Placement Document
Subject to completion
Not for Circulation
Serial Number:[●]
Strictly Confidential

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Mahindra & Mahindra Financial Services Limited (our "**Company**" or the "**Issuer**") *was incorporated at Mumbai as Maxi Motors Financial Services Limited on January 1, 1991 as a public limited company under the Companies Act, 1956, as amended and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). Subsequently, the name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992. Our Company is registered as a deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. The Corporate Identity Number of our Company is L65921MH1991PLC059642. For details, see General Information on page 217.*

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

Our Company is issuing 24,000,000 equity shares of face value of ₹ 2 each (the "**Equity Shares**") at a price of ₹ 440 per Equity Share (the "**Issue Price**"), including a premium of ₹ 438 per Equity Share, aggregating to ₹ 10,560 million (the "**Issue**").

ISSUE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULES MADE THEREUNDER, ALONGWITH CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS").

THIS ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") AS DEFINED IN THE SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VIII OF THE SEBI ICDR REGULATIONS, AS AMENDED AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, AND RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBS. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH QIBS WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES.

Invitations for subscription of Equity Shares shall only be made pursuant to and in accordance with the Preliminary Placement Document together with the respective Application Form (as defined hereinafter) and this Placement Document and the Confirmation of Allocation Note (as defined herein). For further information, see the section "***Issue Procedure***" beginning on page 158. The distribution of the Preliminary Placement Document and this Placement Docuent or the disclosure of its contents without our Company's prior consent to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and agrees to make no copies of this Placement Document or any documents referred to in this Placement Document.

Our Company's outstanding Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE on November 30, 2017 was ₹ 439.65 and ₹ 438.40 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the SEBI Listing Regulations (as defined herein) for listing of the Equity Shares have been received from BSE on November 30, 2017 and NSE on November 30, 2017. Applications shall be made to the Stock Exchanges for obtaining the listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended) has been delivered to the Stock Exchanges. A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4 under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended) has also been delivered to the Stock Exchanges and RoC. Our Company shall also make the requisite filings with the RoC and Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended. This Placement Document has not been reviewed by SEBI, the Reserve Bank of India (the "**RBI**") the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" BEGINNING ON PAGE 44 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PLACEMENT DOCUMENT.

The Equity Shares have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act, and (b) outside the United States, in offshore transactions, in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where these offers and sales occur. For further information, see the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on beginning on pages 170 and 177, respectively.

The information on our Company's website, any website directly or indirectly linked to our Company's website, or the website of the Book Running Lead Managers or their respective affiliates does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited	Citigroup Global Markets India Private Limited	ICICI Securities Limited	JM Financial Institutional Securities Limited	Nomura Financial Advisory and Securities (India) Private Limited

This Placement Document is dated December 5, 2017.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Placement Document and confirms that to its best knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company, our Subsidiaries and our Joint Venture (collectively, **"our Group"**) and the Equity Shares that is material in context of the Issue. The statements contained in this Placement Document relating to our Group and the Equity Shares to be issued pursuant to the Issue are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to our Group and the Equity Shares to be issued in the Issue are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company. There are no other facts in relation to our Group and the Equity Shares to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Managers have not separately verified all the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers as to the accuracy or completeness of the information contained in the Preliminary Placement Document and this Placement Document or any other information supplied in connection with our Group and the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on either the Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Group and the merits and risks involved in investing in the Equity Shares.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offense in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Within the United States, this Placement Document is being provided only to persons who are reasonably believed to be "qualified institutional buyers" as defined in Rule 144A. Distribution of this Placement Document to any person other than the offeree specified by the Book Running Lead Managers or its representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized and any disclosure of its contents, without the prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and issue of the Equity Shares may be restricted in certain jurisdictions by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, prospective investors must rely on their own examination of our Group and the Equity Shares and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Managers are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable legal, investment or similar laws or regulations. Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and that it is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in the securities including the Equity Shares. Each subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document and disclosures included in "***Risk Factors***" on page 44.

The information on our Company's website, http://www.mahindrafinance.com, any website directly and indirectly linked to the website of our Company or on the websites of the Book Running Lead Managers or their respective affiliates, does not constitute nor form part of this Placement Document. The prospective investors should not rely on such information contained in, or available through, any such websites.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("**RSA 421-B**") WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE, CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION, MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information relating to investors in certain other jurisdictions, see the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 171 and 178, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" is to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged to and agreed with our Company and the Book Running Lead Managers, as follows:

- You are a 'QIB' as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws, including any reporting obligations;

- If you are not a resident of India, but a QIB, (i) you are an Eligible FPI as defined in this Placement Document and have a valid and existing registration with SEBI under the applicable laws in India; or (ii) a multilateral or bilateral development financial institution; or (iii) an FVCI and have a valid and existing registration with SEBI under applicable laws in India, and are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You are eligible to invest in India under applicable laws, including the FEMA 20 and any notification, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

- You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges (additional requirements apply if you are within the United States or a U.S. Person, see the section "***Transfer Restrictions***" beginning on page 178);

- You have made, or been deemed to have made, as applicable, the representations set forth in the sections "***Transfer Restrictions***" and "***Selling Restrictions***" beginning on pages 178 and 171, respectively;

- You are aware that this Placement Document has not been, and will not be, registered as a prospectus under the Companies Act, 2013 and the SEBI ICDR Regulations or under any other law in force in India. This Placement Document has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by QIBs.

- The Preliminary Placement Document and this Placement Document has been filed with the Stock Exchanges for record purposes only and the Preliminary Placement Document and the Placement Document has been displayed on the websites of our Company and the Stock Exchanges. Furthermore, the Placement Document will be filed with the RoC and SEBI in accordance with the provisions of the Companies Act, 2013;

- You are entitled to subscribe for, and acquire, the Equity Shares under the laws of all relevant jurisdictions that apply to you and you have: (i) fully observed such laws; (ii) the necessary capacity, and (iii) obtained all necessary consents, governmental or otherwise, and authorizations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Managers. Neither the Book Running Lead

Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law including but not limited to the Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003, as amended and the Companies Act, 2013, and the rules made thereunder;

- All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the allotment of the Equity Shares shall be at the discretion of our Company in consultation with the Book Running Lead Managers;

- You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures;

- You understand that the Equity Shares issued pursuant to the Issue will, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document and have read it in its entirety, including in particular, the section "***Risk Factors***" beginning on page 44;

- In making your investment decision, you have (i) relied on your own examination of our Group and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of our Company, the Equity Shares and the terms of the Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company, our Directors, our Promoters and our affiliates or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) relied solely on the information contained in this Placement Document and no other disclosure or representation by our Company or any other party, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of its shareholders, directors, officers, employees, counsel, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive, and agree not to assert any claim against our Company or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not approach our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue, for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire such Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'Promoter' (as defined under Section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations) of our Company or any of our affiliates and are not a person related to the Promoters, either directly or indirectly, and your Bid does not directly or indirectly represent the 'Promoter', or 'Promoter Group', (as defined under the SEBI ICDR Regulations) of our Company or persons relating to our Promoters;

- You have no rights under a shareholders' agreement or voting agreement with our Promoters or persons related to our Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares, which shall not be deemed to be a person related to our Promoters;

- You will have no right to withdraw your Bid after the Bid/Issue Closing Date;

- You are eligible to apply for and hold the Equity Shares Allotted to you together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- The Bid made by you would not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**");

