)	**2,016.58**	-
Other borrowing costs	**3,770.84**	2,346.20
Total	**5,39,056.37**	**4,43,227.98**

Note: There is no financial liability measured at FVTPL.

30 IMPAIRMENT ON FINANCIAL INSTRUMENTS

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
On financial instruments measured at Amortised cost		
Bad debts and write offs	**88,937.67**	1,80,171.45
Loans	**1,43,219.35**	(1,06,616.66)
Investments	**(146.33)**	(1,016.69)
Loan commitment	**(165.08)**	(827.27)
Trade receivables and other contracts	**52.22**	-
Total	**2,31,897.83**	**71,710.83**

Note: There is no financial instrument measured at FVOCI.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

31 EMPLOYEE BENEFITS EXPENSES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Salaries and wages	**1,39,494.36**	1,31,625.15
Contribution to provident funds and other funds	**11,293.47**	8,853.61
Share based payments to employees	**5,889.70**	3,109.42
Staff welfare expenses	**4,304.49**	4,206.58
Total	**1,60,982.02**	**1,47,794.76**

32 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Depreciation on Property, Plant and Equipment	**6,753.48**	6,064.40
Amortization and impairment of intangible assets	**1,918.72**	1,488.92
Depreciation on Right of Use Asset (refer note 41)	**6,015.18**	-
Total	**14,687.38**	**7,553.32**

33 OTHER EXPENSES

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Rent # (refer note 41)	**3,857.35**	8,415.45
Rates and taxes, excluding taxes on income	**2,599.75**	248.96
Electricity charges	**2,214.47**	2,606.04
Repairs and maintenance	**1,453.86**	1,889.34
Communication Costs	**3,331.79**	3,662.44
Printing and Stationery	**1,519.00**	2,013.91
Advertisement and publicity	**2,020.32**	3,707.52
Directors' fees, allowances and expenses	**567.80**	464.31
Auditor's fees and expenses -		
- Audit fees	**100.90**	106.67
- Taxation matters	**1.64**	4.14
- Other services	**69.25**	101.94
- Reimbursement of expenses	**2.66**	3.45
Legal and professional charges	**10,953.42**	11,803.84
Insurance	**5,339.57**	3,871.57
Manpower outsourcing cost	**5,205.65**	3,848.01
Donations	**3,334.57**	2,923.23
Corporate Social Responsibility (CSR) expenses	**869.62**	581.23
Conveyance and travel expenses	**18,318.37**	18,350.25
Other expenditure	**23,158.92**	15,844.90
Total	**84,918.91**	**80,447.20**

The Group has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognise short-term lease payments and payments for leases of low-value assets, which are not included in the measurement of the lease liability and ROU asset, as expense on a straight line basis over the lease term in the statement of profit or loss.

Accordingly, rent expenses for the year ended 31 March 2020 comprises of short-term lease payments and payments for leases of low-value assets recognized as per Ind AS 116, Leases.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

34 EARNING PER SHARE (EPS)

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Profit for the year (Rs. in Lakhs)	**1,07,514.53**	1,82,729.83
Weighted average number of Equity Shares used in computing basic EPS	**61,50,43,690**	61,46,21,661
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	**13,31,431**	13,32,128
Weighted average number of Equity Shares used in computing diluted EPS	**61,63,75,121**	61,59,53,789
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	**17.48**	29.73
Diluted Earnings per share (Rs.)	**17.44**	29.67

35 ACCUMULATED OTHER COMPREHENSIVE INCOME

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	**295.78**	-
- Net gain / (loss) on equity instruments through OCI	**268.65**	454.65
Income tax impact thereon	**(23.17)**	(158.87)
Balance at the end of the year : Subtotal (A)	**541.26**	**295.78**
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	**2,962.38**	50.62
- Exchange differences in translating the financial statements of a foreign associate	**3,900.25**	2,398.78
- Net gain / (loss) on debt instruments through OCI	**767.09**	788.52
Income tax impact thereon	**(115.97)**	(275.54)
Balance at the end of the year : Subtotal (B)	**7,513.75**	**2,962.38**
Accumulated Other Comprehensive Income (A + B)	**8,055.01**	**3,258.16**

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. Upon exercise of stock options under the scheme by eligible employees, the Trust had issued 32,13,044 equity shares to employees up to 31 March 2020 (31 March 2019: 27,42,055 equity shares), of which 4,70,989 equity shares (31 March 2019: 3,99,748 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

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

b) Options granted during the year:

During the year ended 31 March 2020, the Company has not granted any stock options (31 March 2019: 21,94,249) to the eligible employees under the Employees' Stock option scheme 2010. The details of stock options are as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	N/A	Grant dated 24 October 2018
Exercise price (Rs.)	-	2.00
No. of years vesting	-	5
Fair value of option (Rs.)	-	355.34

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables#	Year ended 31 March 2020	Year ended 31 March 2019
	N/A	Grant dated 24 October 2018
1) Risk free interest rate	-	7.77%
2) Expected life	-	4.51 years
3) Expected volatility	-	37.61%
4) Dividend yield	-	1.07%
5) Price of the underlying share in the market at the time of option grant (Rs.)	-	374.35

 # the values mentioned against each of the variables are based on the weighted average vesting period.

c) Summary of stock options:

Rs. in Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	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	**28,66,916**	**2.00**	**10,83,987**	**2.00**
Options granted during the year	-	**2.00**	21,94,249	2.00
Options forfeited / lapsed during the year	**42,882**	**2.00**	9,684	2.00
Options expired during the year	**2,703**	**2.00**	1,888	2.00
Options exercised during the year	**4,70,989**	**2.00**	3,99,748	2.00
Options outstanding at the end of the year	**23,50,342**	**2.00**	28,66,916	2.00
Options vested but not exercised at the end of the year	**5,02,244**	**2.00**	1,76,151	2.00

d) Information in respect of options outstanding:

Exercise price	As at 31 March 2020		As at 31 March 2019	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Rs.2.00	**23,50,342**	**54 months**	28,66,916	62 months

e) Average share price at recognised stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2020		Year ended 31 March 2019	
Date of exercise	Weighted average share price (Rs.)	Date of exercise	Weighted average share price (Rs.)
27 April 2019 to 22 March 2020	**335.73**	27 April 2018 to 22 March 2019	441.05

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.2,941.80 lakhs (31 March 2019: Rs.2,255.02 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.51.60 lakhs (31 March 2019 : Rs. 27.40 lakhs) in respect of options granted to employees of the Company and excludes net recovery of Rs.56.96 lakhs (31 March 2019 : Rs.100.36 lakhs) from its subsidiaries for options granted to their employees.

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 volatility -

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
to the Consolidated Financial Statements for the year ended 31 March 2020

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 2020	Year ended 31 March 2019
I. Amounts recognized in the Statement of Profit & Loss		
Current service cost	**1,435.15**	1,259.75
Net Interest cost	**250.19**	174.07
Past service cost	**17.57**	-
Actuarial (gain)/loss	**(1,091.19)**	4.03
Adjustment due to change in opening balance of Plan assets	**(339.69)**	(186.31)
Total expenses included in employee benefits expense	**272.03**	1,251.54
II. Amount recognized in Other Comprehensive income		
Remeasurement (gains)/losses:		
(a) Actuarial (gains)/losses arising from changes in -		
- demographic assumptions	**35.02**	(23.82)
- financial assumptions	**(1,248.78)**	(1,329.02)
- experience adjustments	**(364.72)**	(126.63)
(b) Return on plan assets, excluding amount included in net interest expense/ (income)	**(2.90)**	(2.51)
Total amount recognised in other comprehensive income	**(1,581.38)**	**(1,481.98)**
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	**8,804.50**	6,156.58
Add/(less) on account of business combination/transfers	**(0.54)**	-
Current service cost	**1,435.15**	1,259.75
Past service cost	**(1,091.19)**	-
Interest expense	**675.29**	474.74
Remeasurement (gains)/losses arising from changes in -		
- demographic assumptions	**(33.32)**	59.81
- financial assumptions	**1,016.49**	87.74
- experience adjustments	**214.73**	1,054.65
Benefits paid	**(319.02)**	(288.76)
Closing defined benefit obligation	**10,702.08**	**8,804.51**
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	**5,209.55**	3,655.91
Interest income	**353.36**	5.90
Expected return on plan assets	**(278.79)**	46.50
Contributions by employer	**2,024.73**	1,573.23
Adjustment due to change in opening balance of Plan assets	**306.19**	216.77
Actual Benefits paid	**(319.02)**	(288.76)
Closing Fair value of plan assets	**7,296.02**	**5,209.55**
V. Net defined benefit obligation		
Defined benefit obligation	**10,702.08**	8,804.51
Fair value of plan assets	**7,296.02**	5,209.55
Surplus/(Deficit)	**3,406.06**	3,594.95
Current portion of the above	**1,008.21**	900.54
Non current portion of the above	**2,397.85**	2,694.40

Actuarial assumptions and Sensitivity

Particulars	Funded Plan Gratuity	
	Year ended 31 March 2020	Year ended 31 March 2019
I. Actuarial assumptions		
Discount Rate (p.a.)	**6.90%**	7.67%
Attrition rate	**12.41 for age upto 30, 8.21 for age 31-44, 21.00 for 44 and above**	19%-43% for age upto 35, 3%-36% for age 36-45, 3%-17% for age 46 and above
Expected rate of return on plan assets (p.a.)	-	-
Rate of Salary increase (p.a.)	**7.00%**	5-7%
In-service Mortality	**Indian Assured Lives Mortality (2012-14) 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	**(1,019.28)**	(1469.99)
One percentage point decrease in discount rate	**1,184.34**	1501.60
One percentage point increase in Salary growth rate	**1,170.81**	1498.94
One percentage point decrease in Salary growth rate	**(1,026.91)**	(1490.60)
III. Maturity profile of defined benefit obligation		
Within 1 year	**2,012.57**	1,775.85
Between 1 and 5 years	**10,768.55**	8,575.72

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 provident fund, superannuation fund and national pension scheme aggregating to Rs.9025.72 lakhs (31 March 2019: Rs. 5314.58 lakhs) has been recognized in the Statement of profit and loss under the head " Employee benefits expense".