- To the best of your knowledge and belief, the number of Equity Shares Allotted to you pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

  a. The expression "belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details such as your name, address and number of Equity Shares Allotted) and if the Allotment of Equity Shares pursuant to the Issue results in you being one of the top ten shareholders of our Company, we shall also be required to disclose your name and shareholding details to the RoC within 15 days of Allotment under Section 93 of the Companies Act, 2013, and you consent to such disclosure being made by us;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and an in-principle approval has been received from the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the approvals for listing and trading in the Equity Shares will be obtained in time or at all. We shall not be responsible for any delay or non-receipt of such final approvals for listing and trading or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a placement agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly set out therein, agreed to manage the Issue and use reasonable efforts to procure subscriptions for the Equity Shares on terms and conditions set forth therein;

- You understand that the contents of this Placement Document are exclusively the responsibility of our Company, and neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or the Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document and the Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Company or any of their respective affiliates or any other person, and neither the Book Running Lead Managers nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You understand that the Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares Allotted to and purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us or any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act;

- If you are within the United States, you are a “qualified institutional buyer” as defined in Rule 144A under the Securities Act, are acquiring the Equity Shares for your own account or for the account of an investor who also meets the requirements of a “qualified institutional buyer”, for investment purposes only, and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

- You agree and acknowledge that in terms of Section 42(7) of the Companies Act, 2013 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, we shall file the list of QIBs (to whom the Preliminary Placement Document and the Placement Document has been circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and other filings required under the Companies Act, 2013;

- You agree that any dispute arising out of or in connection with the Issue will be governed by and construed in accordance with the laws of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any such disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Placement Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts; and

- Our Company, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, a FPI, other than Category III FPIs and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) (all such offshore derivative instruments referred to herein as "**P-Notes**"), directly or indirectly, only in the event (i) such P-Notes are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such P-Notes are issued after compliance with 'know your client' norms, and (iii) such offshore derivatives investments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by residents Indian or NRIs.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions: (a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Prospective investors interested in purchasing a P-Note have the responsibility to obtain adequate disclosure as to the issuer of the P-Note and the terms and conditions of any such P-Notes from the issuer of such P-Note. The FPI is required to collect regulatory fee of US$1,000 or any other amount, as may be specified by SEBI from time to time, from every subscriber of P-Notes issued by it and deposit the same with SEBI by way of electronic transfer in the designated bank account of SEBI. FPI is required to deposit this regulatory fee once every three years, provided that for the block of three years beginning April 1, 2017, the FPI shall collect and deposit the regulatory fee within two months from the date of notification of the Securities and Exchange Board of India (Foreign Portfolio Investors) (Fourth Amendment) Regulations, 2017 (i.e. July 20, 2017).

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal and tax advisers regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations, including without limitation, Indian laws, rules, regulations and guidelines applicable to P-Notes.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of, or claims on, the Book Running Lead Managers. FPI affiliates (other than Category III FPI and unregulated broad-based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the Book Running Lead Managers may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

DISCLAIMER CLAUSE

Disclaimer Clause of the Stock Exchanges

As required, a copy of the Preliminary Placement Document and this Placement Document has been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(i) warrant, certify or endorse the correctness or completeness of the contents of the Preliminary Placement Document and this Placement Document;

(ii) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(iii) take any responsibility for the financial or other soundness of our Company, our Promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares, may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

Disclaimer Clause of the RBI

The Company is having a valid certificate of registration dated September 4, 1998 issued by the RBI under Section 45 IA of the RBI Act. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits /discharge of liabilities by the Company

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to:

- 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue;

- the 'Company', our 'Company' or 'MMFSL' or 'Mahindra Finance' are to Mahindra & Mahindra Financial Services Limited;

- 'we', 'us' or 'our' are to Mahindra & Mahindra Financial Services Limited and our consolidated Subsidiaries and Joint Venture;

- a particular year are to the calendar year ended on December 31.

In this Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'INR', '₹', 'Rs', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

References to "lakhs" and "crores" in this Placement Document are to the following:

a. one lakh represents 100,000 (one hundred thousand);
b. ten lakhs represents 1,000,000 (one million);
c. one crore represents 10,000,000 (ten million);
d. ten crores represents 100,000,000 (one hundred million); and
e. one hundred crores represents 1,000,000,000 (one thousand million or one billion).

Our fiscal year commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year' or 'fiscal year' or 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

Our Company publishes its financial statements in Indian Rupees.

Unless otherwise indicated, all financial data in this Placement Document is derived from our Condensed Interim Audited Consolidated Financial Statements and our Audited Consolidated Financial Statements which are prepared in accordance with Indian GAAP. Indian GAAP differs in certain respects significantly from Ind AS, International Financial Reporting Standards ("**IFRS**") and U.S. GAAP. We have not attempted to quantify the impact of Ind AS, U.S. GAAP or IFRS on the financial data included in this Placement Document, nor have we provided a reconciliation of our consolidated financial statements to those of Ind AS, U.S. GAAP or IFRS. Accordingly, the degree to which the consolidated financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Further, as per the current applicable Ind AS implementation roadmap for NBFCs, our Company will implement Ind AS for the accounting period beginning from April 1, 2018. Our Company has not attempted to or quantify their impact on the financial data included in this Placement Document, and the financial statements included in this Placement Document may not be comparable later and investors should consult their own advisors regarding such differences and their impact on our Company's financial information. See *"**Risk Factors – We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for the financial year 2019 or any interim period post April 1, 2018 may not be comparable to our historical financial statements.**"* on page 51. We have conducted a preliminary review of the impact of Ind AS on our accounting policies, details of which are disclosed in the section

"***Summary of key differences between Indian GAAP and IND AS***" beginning on page 92.

In this Placement Document, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables, may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information included in this Placement Document regarding market position, growth rates and other industry data pertaining to our Company's business consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which our Company competes. Unless otherwise stated, statistical information included in this Placement Document pertaining to the business in which our Company operates, has been reproduced from trade, industry and government publications and websites. Our Company confirms that such information and data has been accurately reproduced, and that as far as it is aware and is able to ascertain from information published by third parties, no material facts have been omitted that would render the reproduced information inaccurate or misleading.

The information contained in this section is derived from the CRISIL research report titled *"Retail Finance-Auto"* published in July 2017 and the CRISIL research report titled *"Retail Finance-Housing"* published in November 2017 and other publicly available sources. The information sourced from the CRISIL Research reports are subject to following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Mahindra and Mahindra Financial Services Limited will be responsible for ensuring compliances and consequences of non-complainces for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates.

Neither our Company nor the Book Running Lead Managers have independently verified this data, nor does it or the Book Running Lead Managers make any representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources, and neither our Company nor the Book Running Lead Managers can assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

AVAILABLE INFORMATION

Our Company has agreed that for so long as any Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, and our Company is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, our Company will furnish to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act, subject to compliance with the applicable provisions of Indian law.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical facts constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any projections contained in this Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- our ability to manage our credit quality;
- interest rates and inflation in India;
- volatility in interest rates for our lending and investment operations as well as the rates at which our Company borrows from banks/financial institution;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition from our existing as well as new competitors;
- change in the government regulations;
- availability of adequate debt and equity financing at commercially acceptable terms;
- performance of the Indian debt and equity markets; and
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 44, 97, 115 and 71, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections.

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document and neither our Company nor the Book Running Lead Managers undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise.

If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company incorporated under the laws of India. The Board of Directors of our Company comprises of nine Directors, majority of whom are Indian citizens. All of our Company's key managerial personnel are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Code"**) on a statutory basis.