38 FUNDS RAISED BY ISSUE OF RUPEE DENOMINATED USD SETTLED, SECURED NOTES ("MASALA BONDS")

During the quarter and year ended 31 March 2020, the Company had raised funds in the overseas market amounting to Rs. 35,000.00 lakhs (equivalent to USD 50 million) through issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds") under External Commercial Borrowings (ECB) accessed through approval route requiring prior approval of RBI as per ECB Master directions. These are unlisted instruments, issued on 13 February 2020 for total duration of 4 years, carrying a fixed coupon rate of 7.40%, repayable at par on maturity on 13 February 2024.

The net proceeds from the issue of these Notes were applied for the purpose of on-lending, in accordance with the approvals granted by the RBI and the ECB Master Directions.

39 FUNDS RAISED BY ISSUE OF DEBT INSTRUMENTS THROUGH PUBLIC ISSUE

During the year ended 31 March 2020, there was no capital raised by issue of debt instruments through public issue.

During the corresponding previous year ended 31 March 2019, the Company has raised an amount of Rs. 2,14,699.47 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 previous year were allotted on 18 January 2019 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

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 2020	Year ended 31 March 2019
i)	Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	33,687.23
ii)	Secured Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	1,81,012.24
	Total	**-**	**2,14,699.47**
	Issue expenses [transferred to amortisation account for charge off at effective interest rate of respective instruments over the tenor]	-	2,100.00

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 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.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and written-back an amount of Rs. 22,370.59 lakhs being the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

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, as applicable, 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 to capital and capital adequacy ratios as prescribed by RBI, details of which are given below :-

Regulatory capital

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Tier - I capital	**9,62,920.99**	10,02,787.58
Tier - II capital	**2,64,543.44**	3,08,102.15
Total Capital	**12,27,464.43**	13,10,889.73
Risk weighted assets	**62,48,547.10**	64,59,392.68
Tier - I capital ratio	**15.4%**	15.5%
Total Capital ratio	**19.6%**	20.3%

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

I) In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Group's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Group, previously classified these leases as operating leases under Ind AS 17 based on its assessment that the lessor effectively retained substantially all the risks and benefits incidental to ownership of the underlying asset and hence, the lease payments were recognized as an expense in the Statement of profit and loss.

The Group has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Group has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and ROU asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments in relation to leases which has been previously classified as operating leases under Ind AS 17 subject to certain practical expedients as allowed by the Standard.

The following is the summary of practical expedients elected on initial application of Ind AS 116.

a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

b) Availed the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

d) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

e) Used hindsight to determine the lease term of contracts.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The weighted average of Group's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was in the range of 9.00-9.75%.

Transition date reconciliation as at 1 April 2019 :

	Rs. in Lakhs
Operating lease commitments as per Ind AS 17 as at 31 March 2019	39,790.53
Present value using incremental borrowing rate	27,416.97
Less:- Adjustments for recognising exemption for short term leases	2,233.34
Lease liabilities recognised as at 1 April 2019	25,183.63

Maturity Analysis - Contractual Undiscounted Cash Flow as at 31 March 2020:

	Rs. in Lakhs
Less than 1 year	6,507.79
1 - 3 years	9,960.65
3 - 5 years	6,781.58
More than 5 years	5,607.55
Total undiscounted lease liabilities as at 31 March 2020	28,857.57

Other disclosures:

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognise short-term lease payments and payments for leases of low-value assets which are not included in the measurement of the lease liability and ROU as expense on a straight line basis over the lease term in the statement of profit or loss. Following table summarizes other disclosures including

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped.

Rs. in Lakhs

		Amount for the year ended / As at 31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 32 "Depreciation, amortization and impairment")	**6,015.18**
ii)	Interest expense on lease liabilities (presented under note - 29 "Finance costs")	**2,016.58**
iii)	Expense relating to short-term leases (included in Rent expenses under note 33 " Other expenses")	**2,481.85**
iv)	Expense relating to leases of low-value assets (included in Rent expenses under note 33 " Other expenses")	**1,375.50**
v)	Payments for principal portion of lease liability	**4,802.62**
vi)	Additions to right-of-use assets during the year	**4,533.27**
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -	
	- Property taken on lease for office premises (presented under note - 11 "Property, plant and equipments")	**23,701.72**
viii)	Lease liabilities (presented under note - 20 "Other financial liabilities")	**24,914.27**

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease 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 extension 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 Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Group does not have any sub-lease transactions.

Other details are as follows:

Rs. in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i) New vehicles to retail customers on operating lease -		
Gross carrying amount	**4,925.95**	13.75
Depreciation for the year	**396.21**	0.74
Accumulated Depreciation	**427.88**	13.02
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Gross carrying amount	**358.71**	63.40
Depreciation for the year	**42.62**	0.30
Accumulated Depreciation	**56.49**	63.10

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i) New vehicles to retail customers on operating lease -		
Not later than one year	**1,451.45**	357.77
Later than one year but not later than five years	**3,578.70**	1,253.64
Later than five years	-	-
	5,030.15	**1,611.41**
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Not later than one year	**50.92**	37.55
Later than one year but not later than five years	**33.71**	29.07
Later than five years	-	-
	84.63	**66.62**

Since there is no contingent rent applicable in respect of these lease arrangements, the Group has not recognised any income as contingent income during the year.

42 FRAUDS REPORTED DURING THE YEAR

There were 381 cases (31 March 2019: 248 cases) of frauds amounting to Rs.525.51 lakhs (31 March 2019: Rs.880.16 lakhs) reported during the year. The Group has recovered an amount of Rs.178.22 lakhs (31 March 2019: Rs.112.73 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

Particulars	31 March 2020	31 March 2019
i) Contingent liabilities		
Claims against the Company not acknowledged as debts	**14,604.85**	22,279.22
Guarantees	**1,11,742.35**	51,236.91
Other money for which the Company is contingently liable	**86.46**	60.98
	1,26,433.66	**73,577.11**
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	**1,576.30**	615.58
Other commitments	**65,926.94**	97,877.80
	67,503.24	98,493.38
	1,93,936.90	**1,72,070.49**

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.

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 judgment clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Group has been legally advised that there are interpretative challenges on the application of judgment 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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 2020	31 March 2019
Securitizations -		
Carrying amount of transferred assets measured at amortised cost	**8,85,523.52**	4,31,200.15
Carrying amount of associated liabilities (Term Loan)	**8,88,170.82**	4,34,734.49
Fair value of assets (A)	**8,76,973.52**	3,62,188.41
Fair value of associated liabilities (B)	**8,16,917.73**	4,13,225.89
Net position at FV (A-B)	**60,055.79**	(51,037.48)

45 CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year ended 31 March 2020, the Group has incurred an expenditure of Rs. 3,277.74 Lakhs (31 March 2019 : Rs. 3,037.49 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.298.40 Lakhs (31 March 2019: Rs. 208.26 Lakhs) towards the CSR activities undertaken by the Group.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Group during the year is Rs.3076.29 lakhs (31 March 2019: Rs. 3,255.24 lakhs).

b) Amount spent by the Group during the year :

Rs. in Lakhs

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	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	3,593.88	-	3,593.88	3,261.54	-	3,261.54

The above expenditure includes Rs.17.74 lakhs (31 March 2019: Rs.15.79 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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

46 During the year ended 31 March 2020, the Group had made a contribution of Rs.600.00 lakhs (31 March 2019: Rs.240.00 lakhs) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013.