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or parties litigating under the same title except:

(a) where the judgement has not been pronounced by a court of competent jurisdiction;

(b) where the judgement has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgement to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgement has been obtained by fraud; or

(f) where the judgement sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by a district court in India. Under Section 14 of the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong, amongst others, has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment or award and not on the date of the payment.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

On November 30, 2017, the exchange rate (RBI reference rate) was ₹ 64.43 to US$ 1 (*Source: www.rbi.org.in*)

(₹Per US$)

	Period end	**Average**[(1)]	**High**[(2)]	**Low**[(3)]
Fiscal Year:				(₹ Per US$)
2017	64.84	67.09	68.72	64.84
2016	66.33	65.46	68.78	62.16
2015	62.59	61.15	63.75	58.43
Quarter ended:				
September 30, 2017	65.36	64.29	65.76	63.63
June 30, 2017	64.74	64.46	65.04	64.00
March 31, 2017	64.84	67.01	68.23	64.84
Month ended:				
October 31, 2017	64.77	65.16	65.55	64.76
September 30, 2017	65.36	64.44	65.76	63.87
August 31, 2017	64.02	63.97	64.24	63.63
July 31, 2017	64.08	64.46	64.82	64.08
June 30, 2017	64.74	64.44	64.74	64.26
May 31, 2017	64.55	64.42	64.99	64.02

(1) *Average of the official rate for each working day of the relevant period.*

(2) *Maximum of the official rate for each working day of the relevant period*

(3) *Minimum of the official rate for each working day of the relevant period*

Note: In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections "***Statement of Tax Benefits***" and "***Financial Statements***" beginning on pages 188 and 218, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
the Company, our Company, or the Issuer	Mahindra & Mahindra Financial Services Limited registered under Companies Act, with its registered office at Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra
we, our or us	Our Company together with its Subsidiaries, and Joint Venture

Company Related Terms

Term	Description
Articles or Articles of Association	Articles of association of our Company, as amended
Audited Consolidated Financial Statements	Audited consolidated financial statements of assets and liabilities as of and for the fiscal years ended March 31, 2017, 2016 and 2015 and statement of profits and losses and cash flows for the fiscal years ended March 31, 2017, 2016 and 2015 read along with the respective notes thereto, prepared in accordance with Indian GAAP, and the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 together with the report for the relevant period issued by the statutory auditors for those respective periods
Auditors or Statutory Auditors	B S R & Co. LLP, Chartered Accountants, statutory auditors of our Company with effect from July 25, 2017. B. K. Khare & Co., Chartered Accountants, previous statutory auditors of our Company upto July 24, 2017
Board of Directors or Board	Board of directors of our Company or any duly constituted committee thereof
Condensed Interim Audited Consolidated Financial Statements	Condensed interim audited consolidated financials comprises of condensed interim balance sheet as at September 30, 2017 and condensed interim statement of profits and losses and condensed interim cash flow statement for the half year ended September 30, 2017 and a summary of selected explanatory notes, prepared in accordance with Indian GAAP, and the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 together with the report for the relevant period issued by the statutory auditors.
Corporate Office	The corporate office of our Company, situated at 4th Floor, A wing, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra
Director	Director of our Company, unless otherwise specified
ESOS-2005	The Mahindra & Mahindra Financial Service Limited-Employee Stock Option Scheme 2005
ESOS-2010	The Mahindra & Mahindra Financial Service Limited-Employee Stock Option Scheme 2010

Term	Description
Equity Shares	Equity shares of our Company of face value ₹ 2 each
Group	Our Company, our Subsidiaries and our Joint Venture
Joint Venture or MF USA	The joint venture of our Company, Mahindra Finance USA LLC
Key Management Personnel	The key management personnel of our Company in accordance with the provisions of the Companies Act, 2013. For details, see "***Board of Directors and Senior Management***" beginning on page 143
MAMCPL	Our subsidiary, Mahindra Asset Management Company Private Limited
Memorandum or Memorandum of Association	Memorandum of association of our Company, as amended
MIBL	Our subsidiary, Mahindra Insurance Brokers Limited
MRHFL	Our subsidiary, Mahindra Rural Housing Finance Limited
MTCPL	Our subsidiary, Mahindra Trustee Company Private Limited
Preference Shares	Redeemable preference shares of our Company of face value of ₹100 each
Promoter or M&M	Mahindra & Mahindra Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	The registered office is Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra.
RoC	Registrar of Companies, Maharashtra at Mumbai
Securities Issue Committee	The committee constituted by our Board of Directors by a board resolution dated October 6, 2017
Subsidiaries	Subsidiaries of our Company being MAMCPL, MIBL, MRHFL and MTCPL

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares by our Company (in consultation with the Book Running Lead Managers) to successful Bidders on the basis of the Application Form submitted by such successful Bidders, and in compliance with Chapter VIII of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	The issue and allotment of Equity Shares pursuant to the Issue
Allottees	Successful Bidders to whom Equity Shares Allotted pursuant to the Issue
Application Form	The form (including any revisions thereof) pursuant to which a Bidder shall submit a Bid for the Equity Shares in the Issue
Bid(s)	Indication of interest of a Bidder, including all revisions and modifications thereto, as provided in the Application Form, to subscribe for the Equity Shares to be issued pursuant to the Issue
Bid/Issue Closing Date	December 5, 2017, which is the last date up to which the Application Forms shall be accepted by our Company (or the Book Running Lead Managers, on behalf of our Company)
Bid/Issue Opening Date	November 30, 2017, the date on which the acceptance of the Application Forms shall have commenced by our Company (or the Book Running Lead Managers on behalf of our Company)
Bidder	Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
Bidding Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date inclusive of both dates during which Bidders can submit their Bids including any revision and/or modifications thereof
Book Running Lead Managers or BRLMs	Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited, ICICI Securities Limited, JM Financial

Term	Description
	Institutional Securities Limited and Nomura Financial Advisory and Securities (India) Private Limited
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about December 7, 2017
Cut-off Price	The Issue Price of the Equity Shares to be issued pursuant to the Issue which shall be finalised by our Company in consultation with the Book Running Lead Managers
Designated Date	The date of credit of Equity Shares to the demat accounts of successful Bidders
Escrow Agreement	Agreement dated November 30, 2017, entered into amongst our Company, the Escrow Bank and the Book Running Lead Managers for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Axis Bank Limited
Escrow Bank Account	The account titled 'Mahindra & Mahindra Financial Services Limited – QIP Escrow Account' to be opened with the Escrow Bank, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to the Issue shall be deposited
Floor Price	The floor price of ₹ 439.63, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.
Issue	The issue and Allotment of 24,000,000 Equity Shares each at a price of ₹ 440 per Equity Share, including a premium of ₹ 438 per Equity Share, aggregating ₹ 10,560 million pursuant to chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013
Issue Price	₹ 440 per Equity Share
Issue Size	The aggregate size of the Issue, which is up to ₹ 10,560 million
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds
Pay-in Date	The last date specified in the CAN for payment of application monies by the successful Bidders
Placement Agreement	Placement agreement dated November 30, 2017 entered into between our Company and the Book Running Lead Managers
Placement Document	The placement document to be issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules prescribed thereunder
Preliminary Placement Document	The preliminary placement document dated November 30, 2017 issued to QIBs in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules prescribed thereunder
Pricing Date	The date of determination of the number of Equity Shares to be placed through the Issue and the Issue Price for the same
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being private placement to Eligible

Term	Description
	QIBs under Chapter VIII of the SEBI ICDR Regulations and applicable sections of the Companies Act, 2013, read with applicable rules of the Companies (Prospectus and Allotment of Securities) Rules, 2014
Relevant Date	November 30, 2017, which is the date of the meeting of the Board of Directors of our Company or a duly authorized committee thereof decide to open the Issue