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 OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Year ended 31 March 2020

Rs. in Lakhs

Particulars	31 March 2019	Cash flows (net)	Exchange difference	Amortization of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2020
Debt securities	24,71,588.50	(4,97,651.40)	-	523.97	-	**19,74,461.07**
Borrowings (Other than debt securities)	24,63,272.12	8,48,709.34	19,173.16	1,558.98	-	**33,32,713.60**
Deposits	5,63,093.41	3,14,373.92	-	671.65	-	**8,78,138.98**
Subordinated liabilities	3,82,208.09	(3,976.88)	-	(120.84)	-	**3,78,110.37**
Lease liabilities	-	(4,802.62)	-	-	29,716.90	**24,914.27**
Dividend paid (including tax on dividend)	-	(51,681.23)	-	-	-	-
Total liabilities from financing activities	**58,80,162.12**	**6,04,971.13**	**19,173.16**	**2,633.76**	**29,716.90**	**65,88,338.29**

Year ended 31 March 2019

Rs. in Lakhs

Particulars	31 March 2018	Cash flows (net)	Exchange difference	Amortization 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**
Expenses incurred on issuance of Equity shares	-	(10.93)	-	-	-
Expenses incurred on issuance of Non-convertible debentures	-	(2,143.51)	-	-	-
Dividend paid (including tax on dividend)	-	(32,153.90)	-	-	-
Total liabilities from financing activities	**44,98,615.29**	**13,48,952.54**	**826.29**	**(2,540.34)**	**58,80,162.12**

49 SEGMENT INFORMATION

Primary segment (Business Segment)

The Group's business is organised in to following segments and the 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, SMEs and housing finance.
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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 Operating Segments:

Rs. in Lakhs

Particulars	Year ended 31 March 2020			Year ended 31 March 2019		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
External Revenue	**11,73,352.05**	**26,293.56**	**11,99,645.61**	10,16,528.10	26,557.37	10,43,085.47
Inter Segment Revenue	**3,922.26**	**9,580.48**	**13,502.74**	2,847.78	8,984.60	11,832.38
Total Revenue	**11,77,274.31**	**35,874.04**	**12,13,148.35**	**10,19,375.88**	**35,541.97**	**10,54,917.85**
Segment Results (Profit before tax and after interest on Financing Segment)	**1,51,765.86**	**3,847.38**	**1,55,613.24**	2,72,837.53	6,545.75	2,79,383.28
Share of profits in associates and joint venture	**4,589.73**	-	**4,589.73**	4,692.88	-	4,692.88
Less: Interest on Unallocated reconciling items	-	-	-	-	-	-
Net Profit before tax	**1,56,355.59**	**3,847.38**	**1,60,202.97**	**2,77,530.41**	**6,545.75**	**2,84,076.16**
Less: Income taxes	-	-	51,621.20	-	-	97,347.97
Net profit	**-**	**-**	**1,08,581.77**	**-**	**-**	**1,86,728.19**
Other information:						
Segment Assets	**80,54,496.33**	**42,832.99**	**80,97,329.32**	73,44,525.53	38,280.91	73,82,806.44
Unallocated corporate assets	-	-	**81,928.49**	-	-	74,790.47
Total Assets	**80,54,496.33**	**42,832.99**	**81,79,257.81**	**73,44,525.53**	**38,280.91**	**74,57,596.91**
Segment Liabilities	**69,59,253.63**	**14,135.51**	**69,73,389.14**	63,13,165.42	9,678.78	63,22,844.20
Unallocated corporate liabilities	-	-	-	-	-	-
Total Liabilities	**69,59,253.63**	**14,135.51**	**69,73,389.14**	**63,13,165.42**	**9,678.78**	**63,22,844.20**

50 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 Company's risk management policy which has been approved by its 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.

50.1 MARKET RISK

Market 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 16,988.00 lakhs (31st March 2019 : Rs 3,177 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.

The carrying amounts of the Group's foreign currency exposure at the end of the reporting period are as follows :

Rs. in Lakhs

Particulars	US Dollar	Euro	Total
As at 31 March 2020			
Financial Assets	-	-	-
Financial Liabilities	2,72,141.24	19,931.66	2,92,072.90
As at 31 March 2019			
Financial Assets	-	-	-
Financial Liabilities	82,052.52	1,18,748.22	2,00,800.74

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

Particulars	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2020	INR/EUR	(+/-) 1.00%	(+/-) 199.32
	INR/USD	(+/-) 1.00%	(+/-) 2,721.41
Year ended 31 March 2019	INR/EUR	(+/-) 0.31%	(+/-) 371.85
	INR/USD	(+/-) 0.50%	(+/-) 407.98

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 analyses 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:

Particulars	Currency	Increase / decrease in basis points (Range)	Effect on profit before tax
Year ended 31 March 2020	INR	50-270	43,562.93
Year ended 31 March 2019	INR	50-150	20,702.57

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 recognized on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognized in balance sheet
Loan assets			
At 31 March' 2020	65,09,154.82	9,802.78	64,99,352.04
At 31 March' 2019	61,35,483.82	10,521.02	61,24,962.80

Financial liabilities subject to offsetting

Rs. in Lakhs

Particulars	Offsetting recognized on the balance sheet		
	Gross liabilities before offset	Financial liabilities netted	Liabilities recognized in balance sheet
Other financial Liabilities			
At 31 March' 2020	2,41,198.81	9,802.78	2,31,396.03
At 31 March' 2019	2,03,183.97	10,521.02	1,92,662.95

Note : The residential loan businesses has not offset financial assets and financial liabilities.

50.2 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 2020	31 March 2019
Gross carrying value of Retail loan assets		
Neither Past due nor impaired	**49,49,484.43**	45,73,022.06
Past Due but not impaired		
30 days past due	**3,29,835.14**	3,99,846.71
31-90 days past due	**6,16,208.94**	5,17,380.10
Impaired (more than 90 days)	**5,48,449.65**	3,83,898.47
Total Gross carrying value as at reporting date	**64,43,978.16**	**58,74,147.34**

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Residential loan assets		
Neither Past due nor impaired	**4,97,117.82**	4,56,340.86
Past Due but not impaired		
30 days past due	**54,767.22**	83,187.48
31-90 days past due	**1,64,783.15**	1,60,582.65
Impaired (more than 90 days)	**1,27,721.16**	1,04,763.77
Total Gross carrying value as at reporting date	**8,44,389.35**	**8,04,874.76**

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	**1,62,662.60**	1,90,390.41
Past Due but not impaired		
30 days past due	**49,797.19**	38,294.97
31-90 days past due	**7,849.04**	3,247.19
Impaired (more than 90 days)	**19,298.01**	17,655.41
Total Gross carrying value as at reporting date	**2,39,606.84**	**2,49,587.98**

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Trade Advances		
Less than 60 days past due	**96,383.29**	1,78,777.59
61-90 days past due	**21,149.54**	3,134.21
Impaired (more than 90 days)	**6,402.06**	5,518.76
Total Gross carrying value as at reporting date	**1,23,934.89**	**1,87,430.56**

Rs. in Lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	**1,12,958.95**	1,20,477.05
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	**1,12,958.95**	**1,20,477.05**

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 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.

The Group categorises loan assets into stages primarily 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 respective businesses.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

(i) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP. BC.47/21.04.048/2019-20 dated 27th March, 2020 and RBI/2019-20/220 DOR.No.BP. BC.63/21.04.048/2020-21 dated April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Group, as per the board approved policy of respective businesses and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e., stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairment loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(ii) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended March 2019, the Group has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has recognized an overlay in the statement of profit and loss. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(iii) 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.

(iv) 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.

(v) Estimations and assumptions considered in the 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 cash flows 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.

(vi) 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 percentage 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 commitments: as the present value of the difference between the contractual cash flows that are due to the respective businesses of the Group if the commitment is drawn down and the cash flows that the respective businesses of the Group expects to receive.

(vii) 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 Group 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. As at 31 March 2020, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Group's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Group's assessment of downside risks.

(viii) 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.

Based on the assessment by the Group, the RBI moratorium relaxation offered to the customers recognising the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Group 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 Group suspects fraud and legal proceedings are initiated.

(ix) 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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

(x) 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 scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		0	70	30
Agriculture (% real change p.a.)	2020	5.7	3.5	1.3
	2021	5.4	3.2	1.0
	2022	5.6	3.4	1.2
	2023	5.5	3.3	1.1
	2024	6.0	3.8	1.6
Real GDP (% change p.a.)	2020	7.7	6.7	5.7
	2021	7.8	6.8	5.8
	2022	7.7	6.7	5.7
	2023	7.5	6.5	5.5
	2024	7.4	6.4	5.4

(xi) 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		10%	65%	25%
Agriculture (% real change p.a.)	2020	5.7	3.5	1.3
	2021	5.4	3.2	1.0
	2022	5.6	3.4	1.2
	2023	5.5	3.3	1.1
	2024	6.0	3.8	1.6
	2025	5.3	3.1	0.9
	2026	6.2	4.0	1.8
	Subsequent Years	6.4	4.3	2.1

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 2020	52,79,319.57	6,16,208.94	5,48,449.65	64,43,978.16
Expected credit loss rate	1.02%	11.75%	28.31%	
Carrying amount as at 31 March 2020 (net of impairment provision)	52,25,486.64	5,43,814.52	3,93,173.26	61,62,474.43
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

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 2020	5,51,885.04	1,64,783.15	1,27,721.16	8,44,389.35
Expected credit loss rate	1.04%	6.19%	32.45%	
Carrying amount as at 31 March 2020 (net of impairment provision)	5,46,159.15	1,54,578.84	86,270.01	7,87,008.00
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

The expected credit loss allowance provision for **Trade Advances** 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 2020	2,12,459.79	7,849.04	19,298.01	2,39,606.84
Expected credit loss rate	0.23%	27.21%	82.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	2,11,968.51	5,713.58	3,474.14	2,21,156.24
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

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 2020	96,383.28	21,149.54	6,402.06	1,23,934.89
Expected credit loss rate	0.40%	6.77%	100.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	95,997.75	19,718.61	-	1,15,716.36
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

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 2020	1,12,958.95	-	-	1,12,958.95
Expected credit loss rate	0.12%			
Carrying amount as at 31 March 2020 (net of impairment provision)	1,12,822.76			1,12,822.76
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

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 characteristics, 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 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**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,36,418.58	(1,12,758.71)	(23,659.87)	-
- Transfers to Stage 2	(5,15,583.82)	5,28,647.95	(13,064.13)	-
- Transfers to Stage 3	(1,97,300.63)	(1,25,390.74)	3,22,691.37	-
- Loans that have been derecognised during the period	(4,89,909.75)	(76,625.39)	(82,173.29)	(6,48,708.43)
New loans originated during the year	26,86,576.49	79,956.70	26,066.66	27,92,599.85
Write-offs	(1.86)	(18.00)	(33,598.54)	(33,618.40)
Remeasurement of net exposure	(13,13,748.21)	(1,94,982.97)	(31,711.02)	(15,40,442.20)
Gross carrying amount balance as at 31 March 2020	**52,79,319.57**	**6,16,208.94**	**5,48,449.65**	**64,43,978.16**

Reconciliation of ECL balance

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 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**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	16,392.25	(12,413.96)	(3,978.30)	-
- Transfers to Stage 2	(5,286.17)	7,482.85	(2,196.67)	-
- Transfers to Stage 3	(2,022.88)	(13,804.66)	15,827.54	-
- Loans that have been derecognised during the period	(5,022.94)	(8,435.93)	(13,817.05)	(27,275.92)
New loans originated during the year	24,539.86	9,113.32	6,329.97	39,983.15
Write-offs	(0.02)	(1.98)	(30,993.32)	(30,995.32)
Net remeasurement of loss allowance	(25,752.95)	33,494.79	1,19,553.49	1,27,295.33
ECL allowance balance as at 31 March 2020	**53,832.94**	**72,394.42**	**1,55,276.38**	**2,81,503.74**

The contractual amount outstanding on financial assets that has been written off by the Group for Retail loans during the year ended 31 March 2020 and that were still subject to enforcement activity was Rs 38,352.61 lakhs (31 March 2019 : Rs 1,18,264.00 lakhs).

The increase in ECL of the portfolio for Retail loans was driven by an increase in the gross size of the portfolio, movements between stages as a result of increases in credit risk and a deterioration in economic conditions, and management overlay of Rs 55,206 lakhs.

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 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**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(89,415.09)	72,032.83	17,382.26	-
- Transfers to Stage 2	23,434.31	(42,431.27)	18,996.96	-
- Transfers to Stage 3	3,906.13	1,691.53	(5,597.66)	-
- Loans that have been derecognised during the period	(25,629.75)	(8,284.37)	(6,545.96)	(40,460.08)
New loans originated during the year	1,48,298.06	7,061.38	104.61	1,55,464.05
Write-offs	-	-	(8,676.93)	(8,676.93)
Remeasurement of net exposure	(48,236.96)	(25,869.60)	7,294.11	(66,812.45)
Gross carrying amount balance as at 31 March 2020	**5,51,885.04**	**1,64,783.15**	**1,27,721.16**	**8,44,389.35**

The contractual amount outstanding on financial assets that have been written off for Residential Loans during the year ended 31 March 2020 and were still subject to enforcement activity was Rs. 3,767.25 Lakhs (31 March 2019 : Rs. 2,835.64 Lakhs)

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 2018	2,617.86	13,212.91	15,134.44	30,965.21
- 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**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(891.81)	708.88	182.93	-
- Transfers to Stage 2	1,564.67	(2,833.06)	1,268.39	-
- Transfers to Stage 3	824.83	374.37	(1,199.20)	-
- Loans that have been derecognised during the period	(211.28)	(553.13)	(1,928.60)	(2,693.01)
New loans originated during the year	1,469.75	436.65	60.25	1,966.65
Write-offs	-	-	(1,264.61)	(1,264.61)
Net remeasurement of loss allowance	(2,021.88)	1,348.79	24,095.56	23,422.47
ECL allowance balance as at 31 March 2020	**5,725.89**	**10,204.31**	**41,451.16**	**57,381.36**

The increase in ECL of the portfolio for Residential loans was driven by an increase in the gross size of the portfolio, movements between stages as a result of increases in credit risk and a deterioration in economic conditions, and management overlay of Rs 15,451.93 lakhs.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans including Bills of exchange 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 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)	0.00
- 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**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	4,636.64	(1,512.78)	(3,123.86)	-
- Transfers to Stage 2	(5,961.16)	6,210.80	(249.64)	(0.00)
- Transfers to Stage 3	(3,218.85)	(556.88)	3,775.73	-
- Loans that have been derecognised during the period	(98,112.98)	(1,181.89)	(2,599.30)	(1,01,894.17)
New loans originated during the year	1,76,770.61	4,499.39	5,018.60	1,86,288.60
Write-offs	-	-	-	-
Net remeasurement of exposure	(90,339.85)	(2,856.78)	(1,178.94)	(94,375.57)
Gross carrying amount balance as at 31 March 2020	**2,12,459.79**	**7,849.04**	**19,298.01**	**2,39,606.84**

Reconciliation of ECL balance

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 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)**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

ECL allowance balance as at 31 March 2019	**279.65**	**84.59**	**6,878.76**	**7,243.00**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,649.55	(40.53)	(1,609.02)	-
- Transfers to Stage 2	(1.08)	137.06	(135.98)	-
- Transfers to Stage 3	(6.54)	(17.10)	23.64	-
- Loans that have been derecognised during the period	(41.44)	(25.78)	(726.64)	(793.86)
New loans originated during the year	256.85	50.52	4,039.87	4,347.25
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(1,645.73)	1,946.69	7,353.24	7,654.20
ECL allowance balance as at 31 March 2020	**491.26**	**2,135.46**	**15,823.87**	**18,450.59**

The contractual amount outstanding on financial assets that has been written off for the SME loans during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019 :Rs 4,051.38 lakhs).

The increase in ECL of the portfolio was driven by movements between stages as a result of increases in credit risk and a deterioration in economic conditions and management overlay of Rs 2195.05 lakhs.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to other undrawn commitments of Retail and Residential loans 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 2018	**1,95,712.59**	**6,184.95**	**225.87**	**2,02,123.41**
New Exposures	96,099.05	901.12	1.94	97,002.11
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,93,695.97)	(6,075.04)	(189.32)	(1,99,960.33)
- 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	-
Write-offs	-	-	-	-
Net remeasurement of exposure	(1,248.18)	(187.84)	-	(1,436.02)
Gross carrying amount balance as at 31 March 2019	**96,674.16**	**1,003.42**	**51.59**	**97,729.17**
Changes due to loans recognised in the opening balance that have:				
New Exposures	64,786.82	328.82	0.60	65,116.24
Exposure derecognised or matured/ lapsed (excluding write-offs)	(94,233.67)	(992.57)	(51.59)	(95,277.83)
- Transfers to Stage 1	(114.15)	114.15	-	-
- Transfers to Stage 2	8.21	(8.21)	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of exposure	**(1,572.04)**	**(68.60)**	**-**	**(1,640.64)**
Gross carrying amount balance as at 31 March 2020	**65,549.33**	**377.01**	**0.60**	**65,926.94**

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 2018	**1,831.55**	**549.04**	**39.22**	**2,419.81**
New Exposures	834.51	60.17	0.37	895.05
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,106.36)	-	-	(1,106.36)
- 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)
Net remeasurement of loss allowance	(15.27)	2.54	10.02	(2.71)
ECL allowance balance as at 31 March 2019	**837.54**	**67.00**	**17.35**	**921.89**
Changes due to loans recognised in the opening balance that have:				
New Exposures	466.99	20.36	0.19	487.54
Exposure derecognised or matured/ lapsed (excluding write-offs)	(279.09)	-	-	(279.09)
- Transfers to Stage 1	(0.78)	0.78	-	-
- Transfers to Stage 2	0.55	(0.55)	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(544.93)	(66.27)	(17.35)	(628.55)
Net remeasurement of loss allowance	(10.39)	2.03	-	(8.36)
ECL allowance balance as at 31 March 2020	**469.89**	**23.35**	**0.19**	**493.43**

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 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 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**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
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	(50,107.82)	-	-	(50,107.82)
New Investments originated during the year	43,494.80	-	-	43,494.80
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(905.08)	-	-	(905.08)
Gross carrying amount balance as at 31 March 2020	**1,12,958.95**	**-**	**-**	**1,12,958.95**

Reconciliation of ECL balance

Rs. in Lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 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**
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	(245.20)	-	-	(245.20)
New Investments originated during the year	108.26	-	-	108.26
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(9.38)	-	-	(9.38)
ECL allowance balance as at 31 March 2020	**136.19**	**-**	**-**	**136.19**

The contractual amount outstanding on financial investments that has been written off in relation to the financial investments during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019 : 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 companies 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 - 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	31 March 2020	31 March 2019
Concentration by Geographical region in India:		
North	**20,05,106.00**	27,68,106.85
East	**17,43,746.02**	9,29,341.66
West	**22,37,354.15**	19,10,172.12
South	**16,65,803.07**	15,08,520.01
Total Carrying Value as at reporting period	**76,52,009.24**	**71,16,140.64**

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, residential property in case of housing loan 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 2020	31 March 2019	31 March 2020	31 March 2019
Upto 50%	**5,77,139.99**	5,67,301.57	**72,323.46**	64,170.17
51 - 70%	**10,42,245.97**	8,62,247.22	**14,520.50**	13,990.99
71 - 100%	**38,50,486.32**	32,56,690.19	**7,278.30**	4,988.59
Above 100%	**9,46,203.13**	11,78,033.03	**23,011.94**	33,898.27
	64,16,075.41	58,64,272.01	**1,17,134.21**	1,17,048.03

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 2020	31 March 2019	31 March 2020	31 March 2019
Upto 50%	**12,405.55**	1,23,005.62	**9,528.06**	7,820.98
51 - 70%	**14,099.09**	98,687.85	**1,046.17**	1,009.71
71 - 100%	**40,597.81**	1,08,463.11	**771.73**	1,889.09
Above 100%	**4,81,347.20**	53,741.69	**7,952.04**	6,935.62
	5,48,449.65	3,83,898.27	**19,298.01**	17,655.40

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Quantitative Information of Collateral - Credit Impaired assets (Residential Loans)

The value of the collateral for residential housing loans is typically based on the collateral value at origination.