Business and Industry Related Terms

Term	Description
ALCO	Asset Liability Management Committee
AT&C	Aggregated technical and commercial
Capital Adequacy Ratio	Minimum Capital Ratio to be maintained by a NBFC as required under the Non-Banking Financial Company – Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
CP	Commercial Paper
ECBs	External commercial borrowing
FCNR	Foreign currency non-resident
GPRS	General Packet Radio Service
GVA	Gross Value Add
HCVs	Heavy Commercial Vehicles
HFC	Housing financing company
ICD	Inter - Corporate Deposit
IFC	Infrastructure finance company
IRDA	Insurance Regulatory and Development Authority
ISO	International Organization for Standardization
LCVs	FCNR Including Light Commercial Vehicles
LIC	Life Insurance Corporation of India
Loan Assets	Loan Assets include long term and short term portion of loans against assets (secured), retained interest in pass through certificates under securitisation transactions, retained interest under assignment transactions, long term and short term portion of other loans and advances (including overdue loans), inter-corporate deposits, bills of exchange, trade advance and excludes prepaid expenses, discounting charges paid in advance, unamortised arrangement and placement fees and group gratuity receivable from LIC.
NBFC	Non-Banking Financial Company
NHB	National Housing Board
Net NPAs	Net Non-performing assets as per RBI regulations for banks or NBFCs
NPAs	Non-performing assets
RBI	Reserve Bank of India
SLM	Straight Line Method
Total Assets	Total assets of our Company
Tier I Capital	As defined under RBI regulations for NBFCs
Tier II Capital	As defined under RBI regulations for NBFCs
Total Assets	Total assets is balance sheet total
UTI	Unit Trust of India
XIRR	Internal rate of return for irregular cash flows
Yield	Ratio of interest income to the daily average of interest earning assets

Conventional and General Terms/Abbreviations

Term	Description
₹ / Rupees / INR	Indian Rupees
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under

Term	Description
	the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AMC	Asset management company
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment year
BSE	BSE Limited
CAGR	Compounded annual growth rate
Calendar Year	Year ending on December 31of the relevant year
Category III Foreign Portfolio Investors	An FPI registered as a category III foreign portfolio investor under the SEBI FPI Regulations
CBI	Central Bureau of Investigation
CDSL	Central Depository Services (India) Limited
CEO	Chief executive officer
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder to the extent in force pursuant to the notification of the Notified Sections
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director identification number
EBITDA	Earnings before interest, taxes, depreciation and amortization
EGM	Extraordinary general meeting
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include qualified foreign investors or Category III Foreign Portfolio Investors (who are not eligible to participate in the Issue)
EPS	Earnings per share
ESOPs	Employee stock options
F&O	Futures and Options
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified under Circular No. D/o IPP F. No. 5(1)/2017-FC-1, effective from August 28, 2017, as amended from time to time
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended
Financial Year / Fiscal Year / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FIPB	Erstwhile Foreign Investment Promotion Board
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations.
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GDR	Global depository receipts
GoI / Government	Government of India

Term	Description
GST	Goods and services tax
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
IND AS	Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015 in its G.S.R dated February 16, 2015
Indian GAAP	Generally accepted accounting principles in India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
IPC	The Indian Penal Code, 1860
IT Act / Income Tax Act	The Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
Mn	Million
MoU	Memorandum of understanding
NGOs	Non-government organisations
Notified Sections	Sections of Companies Act, 2013 that have been notified by the Government of India
NCDs	Non Convertible Debentures
NRIs	Non-Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OFAC	Office of Foreign Assets Control of the U.S. Treasury Department
PAN	Permanent account number
PAT	Profit after tax
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Maharashtra at Mumbai
RSU	Restricted stock units
Rule 144A	Rule 144A under the Securities Act
SCR (SECC) Rules	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, notified by the SEBI
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEC	United States Securities and Exchange Commission
Securities Act	The U.S. Securities Act of 1933
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.K.	United Kingdom
U.S. GAAP	Generally accepted accounting principles in the United States of America
US$ / USD / U.S. dollar	United States Dollar, the legal currency of the United States of America
USA / U.S. / United States	The United States of America
VCF	Venture capital fund as defined and registered with SEBI under the

Term	Description
	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided.

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover page
b.	Date of incorporation of the company.	Cover page, 217
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	115
d.	Brief particulars of the management of the company.	143
e.	Names, addresses, DIN and occupations of the directors.	143
f.	Management's perception of risk factors.	44
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	214-215
i)	Statutory dues;	214-215
ii)	Debentures and interest thereon;	214-215
iii)	Deposits and interest thereon; and	214-215
iv)	Loan from any bank or financial institution and interest thereon.	214-215
h.	Names, designation, address and phone number, e-mail ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	Cover page, 217
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	33, 217
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities.	33, 217
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	33
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	33
e.	Name and address of the valuer who performed valuation of the security offered.	Not Applicable
f.	Amount which the company intends to raise by way of securities.	Cover page, 33
g.	Terms of raising of securities:	Not Applicable
(i).	Duration, if applicable;	Not Applicable
(ii).	Rate of dividend;	Not Applicable
(iii).	Rate of interest;	Not Applicable
(iv).	Mode of payment; and	Not Applicable
(v)	Mode of repayment.	Not Applicable
h.	Proposed time schedule for which the offer letter is valid.	19
i.	Purposes and objects of the offer.	65
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	65
k.	Principle terms of assets charged as security, if applicable.	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	147
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	210

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
c.	Remuneration of directors (during the current year and last three financial years).	149
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	218
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	215
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.	214
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	214
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the company in the following manner in a tabular form:	
(i)(a)	The authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	67
(b)	Size of the present offer; and	67
(c)	Paid up capital:	67
(A)	After the offer; and	67
(B)	After conversion of convertible instruments (if applicable);	Not Applicable
(d)	Share premium account (before and after the offer).	67
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	67
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	68
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	218
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	70
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	35
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	35
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	90
5.	**A DECLARATION BY THE DIRECTORS THAT**	
a.	The company has complied with the provisions of the Act and the rules made thereunder.	219
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF BUSINESS

Overview

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

Our Company was incorporated in 1991 and commenced operations as a finance company in 1993. Our Company was registered as a deposit-taking NBFC in 1998 and has since established a pan-India presence, spanning 27 states and four union territories through 1,178 offices as of September 30, 2017. We cater to the financing needs of retail customers and small and medium-sized enterprises. We primarily focus on providing financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, and pre-owed vehicles and others which accounted for 28.1%, 18.7%, 22.1%, 11.5% and 19.6% of estimated total value of the assets financed by our Company, respectively, for the financial year 2017. For the half year ended September 30, 2017, financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, and pre-owed vehicles and others accounted for 26.8%, 19.2%, 21.3%, 11.2% and 21.6% of estimated total value of the assets financed by our Company, respectively. We benefit from our close relationships with dealers and our long-standing relationships with OEMs, which allow us to provide on-site financing at dealerships.

In May 2004, we started an insurance broking business through our subsidiary, Mahindra Insurance Brokers Limited. We currently hold 80.0% of the outstanding equity shares of MIBL. We provide insurance broking solutions to individuals and corporates through MIBL. MIBL has a composite broking license from the IRDA, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers.

In October 2007, we commenced our housing finance business through our subsidiary, Mahindra Rural Housing Finance Limited. We hold 87.5% of the outstanding equity shares of MRHFL. We provide housing loans to individuals through, MRHFL, a registered housing finance company. We grant housing loans for purchase, construction, extension and renovation of house property.

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

In June 2013, Mahindra Asset Management Company Private Limited was incorporated and was appointed as the asset management company of the Mahindra Mutual Fund. The Mahindra Mutual Fund was constituted as a trust and was registered with SEBI. Our Company is the sponsor to the mutual fund and Mahindra Trustee Company Private Limited, a wholly-owned subsidiary of our Company, is the trustee to the mutual fund. The maiden fund of the Mahindra Mutual Fund - 'Mahindra Liquid Fund' received approval from the SEBI in June 2016 and was launched in July 2016

Mahindra & Mahindra, our promoter and the flagship company of the Mahindra Group, had a market capitalization of ₹ 779 billion as of September 30, 2017. The Mahindra Group has a strong presence in the utility vehicles, tractors, information technology, financial services, aerospace, real estate, hospitality and logistics sectors.

The following table sets forth certain key details of our Company for the periods indicated:

(₹ in million)

	As of/ For the half year ended September 30,		As of/ For the year ended March 31,		
	2017	2016	2017	2016	2015
Assets Under Management*	499,176.23	438,547.14	467,755.43	409,332.68	368,776.45
Total Borrowings	373,482.71	321,558.23	346,704.03	294,523.06	262,633.01

	As of/ For the half year ended		As of/ For the year ended		
	September 30,		March 31,		
	2017	2016	2017	2016	2015
Total Revenue	32,859.58	28,913.65	62,375.38	59,051.01	55,847.06
Interest Income	30,437.55	26,779.05	57,694.33	53,935.12	50,368.44
Interest Expense	14,705.84	13,886.58	28,349.12	26,152.48	24,740.54
Loan Provisioning & Write-offs	8,704.27	5,287.37	13,091.27	10,495.30	8,274.89
Profit After Tax for the Period	1,253.77	1,818.01	4,002.35	6,725.96	8,317.76
Gross NPA# (including income reversal) to Total Assets (including income reversal)	12.5%	11.0%	9.0%	8.0%	5.9%
Net NPA to Total Assets (including income reversal)	6.5%	5.6%	3.6%	3.2%	2.4%
Tier I Capital Adequacy Ratio	12.4%	13.8%	12.8%	14.6%	15.5%
Tier II Capital Adequacy Ratio	6.9%	5.0%	4.4%	2.7%	2.8%

**Assets Under Management includes our total assets comprising non-current assets, current assets and loan receivables outstanding under securitization and assignment transactions.*
#Gross NPAs are loans and advances classified as NPA by our Company.
Note: As of September 30, 2017 and 2016, our Company classified loans as non-performing after being three months and four months past due, respectively. As of March 31, 2017, 2016 and 2015, our Company classified loans as non-performing after being four months, four months and five months past due, respectively.

The following table sets forth certain key details of our Company, on a consolidated basis, for the periods indicated:

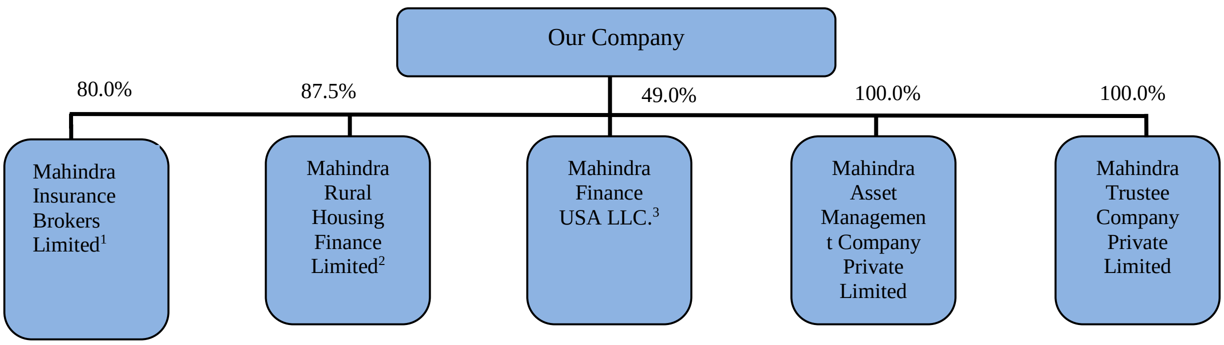
(₹ in million)

	As of / For the half year ended		As of / For the year ended		
	September 30,		March 31,		
	2017	2016	2017	2016	2015
Assets Under Management*	581,887.69	502,510.41	541,968.83	463,606.32	404,366.40
Total Revenue	38,716.54	33,198.13	72,006.51	65,974.50	60,609.06
Interest Income	35,292.97	30,314.65	65,502.89	59,390.26	53,944.06
Profit for the period after tax and minority interest	1,591.05	2,216.92	5,116.37	7,722.94	9,129.05

**Assets Under Management includes our total assets comprising non-current assets, current assets and loan receivables outstanding under securitization and assignment transactions.*

Corporate Structure

The following chart outlines our corporate structure:



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

2. The National Housing Bank holds 12.5 % of the outstanding equity shares of MRHFL.
3. De Lage Landen Financial Services Inc., a member of the Rabobank group holds 51.0% of the outstanding equity shares of MF

USA.

Our Competitive Strengths

Our competitive strengths are as follows:

Knowledge of Rural and Semi-Urban Markets

We have over 20 years of operating experience primarily in rural and semi-urban markets, which has led to a significant understanding of local characteristics of these markets and has allowed us to address the unique needs of our customers. Of our Company's 1,178 offices spanning across 27 states and four union territories, as of September 30, 2017, majority cater to customers located in rural and semi-urban markets. We have adapted to markets that are affected by limitations of rural infrastructure and have developed a diversified customer base of farmers, car-owners, transport agencies, small businessmen and home-owners. For origination and collection, we hire employees with knowledge of the local markets and have also implemented a de-centralized process to approve loans that meet pre-determined criteria. Further, our field executives use hand-held general packet radio service ("**GPRS**") enabled devices to record data while collecting loan payments at the customer's home or business location. This leads to face-to-face interaction that improves our understanding of the needs of our customers and enables us to be more responsive to local market demand. We believe that our knowledge of the rural and semi-urban markets is a key strength that has enabled us to become one of India's leading NBFCs.

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

Extensive Network of Offices

We operate an extensive network of our 1,411 offices spanning across 27 states and four union territories, as of September 30, 2017. The reach of our offices allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees. Our widespread office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts. In addition, our extensive office network benefits from a 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. We service multiple products through each of our offices, which reduces operating costs and improves total sales. We believe that the challenges inherent in developing an effective office network in rural and semi-urban areas provide us with a significant first mover advantage over our competitors in these areas.

Streamlined Approval and Administrative Procedures and Effective Use of Technology

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

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

History of Strong Customer and Dealer Relationships

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

Brand Recall and Synergies with the Mahindra Group

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

Access to Cost-Effective Funding

We believe that we are able to access cost-effective borrowings due to our strong brand equity, stable credit history, superior credit ratings and conservative risk management policies. Historically, we have secured cost-effective funding from a variety of sources. Our Company maintains borrowing relationships with several banks, mutual funds and insurance companies. Our Company's long-term NCD and subordinated debt is presently rated IND AAA, CARE AAA and CRISIL AA+ by India Ratings & Research Private Limited, Credit Analysis & Research Limited and CRISIL, respectively, and our long term subordinated debt is presently rated BWR AAA by Brickwork Ratings India Private Limited. India Ratings & Research Private Limited and CRISIL has rated our Company's short-term debt as IND A1+ and CRISIL A1+, respectively, which is the highest rating for short- term debt instruments, and CRISIL has rated our Company's fixed deposit program FAAA. For the half year ended September 30, 2017 and the financial year 2017, our Company's average annualized interest cost of borrowed funds was 8.2% and 8.8%, respectively.