Gross value of total loans to value of collateral

Rs. in Lakhs

Loan to Value	Gross Value of total residential loans	
	31 March 2020	31 March 2019
Upto 50%	**3,26,461.95**	3,17,060.81
51 - 70%	**3,59,923.89**	3,43,534.80
71 - 100%	**1,57,888.43**	1,44,157.14
Above 100%	-	-
	8,44,274.27	8,04,752.75

Loan commitments to value of collateral

Rs. in Lakhs

Loan to Value	Gross Value of commitments	
	31 March 2020	31 March 2019
Upto 50%	**17,755.64**	29,891.08
51 - 70%	**2,899.39**	6,077.53
71 - 100%	**1,793.23**	3,613.08
Above 100%	-	-
	22,448.26	39,581.68

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 2020	31 March 2019
Upto 50%	**42,500.99**	36,175.56
51 - 70%	**57,917.14**	44,611.02
71 - 100%	**27,290.87**	23,963.25
Above 100%	-	-
	1,27,708.99	1,04,749.83

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 March 2020	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	5,48,449.65	3,80,919.96	-	-	-	(54,736.61)	3,26,183.35	2,22,266.30	1,55,276.38
SME Loans	19,298.01	3,762.00	10,206.56	24,663.58	1,202.50	(27,081.55)	12,753.09	6,544.92	15,823.87

Rs. in Lakhs

31 March 2019	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

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 March 2020	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	1,27,709.15	-	-	3,51,686.04	-	(2,26,513.05)	1,25,172.99	2,536.16	41,439.14
Others	12.01	–	-	-	-	-	-	12.01	12.01

Rs. in Lakhs

31 March 2019	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

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. The holding company also provides credit lines to its subsidiaries as and when necessary.

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.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 2020				
Trade Payable :	**72,284.70**	-	-	-
Debt Securities :				
- Principal	**7,03,050.00**	**4,96,520.83**	**3,15,356.11**	**4,65,675.30**
- Interest	**1,62,198.06**	**2,75,134.71**	**1,30,306.61**	**1,53,914.98**
Borrowings (Other than Debt Securities) :				
- Principal	**12,46,637.21**	**18,90,984.36**	**2,25,275.05**	-
- Interest	**2,04,326.92**	**1,74,015.09**	**14,934.04**	-
Deposit :				
- Principal	**1,66,223.58**	**6,07,810.66**	**1,08,286.07**	-
- Interest	**53,243.82**	**1,12,022.19**	**39,617.29**	-
Subordinated liabilities :				
- Principal	**27,220.00**	**22,515.78**	**42,445.96**	**2,93,808.62**
- Interest	**34,334.62**	**62,181.96**	**63,084.88**	**1,05,008.38**
Other financial liabilities :	**1,81,213.70**	**69,572.39**	**8,929.93**	**41,610.04**
Total	**28,50,732.60**	**37,10,757.96**	**9,48,235.94**	**10,60,017.32**
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	13,31,032.54	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**

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 2020				
Gross settled:				
Foreign exchange forward contracts				
- Payable	**18.21**	**2,791.47**	-	-
- Receivable	**61.79**	**2,595.34**	-	-
Interest Rate swaps				
- Payable	-	**1,468.82**	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	-	-	-
- Receivable	**692.75**	**6,276.99**	-	-
Total	**772.75**	**13,132.62**	-	-
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**	**-**	**-**

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 2020	As at 31 March 2019					
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL / FVOCI	(1,693.03)	(1,258.33)	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	6,969.74	(5,437.81)	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	3,39,750.56	63,412.45	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	2,891.83	1,154.65	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 Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	24,776.37	-	Level 1	Quoted market price			
8) 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.

b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in Lakhs

Particulars	Unquoted Equity investment	Convertible debentures	Bonds	Govt Securities	Total
31 March 2020					
Opening balance	**1,164.25**	**1,088.52**			**2,252.77**
Total gains or losses recognised:					
In Profit or loss					
a) in profit or loss					
b) in other comprehensive income	**278.20**	-	**332.94**	**424.60**	**1,035.74**
Fair value of -					
Purchases made during the year	**1,458.98**	-	**10,141.82**	**13,877.01**	**25,477.81**
Issues made during the year					-
Disposals made during the year		**(1,088.52)**	-	-	**(1,088.52)**
Transfers into Level 3					-
Transfers out of Level 3					
Closing balance	**2,901.43**	-	**10,474.76**	**14,301.61**	**27,677.80**
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
Transfers into Level 3					
Transfers out of Level 3					
Closing balance	**1,164.25**	**1,088.52**			**2,252.77**

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

Particulars	31 March 2020	31 March 2019
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited) #		
Fair Value of Investments	**1,673.30**	1,154.65
Dividend income on investments held		
Equity investment in MF Utilities Limited	**9.60**	9.60
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	**1,218.53**	
Dividend income on investments held	-	-

Including investment of Rs.311.98 lakhs in Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) of Smartshift Logistics Solutions Private Limited.

There are no disposal of investment during the year ended 31 March 2020 and 2019 respectively.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 2020					
Financial assets					
a) Cash and cash equivalent	78,260.23	78,260.23	78,260.23	-	-
b) Bank balances other than cash and cash equivalent	74,899.44	74,899.44	74,899.44	-	-
c) Trade Receivables	5,291.06	5,291.06	-	5,291.06	-
d) Loans and advances to customers	72,86,378.45	72,72,814.74	-	23.41	72,72,791.33
e) Financial investments - at amortised cost	1,12,822.76	1,20,367.53	1,05,594.07	14,773.46	-
f) Other financial assets	51,978.71	53,087.29	-	53,087.29	-
Total	**76,09,630.65**	**76,04,720.29**	**2,58,753.74**	**73,175.22**	**72,72,791.33**
Financial liabilities					
a) Trade Payables	72,284.70	72,284.70	-	72,284.70	-
b) Debt securities	19,74,461.07	20,91,655.09	20,91,655.09	-	-
c) Borrowings other than debt securities	33,32,713.60	32,67,951.36	-	32,67,951.36	-
d) Deposits	8,78,138.98	9,06,469.36	-	9,06,469.36	-
e) Subordinated Liabilities	3,78,110.37	4,17,554.04	4,17,554.04	-	-
f) Other financial liability	2,99,417.34	2,99,643.24	-	2,99,643.24	-
Total	**69,35,126.06**	**70,55,557.79**	**25,09,209.12**	**45,46,348.67**	**-**
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	-	5,360.31	-
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**	**1,71,656.33**	**77,745.95**	**68,53,601.94**
Financial liabilities					
a) Trade Payables	1,14,848.13	1,14,848.12	-	1,14,848.12	-
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	-	2,84,074.55	-
Total	**62,79,084.80**	**63,10,977.64**	**25,91,861.42**	**37,19,116.22**	**-**