Experienced Management Team

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

Our Strategies

Our business strategies are as follows:

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

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

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

Focus on Effective Use of Technology

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

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

Diversify Product Portfolio

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

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

Continue to Attract and Retain Talented Employees

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

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "***Risk Factors***", "***Use of Proceeds***", "***Placement***", "***Issue Procedure***" and "***Description of the Equity Shares***" beginning on pages 44, 65, 169, 158 and 185 respectively.

Issuer	Mahindra & Mahindra Financial Services Limited
Issue Price	₹ 440 per Equity Share
Floor Price	₹ 439.63 per Equity Share. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price.
Issue Size	Issue of 24,000,000 Equity Shares, aggregating to ₹ 10,560 million. A minimum of 10% of the Issue Size i.e. 2,400,000 Equity Shares shall be available for Allocation to Mutual Funds only, and 24,000,000 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs.
Date of Board resolution	November 1, 2017
Date of shareholders' resolution	November 29, 2017
Eligible investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations to whom the Preliminary Placement Document and the Application Form is circulated and who are eligible to bid and participate in the Issue and QIBs not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations. See the sections "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 158, 171 and 178, respectively. The list of QIBs to whom the Preliminary Placement Document and Application Form is delivered shall be determined by the Book Running Lead Managers in consultation with our Company, at their sole discretion.
Equity Shares issued and outstanding immediately prior to the Issue	593,764,960 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	Immediately after the Issue, 617,764,960 Equity Shares will be issued and outstanding.
Listing	Our Company has obtained in-principle approval dated November 30, 2017 in terms of Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares pursuant to the Issue, from the Stock Exchanges. Our Company shall make application to each of the Stock Exchanges after allotment to obtain final listing and trading approvals for the Equity Shares.
Lock-up	Please see the sub-section ***"Lock-up"*** of ***"Placement"*** on page 169 for a description of restrictions on our Promoter and Promoter Group in relation to Equity Shares.
Transferability restrictions	The Equity Shares Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. See the section "***Transfer Restrictions***" beginning on page 178.
Use of proceeds	The gross proceeds from the Issue are ₹ 10,560 million. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ 10,420 million. See the section "***Use of Proceeds***" beginning on page 65 for additional information.
Risk factors	See the section "***Risk Factors***" beginning on page 44 for a discussion of risks you should consider before deciding whether to subscribe for the

	Equity Shares.	
Pay-In Date	Last date specified in the CAN sent to the QIBs for payment of application money.	
Closing	The Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about December 7, 2017.	
Ranking	The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company, including rights in respect of dividends. The shareholders of our Company will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held.	
Voting rights	See the section "***Description of the Equity Shares- Voting Rights***" beginning on page 186.	
Security Codes for the Equity Shares	ISIN	INE774D01024
	BSE Code	532720
	NSE Code	M&MFIN

SUMMARY FINANCIAL INFORMATION

*The following summary financial information and other data should be read together with "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and our financial information, including the notes thereto and the reports thereon, which appear in the section **"Financial Statements"**. The summary financial information set forth below is derived from the Audited Consolidated Financial Statements and Condensed Interim Audited Consolidated Financial Statements prepared in accordance with Indian GAAP. Solely for the convenience of the reader, the selected data set out below is presented in a format different from our Audited Consolidated Financial Statements and Condensed Interim Audited Consolidated Financial Statements and such data has been derived from Audited Consolidated Financial Statements and Condensed Interim Audited Consolidated Financial Statements. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Ind AS, IFRS or other accounting principles.*

Summary Consolidated Balance Sheet

(₹ in millions)

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Equity and liabilities				
Shareholders' funds				
Share Capital	1,130.20	1,130.08	1,129.20	1,128.28
Reserves and Surplus	68,299.04	68,471.47	63,564.78	58,298.89
Total	**69,429.24**	**69,601.55**	**64,693.98**	**59,427.17**
MINORITY INTEREST	**1,047.97**	**998.01**	**675.28**	**492.96**
Non-Current Liabilities				
Long-Term Borrowings	2,77,111.61	2,49,849.23	2,03,412.06	1,68,652.47
Other Long-Term Liabilities	5,487.03	4,274.11	4,326.40	3,024.80
Long-Term Provisions	9,088.94	6,216.87	4,917.19	3,526.65
Total	**2,91,687.58**	**2,60,340.21**	**2,12,655.65**	**1,75,203.92**
Current Liabilities				
Short-Term Borrowings	81,816.65	72,176.28	52,175.33	52,586.19
Trade Payables				
(i) Micro and Small Enterprises	0.00	0.00	0.00	0.00
(ii) Other than Micro and Small Enterprises	6,920.33	6,944.21	4,963.89	4,954.52
Other Current Liabilities	1,03,467.80	1,06,820.69	99,211.27	81,822.60
Short-Term Provisions	19,655.88	17,184.77	15,693.04	11,844.04
Sub Total	**2,11,860.66**	**2,03,125.95**	**1,72,043.53**	**1,51,207.35**
Total	**5,74,025.45**	**5,34,065.72**	**4,50,068.44**	**3,86,331.40**
Assets				
Non-Current Assets				
Property, Plant and Equipment				
Tangible Assets	1,221.84	1,293.14	1,234.59	1,141.59
Intangible Assets	79.31	40.78	55.94	47.01
Capital Work-in-Progress	4.57	5.57	0.19	3.15
Intangible assets under development	8.47	5.82	0.00	0.00
Non-Current Investments	7,607.28	7,979.40	6,522.09	5,596.70
Deferred tax assets (Net)	7,990.32	7,571.78	5,992.39	4,212.58
Long-Term Loans and Advances	2,98,706.13	2,81,752.61	2,29,464.36	1,98,917.20
Other non-current assets	1,318.27	1,128.39	523.64	2,326.35
Total	**3,16,936.19**	**2,99,777.49**	**2,43,793.20**	**2,12,244.58**
Current Assets				
Current investments	3,680.60	5,923.99	5,467.03	944.98
Trade Receivables	404.46	229.59	200.05	145.42
Cash and Cash equivalents	4,467.18	6,038.75	6,059.37	4,901.84
Short-Term Loans and Advances	2,48,161.01	2,21,766.29	1,93,663.67	1,67,619.84

Particulars	As at September 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Other Current Assets	376.01	329.61	885.12	474.74
Sub Total	**2,57,089.26**	**2,34,288.23**	**2,06,275.24**	**1,74,086.82**
Total	**5,74,025.45**	**5,34,065.72**	**4,50,068.44**	**3,86,331.40**

Summary Consolidated Statement of Profit and Loss

(₹ in millions)

Particulars	For the half year ended September 30, 2017	For the year ended		
		March 31, 2017	March 31, 2016	As at March 31, 2015
Revenues				
Revenue from Operations	**38,536.78**	**71,462.04**	**65,538.67**	**60,211.43**
Other Income	179.75	544.47	435.83	397.63
Total Revenues	**38,716.53**	**72,006.51**	**65,974.50**	**60,609.06**
Expenses				
Employee Benefit Expenses	5,181.31	8,866.40	7,040.92	5,671.02
Finance Cost	16,832.26	31,861.74	28,683.47	26,429.98
Depreciation and Amortization Expenses	262.63	537.23	456.98	455.08
Loan provisions and write offs	9,427.25	13,895.51	10,981.91	8,491.23
Other Expenses	4,352.48	8,468.08	6,570.02	5,563.06
Total Expenses	**36,055.93**	**63,628.96**	**53,733.30**	**46,610.37**
Profit before Exceptional Items and Tax	**2,660.60**	**8,377.55**	**12,241.20**	**13,998.69**
Exceptional Items	0.00	0.00	0.00	0.00
Profit before Tax	**2,660.60**	**8,377.55**	**12,241.20**	**13,998.69**
Tax Expense:				
Current tax	1,407.87	4,635.35	6,143.99	5,761.13
Deferred tax	(417.89)	(1,554.80)	(1,776.81)	(1,011.12)
Profit/ (Loss) after tax before Minority Interest	**1,670.62**	**5,297.00**	**7,874.02**	**9,248.68**
Minority Interest	**79.57**	**180.63**	**151.08**	**119.62**
Profit/ (Loss) after tax and Minority Interest	**1,691.05**	**5,116.37**	**7,722.94**	**9,129.06**
Earnings per Share (EPS) (Weighted Average):				
Basic EPS (in ₹)	**2.82***	**9.06**	**13.69**	**16.19**
Diluted EPS (in ₹)	**2.81***	**9.00**	**13.58**	**16.05**