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. The valuation models the Company uses to value financial instruments employ only observable market data as inputs. This has not changed as a result of COVID-19. 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 cumulative/ non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	78,260.23	-	78,260.23	53,722.32	-	53,722.32
Bank balance	74,899.44	-	74,899.44	45,681.43	-	45,681.43
Derivative financial instruments	707.37	8,585.39	9,292.76	1,006.39	-	1,006.39
Trade receivables	5,291.06	-	5,291.06	5,360.31	-	5,360.31
Loans	27,41,259.22	45,45,119.23	72,86,378.45	29,18,008.12	39,75,891.85	68,93,899.97
Investments	3,51,136.66	1,82,899.12	5,34,035.78	2,19,340.52	1,13,394.78	3,32,735.30
Other financial assets	12,233.58	39,745.13	51,978.71	9,847.33	11,359.75	21,207.08
Current tax assets (Net)	-	25,783.00	25,783.00	-	31,212.81	31,212.81
Deferred tax Assets (Net)	-	57,883.42	57,883.42	-	44,969.75	44,969.75
Property, plant and equipment	-	42,775.57	42,775.57	-	16,818.54	16,818.54
Intangible assets under development	-	55.68	55.68	-	79.41	79.41
Other Intangible assets	-	2,760.26	2,760.26	-	3,326.44	3,326.44
Other non-financial assets	7,211.65	2,651.80	9,863.45	5,680.86	1,896.30	7,577.16
Total Assets	**32,70,999.21**	**49,08,258.60**	**81,79,257.81**	**32,58,647.28**	**41,98,949.63**	**74,57,596.91**
Liabilities						
Financial Liabilities						
Derivative financial instruments	17.77	3,998.29	4,016.06	45.20	7,657.33	7,702.53
Trade Payables			-			-
i) total outstanding dues of micro enterprises and small enterprises	25.61	-	25.61	23.72	-	23.72
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	69,297.22	-	69,297.22	1,11,406.58	-	1,11,406.58
Other Payables						
i) total outstanding dues of micro enterprises and small enterprises	17.40	-	17.40	253.29	-	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,944.47	-	2,944.47	3,164.54	-	3,164.54
Debt Securities	7,00,321.63	12,74,139.44	19,74,461.07	10,64,227.59	14,07,360.91	24,71,588.50
Borrowings (Other than Debt Securities)	12,29,446.47	21,03,267.13	33,32,713.60	9,10,891.98	15,52,380.14	24,63,272.12
Deposits	1,65,438.58	7,12,700.40	8,78,138.98	1,35,470.74	4,27,622.67	5,63,093.41
Subordinated Liabilities	27,146.48	3,50,963.89	3,78,110.37	14,362.52	3,67,845.57	3,82,208.09
Other financial liabilities	1,79,303.98	1,20,113.36	2,99,417.34	1,79,305.10	1,04,769.45	2,84,074.55
Non-Financial Liabilities						
Current tax liabilities (Net)	1,737.93	-	1,737.93	1,392.09	-	1,392.09
Provisions	10,216.34	10,922.65	21,138.99	15,807.19	9,686.74	25,493.93
Other non-financial liabilities	**10,124.89**	**1,245.21**	**11,370.10**	**7,617.16**	**1,553.69**	**9,170.85**
Total Liabilities	**23,96,038.77**	**45,77,350.37**	**69,73,389.14**	**24,43,967.70**	**38,78,876.50**	**63,22,844.20**
Net	**8,74,960.44**	**3,30,908.23**	**12,05,868.67**	**8,14,679.58**	**3,20,073.13**	**11,34,752.71**
Other undrawn commitments	67,503.24	-	67,503.24	98,493.38	-	98,493.38
Total commitments	**67,503.24**	**-**	**67,503.24**	**98,493.38**	**-**	**98,493.38**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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)	Fellow Subsidiaries :	
	(entities with whom the Company has transactions)	Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Retail Private Limited
		Mahindra Integrated Business Solutions Ltd.
		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Bristlecone India Limited
		Mahindra Water Utilities Limited
		Mahindra Engineering & Chemical Products Ltd
		Mahindra Holidays & Resorts India Limited
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Agri Solutions Limited
		Mahindra Logistics Limited
		Mahindra Intertrade Limited
		New Democratic Electoral Trust
c)	Joint Venture(s) / Associate(s):	Mahindra Finance USA, LLC
	(entities on whom control is exercised)	Ideal Finance Ltd
d)	Joint Venture(s) / Associate(s) of Holding Company:	Tech Mahindra Limited
	(entities with whom the Company has transactions)	Swaraj Engines Ltd
		Smartshift Logistics Solutions Pvt. Ltd. (Formerly known as Resfeber Labs Private Limited)
		Mahindra Summit Agriscience Ltd
		PSL Media & Communications Ltd
e)	Key Management Personnel:	Mr. Ramesh Iyer (Vice-Chairman & Managing Director)
	(where there are transactions)	Mr. V Ravi (Executive Director & Chief Financial Officer)
		Mr. Dhananjay Mungale (Chairman & Independent Director)
		Mr. C. B. Bhave (Independent Director)
		Ms. Rama Bijapurkar (Independent Director)
		Mr. Milind Sarwate (Independent Director)
		Mr. Arvind Sonde (Independent Director)
		Mr. V. S. Parthasarthy (Director)
f)	Relatives of Key Management Personnel	Ms. Janaki Iyer
	(where there are transactions)	Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramanium
		Ms. Prema Mahadevan
		Ms. Sudha Bhave
		Mr. V Murali
		Ms. Srilatha Ravi
		Mr. Siddharth Ravi
		Ms. Asha Ramaswamy

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		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Loan income										
- Smartshift Logistics Solutions Pvt Ltd.			306.59							
Subvention / Disposal loss income										
- Mahindra & Mahindra Limited	2,310.08	5,848.41				-		-		-
- Gromax Agri Equipment Limited			-	9.24		-		-		-
Lease rental income										
- Mahindra & Mahindra Limited	607.29									
Interest income										
- NBS International Limited			-	0.66		-		-		-
- Mahindra First Choice Services Limited			-	9.68						
Interest expense										
- Mahindra & Mahindra Limited	3,220.84	3,881.52				-		-		-
- Swaraj Engines Limited			140.75	87.77						
- Tech Mahindra Limited			2,470.19	2,582.45		-		-		-
- Mahindra Vehicle Manufacturers Limited			504.00	737.79						
- Mahindra Intertrade Limited			96.10	35.12						
- Mahindra Water Utilities Limited			68.18	2.20						
- Mahindra Holidays and Resorts India Limited			70.24							
- Mahindra Logistics Limited			115.42							
- Mahindra First Choice Wheels Ltd.			248.32							
- Mahindra Engineering & Chemical Products Ltd			1.16							
- PSL Media & Communications Ltd			6.63							
- Mr. Ramesh Iyer				-		-	7.16	4.28		-
- Mr. V Ravi							6.36	0.07		
- Mr. C. B. Bhave							6.33	3.97		
- Others				0.67		-		-	32.84	19.71

Rs. in Lakhs

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Other expenses										
- Mahindra & Mahindra Limited	2,522.63	3,106.59	-	-		-		-		-
- Mahindra First Choice Wheels Limited			1,531.02	1,402.17		-		-		-
- Bristlecone India Limited			103.66	-						
- Mahindra Vehicle Manufacturers Limited			70.49	124.38		-		-		-
- NBS International Limited			70.14	-						
- Mahindra USA, Inc			-	188.00		-		-		-
- Mahindra Integrated Business Solutions Limited			2,954.48	1,561.33		-		-		-
- Mahindra Holidays and Resorts India Limited			0.08	-						
- Mahindra Retail Pvt Limited			750.25	703.04						
- Others			91.32	206.32		-		-		-
Donations										
- National Democratic Electoral Trust			600.00	240.00						
Remuneration										
- Mr. Ramesh Iyer							655.94	715.72		
- Mr. V Ravi							337.50	281.77		
Reimbursement from parties										
- Mahindra & Mahindra Limited	170.15	-	-	-						
- Gromax Agri Equipment Limited	-	-	58.86	-						
Reimbursement to parties										
- Mahindra USA, Inc			259.41	-						
Purchase of fixed assets										
- Mahindra & Mahindra Limited	439.50	544.51	-	-						
- Mahindra First Choice Wheels Limited			185.29	11.97						
- Mahindra First Choice Services Limited			-	118.00						
- NBS International Limited			35.96							
- Mahindra Retail Limited			83.76							
- Others			-	417.26						

Notes to the Consolidated Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Sale of fixed assets										
- Mahindra & Mahindra Limited										
- Mahindra First Choice Wheels Limited			-	8.94						
- Mahindra First Choice Services Limited			-	300.34						
Investments made										
- Mahindra Finance USA, LLC						963.21				
- Ideal Finance Ltd					4,399.60					
- Smartshift Logistics Solutions Pvt Ltd.			250.00							
Fixed deposits taken										
- Mahindra Engineering & Chemical Products Ltd			124.00							
- PSL Media & Communications Ltd			100.00							
- Mahindra Holidays & Resorts India Limited			1,590.00							
- Mr. Ramesh Iyer							172.10	40.39		
- Mr. V Ravi							100.00	8.13		
- Mr. C. B. Bhave							30.00	30.00		
- Others									420.23	247.97
Fixed deposits matured										
- PSL Media & Communications Ltd			80.00							
- Mr. Ramesh Iyer							65.72	61.48		
- Others									208.83	193.61
Dividend paid										
- Mahindra & Mahindra Limited	20,553.50	12,648.31								-
- Mr. Ramesh Iyer		-		-			51.12	31.12		-
- Mr. V Ravi							34.53	21.25		
- Ms. Rama Bijapurkar							1.95	1.20		
- Mr. Dhananjay Mungale							3.25	2.00		
- Mr. V. S. Parthasarthy							0.02	0.01		
- Others									0.07	0.03

Rs. in Lakhs

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Inter corporate deposits taken										
- Mahindra & Mahindra Limited	30,000.00	80,000.00	-	-				-		-
- Tech Mahindra Limited			-	40,000.00				-		-
- Mahindra Logistics Limited			1,500.00	1,500.00						
- Mahindra Vehicle Manufacturers Limited			-	35,000.00						
- Swaraj Engines Limited			2,000.00	1,000.00						
- Mahindra Water Utilities Limited			2,875.00	350.00						
- Mahindra First Choice Wheels Ltd.			5,000.00	-						
- Mahindra Holidays and Resorts India Limited			6,500.00	-						
- Mahindra Intertrade Limited			1,500.00	1,100.00						
Inter corporate deposits repaid / matured										
- Mahindra & Mahindra Limited	45,000.00	80,000.00						-		-
- Tech Mahindra Limited			50,000.00	10,000.00				-		-
- Mahindra Vehicle Manufacturers Limited			15,000.00	20,000.00						
- Mahindra Logistics Limited			1,500.00							
- Mahindra Water Utilities Limited			1,550.00							
- Mahindra First Choice Wheels Ltd.			3,000.00							
- Swaraj Engines Limited			1,000.00							
- Mahindra Intertrade Limited			1,000.00	100.00						
Debentures issued										
- Mahindra & Mahindra Limited	19,500.00									
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	-	-						-		-

Key Management Personnel as defined in Ind AS 24

iii) Balances as at the end of the year:

Rs. in Lakhs

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Balances as at the end of the period										
Receivables										
- **Mahindra & Mahindra Limited**	297.83	2731.41	-	-						
- NBS International Limited			0.03	26.11						
- 2 x 2 Logistics Private Limited			-	135.09						
- **Mahindra Construction Co. Ltd.**			-	334.33						
Loan given (including interest accrued but not due)										
- Mahindra Construction Co. Ltd.			334.33	334.33						
- Smartshift Logistics Solutions Pvt Ltd.			1,879.96	1,700.00						
Inter corporate deposits given (including interest accrued but not due)										
- Mahindra Construction Co. Ltd.			113.38	113.38						
Investments										
- Mahindra Finance USA, LLC			-	-	21,054.81	21,054.81				
- Ideal Finance Ltd					4,399.60					
- New Democratic Electoral Trust			1.00	1.00						
- Smartshift Logistics Solutions Pvt Ltd.			950.00	700.00						
Debentures (including interest accrued but not due)										
- Mahindra & Mahindra Limited	20109.37									
- Tech Mahindra Limited			15,965.16	-						
Payables										
- Mahindra & Mahindra Limited										
- **Mahindra First Choice Wheels Limited**			349.46	239.58						
- Mahindra Retail Limited			97.60	-						
- Mahindra USA, Inc.			161.38	58.60						
- Mahindra Integrated Business Solutions Limited			138.48	53.94						

Rs. in Lakhs

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
- NBS International Limited			31.63	-						
- Others			16.96	96.13						
Inter corporate deposits taken (including interest accrued but not due)										
- Mahindra & Mahindra Limited	31023.02	46739.35								
- Tech Mahindra Limited				52,065.19						
- Mahindra Logistics Limited			1,554.38	1,500.61						
- Mahindra First Choice Wheels Ltd.			2,003.74							
- Mahindra Vehicle Manufacturers Limited				15,072.21						
- Swaraj Engines Limited			2,086.95	1,041.05						
- Mahindra Water Utilities Limited			1,689.59	351.98						
- Mahindra Holidays and Resorts India Limited			6,551.19							
- Mahindra Intertrade Limited			1,533.92	1,029.78						
Fixed deposits (including interest accrued but not due)										
- Mahindra Engineering & Chemical Products Ltd			125.04							
- PSL Media & Communications Ltd			104.25							
- Mahindra Holidays & Resorts India Limited			1,602.03							
- Mr. Ramesh Iyer							175.82	41.83		
- Mr V Ravi							113.97	8.19		
- Mr C. B. Bhave							88.24	52.54		
- Others									486.47	288.74

Key Management Personnel as defined in Ind AS 24

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2020

Rs. in Lakhs

Particulars	Relation	Balance as on 1 April 2019	Advances / investments	Repayments/ sale	Balance as on 31 March 2020
(A) Loans and advances					
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow subsidiary	1,700.00	800.00	637.18	1,862.82
		1,700.00	**800.00**	**637.18**	**1,862.82**
(B) Investments					
Mahindra Finance USA, LLC	Associate	21,054.81	-	-	21,054.81
Ideal Finance Limited, Sri Lanka	Joint Venture	-	4,399.60	-	4,399.60
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow subsidiary	700.00	250.00	-	950.00
New Democratic Electoral Trust	Fellow subsidiary	1.00	-	-	1.00
		21,755.81	**4,649.60**	**-**	**26,405.41**
Total		**23,455.81**	**5,449.60**	**637.18**	**28,268.23**

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.

iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former.

Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognised as per Ind AS 109 - Financial Instruments.

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					
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	-	1,700.00	-	1,700.00
		-	**1,700.00**	**-**	**1,700.00**
(B) Investments					
Mahindra Finance USA, LLC	Associate	20,091.60	963.21		21,054.81
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	700.00	-	-	700.00
New Democratic Electoral Trust	Fellow subsidiary	1.00	-	-	1.00
		20,792.60	**963.21**	**-**	**21,755.81**
Total		**20,792.60**	**2,663.21**	**-**	**23,455.81**

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.

iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former.

Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognised as per Ind AS 109 - Financial Instruments.

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

Name of the KMP	Nature of transactions	31 March 2020	31 March 2019
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)			
	Gross Salary including perquisites	**469.72**	446.15
	Commission	**164.12**	116.69
	Stock Option	**7.10**	139.91
	Others - Contribution to Funds	**29.70**	26.05
		670.64	**728.80**
Mr. V. Ravi (Executive Director & Chief Financial Officer)			
	Gross Salary including perquisites	**242.43**	227.51
	Commission	**95.07**	53.05
	Stock Option	-	1.21
	Others - Contribution to Funds	**9.00**	10.63
		346.49	**292.40**
Mr. Dhananjay Mungale (Chairman & Independent Director)			
	Commission	**28.00**	26.00
	Other benefits	**11.30**	10.00
		39.30	**36.00**
Ms. Rama Bijapurkar (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**8.50**	6.70
		29.50	**25.70**
Mr. C.B. Bhave (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**9.90**	9.10
		30.90	**28.10**
Mr. Milind Sarwate (Independent Director)			
(Appointed w.e.f. 1 April 2019)	Commission	-	-
	Other benefits	**9.70**	-
		9.70	**-**
Mr. Arvind V. Sonde (Independent Director)			
(Appointed w.e.f. 9 December 2019)	Commission	-	-
	Other benefits	**1.40**	-
		1.40	**-**

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

53 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	
		2020	2019
Mahindra Insurance Brokers Limited (MIBL)	India	**80.00%**	80.00%
Mahindra Rural Housing Finance Limited (MRHFL) #	India	**99.60%**	99.71%
Mahindra Asset Management Company Pvt. Ltd (MAMCL)	India	**100.00%**	100.00%
Mahindra Trustee Company Pvt. Ltd (MTCPL)	India	**100.00%**	100.00%
Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	India	**100.00%**	100.00%
Mahindra Rural Housing Finance Limited Employee Welfare Trust	India	**100.00%**	100.00%
Mahindra Finance CSR Foundation *	India	**100.00%**	NA

Pursuant to the offer made by National Housing Bank (NHB), the Board of Directors of the Company, at its meeting held on 27 March 2019, had approved the acquisition of 1,18,91,511 equity shares of Rs.10/- each of Mahindra Rural Housing Finance Limited, a subsidiary of the Company, at a premium of Rs. 231.16, for cash, aggregating to Rs. 28,677.57 lakhs. During the year ended 31 March 2020, the Company had settled the entire amount of obligation as per the terms and conditions of the agreement.

*During the year ended 31 March 2020, the Company had incorporated a Wholly-owned subsidiary company, namely, Mahindra Finance CSR Foundation, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

b) Details of Group's associate / joint venture at the end of the reporting period are as follows:

Associate / Joint venture	Place of Incorporation and Place of Operation	Proportion of Ownership Interest / Voting power	
		2020	2019
Mahindra Finance USA, LLC	USA	**49.00%**	49.00%
Ideal Finance Ltd #	Sri Lanka	**38.20%**	NA

The above associate(s) / joint venture(s) are accounted for using equity method in these consolidated financial statements.

During the year ended 31 March 2020, the Company has entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka. Pursuant to these agreements, the Company has agreed to subscribe / acquire up to 58.20% of the Equity share capital of Ideal Finance, in one or more tranches over a specified period of time, for an amount not exceeding Sri Lankan Rupees (LKR) 200.30 crores (equivalent to around Rs.80.12 crores at foreign exchange rate of INR 1 to LKR 2.5). Upon acquisition of above stake, Ideal Finance will become a subsidiary of the Company. As part of this agreement, the Company has remitted an amount of Rs. 4,399.60 lakhs (equivalent to LKR 11,000.00 lakhs) to Ideal Finance towards acquisition of 38.20% of the Equity share capital under first and second tranches as prescribed in these agreements.

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	Proportion of Ownership Interest and voting rights held by Non-controlling interests		Profit / (Loss) (including OCI) allocated to Non-controlling interest		Accumulated Non-controlling interest	
		2020	2019	2020	2019	2020	2019
Mahindra Insurance Brokers Limited	India	**20.00%**	20.00%	**1,022.80**	1,421.09	**8,640.08**	7,617.28
Mahindra Rural Housing Finance Limited	India	**0.40%**	0.29%	-	72.46	**328.12**	233.60
TOTAL				**1,022.80**	**1,493.55**	**8,968.20**	**7,850.88**

The Company has written put option available for acquiring ownership interest held by Non Controlling Interest in Mahindra Insurance Brokers Limited.

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 considered in consolidated financial statements:

Rs. in Lakhs

Particulars	Mahindra Insurance Brokers Limited		Mahindra Rural Housing Finance Limited	
	2020	2019	2020	2019
Financial Assets	**48,510.25**	43,838.33	**8,09,069.61**	7,73,285.60
Non Financial Assets	**5,896.02**	2,845.75	**15,661.81**	10,920.52
Financial Liabilities	**7,153.44**	5,730.46	**6,96,917.74**	6,69,414.00
Non Financial Liabilities	**4,984.61**	2,867.25	**2,999.52**	2,083.84
Equity interest attributable to the owners	**33,628.14**	30,469.10	**1,24,486.04**	1,12,474.68
Non-controlling interest	**8,640.08**	7,617.27	**328.12**	233.60
Total Income	**33,688.88**	32,336.34	**1,52,760.51**	1,38,394.71
Expenses	**28,352.69**	25,186.95	**1,37,904.81**	1,13,347.84
Profit / (Loss) for the year	**5,336.19**	7,149.39	**14,855.70**	25,046.87
Total Comprehensive Income for the year	**5,113.98**	7,105.43	**14,740.81**	24,987.45
Total Comprehensive Income attributable to the owners of the company	**4,091.18**	5,684.34	**14,681.86**	22,424.29
Total Comprehensive Income attributable to the Non-controlling interest	**1,022.80**	1,421.09	**58.96**	2,563.16
Dividends paid to Non-controlling interest	**154.64**	92.78	**6.97**	202.21
Opening Cash & Cash Equivalents	**563.36**	1,095.10	**2,982.62**	5,577.07
Closing Cash & Cash Equivalents	**1,310.24**	563.36	**9,238.78**	2,982.62
Net Cash inflow / (outflow)	**746.88**	(531.74)	**6,256.16**	(2,594.45)

e) Summarised financial information in respect of each of the Group's associate and joint venture 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 Finance USA, LLC		Ideal Finance Ltd	
	2020	2019	2020	2019
Financial Assets	**8,04,167.86**	7,32,488.68	**19,820.32**	-
Non Financial Assets	**3,828.03**	3,209.72	**553.67**	-
Financial Liabilities	**7,07,236.92**	6,52,719.78	**10,538.97**	-
Non Financial Liabilities	**-**	-	**520.29**	-
Equity interest attributable to the owners	**49,371.81**	40,659.50	**3,558.22**	-
Non-controlling interest	**51,386.98**	42,319.37	**5,756.50**	-
Total Interest Income	**47,057.68**	45,722.94	**3,579.14**	-
Other income	**1,731.35**	1,396.58	**131.07**	-
Finance Costs	**22,779.74**	20,588.03	**1,442.94**	-
Depreciation and amortisation	**-**	-	**115.32**	-
Other expenses	**13,210.88**	13,942.10	**1,476.61**	-
Income tax expense	**3,457.04**	3,011.76	**225.38**	-
Profit / (Loss) for the year	**9,342.08**	9,577.62	**449.97**	-
Total Comprehensive Income for the year	**9,342.08**	9,577.62	**449.97**	-
Total Comprehensive Income attributable to the owners of the company	**4,577.49**	4,693.08	**12.25**	-
Total Comprehensive Income attributable to the Non-controlling interest	**4,764.59**	4,884.54	**278.08**	-

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

Rs. in Lakhs

Particulars	Mahindra Finance USA, LLC		Ideal Finance Ltd	
	2020	2019	2020	2019
Opening Cash & Cash Equivalents	**1,823.23**	1,628.04	**205.96**	-
Closing Cash & Cash Equivalents	**268.21**	1,674.40	**176.90**	-
Net Cash inflow / (outflow)	**(1,555.02)**	46.36	**(29.06)**	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate and joint venture recognised in the consolidated financial statements :

Rs. in Lakhs

Particulars	Mahindra Finance USA, LLC		Ideal Finance Ltd#	
	2020	2019	2020	2019
Closing Net Assets	**1,00,758.79**	83,457.31	**9,314.72**	-
Group share in %	**49.00%**	49.00%	**38.20%**	-
Group share	**49,371.81**	40,894.08	**3,558.22**	-
Carrying amount	**49,371.81**	40,894.08	**4,411.85**	-

#During the year ended 31 March 2020, the Company has entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka.

54 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	88.80%	10,70,764.16	80.56%	87,470.09	-8.12%	(266.35)	77.96%	87,203.74
Subsidiaries								
Indian -								
1. Mahindra Insurance Brokers Limited	2.75%	33,153.99	3.93%	4,268.95	-5.42%	(177.77)	3.66%	4,091.18
2. Mahindra Rural Housing Finance Limited	6.22%	75,065.26	13.68%	14,855.71	-3.50%	(114.89)	13.18%	14,740.82
3. Mahindra Asset Management Company Limited	-1.18%	(14,197.72)	-3.49%	(3,789.82)	-0.54%	(17.57)	-3.40%	(3,807.39)
4. Mahindra Trustee Company Private Limited	0.00%	(29.63)	0.00%	(1.84)	0.00%	-	0.00%	(1.84)
5. Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	0.29%	3,489.22	0.11%	124.64	0.00%	-	0.11%	124.64
6. Mahindra Rural Housing Finance Limited Employee Welfare Trust	0.03%	325.69	0.00%	(2.68)	0.00%	-	0.00%	(2.68)
7. Mahindra Finance CSR Foundation	0.00%	(0.25)	0.00%	(0.25)	0.00%	-	0.00%	(0.25)

Notes
to the Consolidated Financial Statements for the year ended 31 March 2020

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
Foreign -	-	-	-	-	-	-	-	-
Non-controlling Interests in all Subsidiaries	0.74%	8,968.20	0.98%	1,067.24	-1.36%	(44.44)	0.91%	1,022.80
Associates (Investment as per the equity method)								
Indian -	-	-	-	-	-	-	-	-
Foreign -								
Mahindra Finance USA, LLC	2.35%	28,317.50	4.22%	4,577.48	118.94%	3,900.25	7.58%	8,477.73
Joint Ventures (Investment as per the equity method)								
Indian -	-	-	-	-	-	-	-	-
Foreign -								
Ideal Finance Limited	0.00%	12.25	0.01%	12.25	0.00%	-	0.01%	12.25
Total	**100.00%**	**12,05,868.67**	**100.00%**	**1,08,581.77**	**100.00%**	**3,279.23**	**100.01%**	**1,11,861.00**

55 EVENTS AFTER THE REPORTING DATE

During the year ended 31 March 2020, the Company along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL. The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. This sale transaction has been recorded in the books of accounts on 29 April 2020. Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries.

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 55

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
15 May 2020

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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

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	7
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	Mahindra Finance CSR Foundation
3	Reporting period for the subsidiary concerned	April 01, 2019 to March 31, 2020	April 01, 2019 to March 31, 2020	April 01, 2019 to March 31, 2020	April 01, 2019 to March 31, 2020	April 01, 2019 to March 31, 2020	April 01, 2019 to March 31, 2020	April 02, 2019 to March 31, 2020
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA	NA	NA	NA
5	Share Capital	1,030.93	12,144.25	21,000.00	50.00	-	-	0.10
6	Other Equity	41,237.32	1,12,669.89	(14,210.79)	(29.58)	3,843.48	29.30	(0.25)
7	Total Assets	54,422.41	8,23,207.60	8,818.34	22.06	3,847.01	990.03	0.10
8	Total Liabilities (excluding Equity Share Capital and Reserves)	12,154.16	6,98,393.46	2,029.13	1.64	3.53	960.73	0.25
9	Investments	4,739.45	11,509.35	7,148.77	12.38	3,716.41	968.45	-
10	Turnover	33,701.56	1,52,760.51	1,695.92	21.88	475.42	31.73	11.50
11	Profit / (Loss) before tax	7,390.16	20,559.92	(3,802.89)	(1.79)	474.16	31.31	(0.25)
12	Provision for tax	2,053.97	5,704.22	-	-	124.90	2.26	-
13	Profit after tax	5,336.19	14,855.70	(3,802.89)	(1.79)	349.26	29.05	(0.25)
14	Other Comprehensive Income	(222.21)	(114.89)	(17.57)	0.00	0.00	0.00	0.00
15	Total Comprehensive Income	5,113.98	14,740.81	(3,820.46)	(1.79)	349.26	29.05	(0.25)
16	Proposed dividend & tax thereon	-	-	-	-	-	-	-
17	Proportion of ownership interest	80.00%	99.60%	100.00	100.00	100.00	100.00%	100.00%
18	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]

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

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	Ideal Finance Limited
1. Latest audited Balance Sheet Date	March 31, 2020	March 31, 2020
2. Shares of Associate/Joint Ventures held by the company on the year end		
Number of shares held	35583920	55639098
Cost of Investment in Associates/Joint Venture (Rs in Lakhs)	21054.81	4399.60
Proportion of ownership interest %	49.00	38.20
3. Description of how there is significant influence	Power to influence decisions	Power to influence decisions
4. Reason why the associate/joint venture is not consolidated	Not Applicable	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet (Rs in Lakhs)	49371.81	3558.22
6. Profit/Loss for the year		
i. Considered in Consolidation (Rs in Lakhs)	4577.48	12.25
ii. Not Considered in Consolidation (Rs in Lakhs)	4764.31	19.82

For Mahindra & Mahindra Financial Services Limited

Dhananjay Mungale
Chairman
[DIN: 00007563]

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

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

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

To,
KFin Technologies Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Selenium Building, Tower B, Plot No. 31-32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032.

UPDATION OF SHAREHOLDER INFORMATION FOR PHYSICAL HOLDINGS

I/ We request you to record the following information against my/our Folio No.:

General Information:

Folio No.	
Name of the sole/first Shareholder	
Father's/Mother's/Spouse's Name	
Address (Registered Office address in case Member is a Body Corporate)	
E-mail ID	
PAN*	
CIN/Registration No.* (applicable to Corporate Shareholders)	
Occupation	
Residential Status	
Nationality	
In case Member is a minor, name of the guardian	
Tel No. with STD Code	
Mobile No.	

*Self attested copy of the document(s) enclosed

Bank Details:

IFSC: (11 digit)	MICR: (9 digit)
Bank A/c Type:	Bank A/c No.:@
Name of the Bank:	
Bank Branch Address:	

@ A blank cancelled cheque is enclosed to enable verification of bank details

I/We hereby declare that the particulars given above are correct and complete. I/We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/We understand that the above details shall be maintained by you till I/We hold the securities under the above mentioned Folio No.

Place :

Date :

Signature of Sole/ First holder

Encl. :

Notes :

1) Scanned copy of the above form, duly completed along with the necessary documents, can also be sent to us on the following e-mail IDs : **suresh.d@kfintech.com or investorhelpline_mmfsl@mahindra.com**.

2) Members holding Shares in demat form are requested to submit the Updation Form to their respective Depository Participant.

Mahindra FINANCE



Stock Exchange Codes
NSE: M&MFIN
BSE: 532720
Bloomberg: MMFS:IN

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

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