**not annualized*

Summary Consolidated Statement of Cash Flows

(₹ in millions)

Particulars	For the half year ended September 30, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
Cash flow from Operating Activities:				
Net(Loss)/Profit Before Extraordinary Item And Taxes	2,660.60	8,377.54	12,241.20	13,998.69
Adjustments for:				
Depreciation	262.63	537.23	456.98	455.08
Exchange fluctuation	26.31	(69.54)	102.30	57.30
Provision for Non-performing assets (net)	5,188.83	4,990.49	5,606.42	3,472.81
Bad Debts & Write offs	4,175.92	8,632.58	5,197.85	4,880.48

Particulars	For the half year ended September 30, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
General provision for Standard assets	63.43	272.54	177.58	133.08
Higher provision & provision for diminution in the fiar value of restructured advances	(0.93)	(0.09)	0.06	3.19
Employee compensation expense on account of ESOP Scheme	44.56	87.98	143.11	106.53
Income from investing activities	(556.76)	(648.18)	(521.86)	(396.23)
(Profit)/Loss on sale / retirement of assets	(2.27)	(0.98)	(10.03)	(0.97)
(Profit) / Loss on sale of Investments	(8.70)	(30.84)	0.00	(46.86)
Income from Assignment / Securitisation transactions	(669.45)	(1,193.67)	(2,063.36)	(2,562.24)
Operating Profit/(Loss) before Working Capital Changes	**11,184.17**	**20,955.06**	**21,330.25**	**20,100.86**
Movements in Working Capital				
(Increase)/Decrease in interest accrued others	235.60	508.73	90.19	90.91
Decrease/(Increase) in Trade receivable	(60.58)	48.31	(8.68)	(4,004.01)
Decrease/(Increase) in Loans & Advances & Others Current & Non-Current Assets	(47,781.31)	(89,705.04)	(69,367.38)	(53,950.59)
(Decrease)/Increase in Loans & Others Current Liabilities	(3,139.65)	8,227.85	4,940.07	3,942.42
Advance taxes paid	(2,769.30)	(5,314.42)	(6,554.78)	(5,914.51)
Net Cash From/(Used In) Operating Activities (A)	**(42,331.07)**	**(65,279.51)**	**(49,570.33)**	**(39,734.92)**
Cash flow from Investing Activities:				
Purchase of Fixed Assets (Including Capital Work in Progress)	(297.01)	(628.35)	(553.80)	(446.99)
Proceeds from Sale of Fixed Assets / Adjusted	7.18	11.86	23.68	60.32
Purchase of investments Other than investments in Subsidiaries and Joint Ventures	(49,457.51)	(53,370.97)	(23,459.92)	(26,753.32)
Investments in / maturity of term deposits with banks	362.75	1,245.20	1,091.38	(406.68)
Sale of Investments	52,081.70	51,017.54	18,007.48	27,476.98
Income received from investing activities	702.93	715.31	492.04	410.54
(Increase) / Decrease in Earmarked balances with banks	(1.32)	(0.05)	0.56	0.02
Net Cash Outflow From Investing Activities (B)	**3,398.72**	**(1,009.46)**	**(4,398.58)**	**340.87**
Cash flow from Financing Activities:				
Issue of Equity Shares (net of issue expenses)	0.11	13.71	79.66	55.28
Expenses incurred on issuance of Non-convertible debentures	(199.96)	0.00	0.00	0.00
Increase/(Decrease) in Bank borrowings (net)	(6,136.97)	(10,768.51)	(12,240.25)	(24,504.27)
Increase/(Decrease) in long term borrowings (net)	47,357.43	66,369.73	58,567.37	13,308.99
Increase/(Decrease) in short term borrowings (net)	2,798.05	14,873.89	133.44	33,850.06
Increase/(Decrease) in Fixed Deposits (net)	(7,896.66)	(3,868.02)	677.80	10,073.86
Proceeds from Assignment / Securitisation transactions	3,726.90	4,570.89	9,946.38	8,904.43
Dividend including Dividend Tax	(1,834.44)	(2,886.82)	(2,859.09)	(2,617.65)
Net Cash inflow from Financing Activities (C)	**37,814.46**	**68,304.87**	**54,305.31**	**39,070.70**
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	**(1,117.89)**	**2,015.90**	**336.40**	**(323.35)**

Particulars	For the half year ended September 30, 2017	For the year ended		
		March 31, 2017	March 31, 2016	March 31, 2015
Opening cash and cash equivalents	4,372.64	2,356.74	2,020.35	2,343.70
Cash on hand	269.63	242.60	239.07	158.38
Cheques and drafts on hand	174.02	125.85	54.45	29.70
Balance with bank in current accounts	2,811.10	4,004.19	2,063.23	1,832.27
Cash and cash equivalents at the end of the year	**3,254.75**	**4,372.64**	**2,356.75**	**2,020.35**

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with the Financial Statements included in this Preliminary Placement Document beginning on page 218, as well as the sections ***"Our Business"*** and ***"Management's Discussion and Analysis of Financial Condition and Results of Operations"*** on pages 115 and 71, respectively.

Loans and advances – MMFSL (standalone)

Particulars	As of September 30, 2017	As of September 30, 2016	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Loans against assets secured (₹ in million)*	417,946.06	365,053.40	402,349.43	345,749.23	313,991.06
Unsecured Loans (₹ in million)**	35,746.47	28,214.68	17,212.19	15,573.20	14,201.35
Total	**453,692.53**	**393,268.08**	**419,561.62**	**361,363.43**	**324,533.41**
Outstanding Contracts	1,979,127	1,859,110	1,934,085	1,833,129	1,722,338

**Loans against assets secured include long-term and short-term portion of loans against assets (secured), retained interest in pass through certificates under securitization transactions and retained interest under assignment transactions.*
***Unsecured loans include long-term and short-term portion of other loans and advances (including overdue loans), under corporate deposits, bills of exchange, trade advances and excludes pre-paid expenses, discounting charges in advances, unamortized arrangement fees and placement fess and group gratuity receivable from LIC.*

Loans and advances – MRHFL (standalone)

Particulars	As of September 30, 2017	As of September 30, 2016	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015
Loans against assets secured (₹ in million)*	54,317.91	38,817.50	48,192.61	32,645.20	20,983.16
Unsecured Loans (₹ in million)**	6.13	-	42.85	-	-
Total	**54,324.05**	**38,817.50**	**48,235.46**	**32,645.20**	**20,983.16**
Outstanding Contracts	549,018	397,411	491,242	345,818	237,479

* Loans against assets consists of housing loans and other loans
**Unsecured loans is personal loans

Disbursement – MMFSL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
New contracts during the period	267,873	250,668	556,122	522,256	515,654
Estimated Value of Assets Financed (₹ in million)	152,063.65	141,072.80	316,591.40	267,063.26	243,311.04

Disbursement – MRHFL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
New contracts	77,428	63,082	172,462	125,074	81,960

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
during the period					
Disbursement (₹ in million)	11,805.17	8,584.71	21,162.07	15,524.84	9,895.74

Details of Assignment and Securitization – MMFSL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
No. of securitization transactions	2	2	2	4	5
Value of receivables securitized (₹ in million)	3,057.44	3,377.22	3,377.22	8,558.69	7,222.99

Financial Summary (consolidated)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million, except operational data)	(₹ in million, except operational data)	(₹ in million, except operational data)	(₹ in million, except operational data)	(₹ in million, except operational data)
Revenue from Operations					
Interest Income	35,292.97	30,314.65	65,502.89	59,390.26	53,944.06
Income from assignment/ securitisation / transactions	669.46	513.22	1,193.67	2,063.35	2,562.23
*Fee Income**	2,319.53	1,848.59	4,347.55	3,780.19	3,503.26
*Other Operating Income***	254.82	209.12	417.94	304.88	201.88
Less: Finance Cost	16,832.26	15,533.22	31,861.74	28,683.47	26,429.98
Net Interest Income	21,704.52	17,352.36	39,600.30	36,855.20	33,781.45
Other Income	179.75	312.56	544.47	435.83	397.63
Total Income	21,884.28	17,664.91	40,144.76	37,291.03	34,179.08
Employee benefits expense	5,181.31	4,327.48	8,866.40	7,040.92	5,671.02
Other Opex ***	4,615.11	4,025.61	9,005.31	7,027.00	6,018.14
Loan provisions & write-offs	9,427.25	5,691.33	13,895.51	10,981.91	8,491.23
Profit before Tax	2,660.60	3,620.50	8,377.55	12,241.20	13,998.69
Profit after Tax	1,670.62	2,277.07	5,297.00	7,874.02	9,248.67
Minority Interest	79.57	60.16	180.63	151.08	119.62
Shareholders' funds	69,429.24	66,728.49	69,601.55	64,693.98	59,427.17
Borrowings	445,723.42	376,928.48	408,110.50	340,436.95	292,316.98
Total Assets	574,025.45	490,488.79	534,065.72	450,068.44	386,331.40
Average	69,515.40	65,711.23	67,147.77	62,060.57	56,182.06

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million, except operational data)	(₹ in million, except operational data)	(₹ in million, except operational data)	(₹ in million, except operational data)	(₹ in million, except operational data)
Shareholders' funds					
Average / Borrowings	426,916.96	358,682.71	374,273.73	316,376.97	275,623.13
Average Assets	532,257.12	470,278.61	460,198.56	418,199.92	363,453.17
Loan Assets****	539,755.48	459,736.83	497,237.58	417,746.00	361,688.79
No. of Employees	26,663	23,554	25,146	21,044	18,100
No. of Branches	1,411	1,341	1,394	1,306	1,213

* Fee income consists of income from insurance business /services, income from mutual fund business, service charges and other fees on loan transactions, income from hire purchase & income from lease.

** Other operating income is income from bill discounting

*** Other Opex consists of Depreciation and amortization expense and other expenses.

**** Loan assets include our long term and short term loans & advances excluding capital advances, deposit for office premises, advance payment of tax and other advances.

Financial ratios – MMFSL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million, except % and per share data)	(₹ in million, except % and per share data)	(₹ in million, except % and per share data)	(₹ in million, except % and per share data)	(₹ in million, except % and per share data)
Total Income / Average Assets	14.5%	14.7%	15.2%	16.3%	17.1%
Interest / Average Assets	6.6%	7.1%	7.0%	7.3%	7.7%
Gross Spread	7.9%	7.6%	8.2%	9.0%	9.4%
Overheads / Average Assets	3.3%	3.5%	3.5%	3.2%	3.1%
Write offs & NPA provisions / Average Assets	3.8%	2.7%	3.2%	2.9%	2.5%
Net Spread	0.8%	1.4%	1.5%	2.9%	3.8%
Net Spread after Tax	0.6%	0.9%	1.0%	1.8%	2.5%
Cost to Income Ratio	41.6%	45.8%	42.9%	36.1%	32.6%
Debt to Equity ratio	5.81:1	5.14:1	5.35:1	4.84:1	4.63:1
Return on Net Worth (Average Net Worth	3.9%	5.9%	6.4%	11.4%	15.5%
Earnings per share (basic)	2.22	3.22	7.09	11.92	14.75
Earnings per share (diluted)	2.21	3.2	7.04	11.83	14.62
Book value per share	113.0	109.9	113.9	106.64	99.42

NPA details - MMFSL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million, except % and per share)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
Gross NPA (incl. income reversal)	62,196.30	47,480.52	41,826.64	32,241.70	20,997.22
Provision for NPA (incl. income reversal)	31,770.77	24,618.99	25,829.85	18,890.56	12,815.16
Net NPA (incl. income reversal)	30,425.53	22,861.52	15,996.79	13,351.14	8,182.06
Gross NPA (incl. income reversal) to Total Assets (incl. income reversal)	12.5%	11.0%	9.0%	8.0%	5.9%
Net NPA (incl. income reversal) to Total Assets (incl. income reversal)	6.5%	5.6%	3.6%	3.2%	2.4%
Provision Coverage Ratio	51.1%	51.9%	61.8%	61.7%	61.0%
Contracts under NPA	211,479	178,480	138,457	109,106	68,459
% of Live Cases under NPA	10.7%	9.6%	7.2%	6.0%	4.0%
Repossessed Assets (out of above NPA)	13,530	10,137	13,185	6,358	7,092

Note: As of September 30, 2017 and 2016, our Company classified loans as non-performing after being three months and four months past due, respectively. As of March 31, 2017, 2016 and 2015, our Company classified loans as non-performing after being four months, four months and five months past due, respectively.

NPA details - MRHFL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million, except % and operational data)	(₹ in million, except % and operational data)	(₹ in million, except % and operational data)	(₹ in million, except % and operational data)	(₹ in million, except % and operational data)
Gross NPA	7,204.90	3,978.61	4,663.32	2,368.60	1,226.53
Provision for NPA	1,803.37	942.05	1,143.70	589.90	278.64
Net NPA	5,401.53	3,036.57	3,519.63	1,778.69	947.89
Gross NPA to Loan Assets %	13.26%	10.25%	9.67%	7.26%	5.85%
Net NPA to Loan Assets %	10.28%	8.02%	7.47%	5.55%	4.58%
Provision Coverage Ratio	25.03%	23.68%	24.53%	24.91%	22.72%
Contracts under NPA	78,250	44,858	51,626	27,376	16,050
% of Live Cases under NPA	14.25%	11.29%	10.51%	7.92%	6.76%

Catpital Adequacy Ratio and details – MMFSL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million, except %)	(₹ in million except %)	(₹ in million except %)	(₹ in million except %)	(₹ in million except %)
Tier I	54,945.30	53,752.49	53,516.00	52,721.87	50,774.95
Tier II	30,648.71	19,333.21	18,434.39	9,556.38	9,107.11
Risk weighted assets	443,526.95	389,697.26	417,839.46	360,283.04	327,250.00
Tier I %	12.4%	13.8%	12.8%	14.6%	15.5%
Tier II %	6.9%	5.0%	4.4%	2.7%	2.8%

Catpital Adequacy Ratio and details – MRHFL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
Tier I	4,795.21	2,823.77	4,614.73	2,571.68	1,722.03
Tier II	2,586.51	1,551.71	2,009.98	749.44	121.17
Risk weighted assets	25,493.65	16,774.23	21,693.29	14,044.59	12,070.63
Tier I	18.81%	16.83%	21.27%	18.31%	14.27
Tier II	10.15%	9.25%	9.27%	5.34%	1.00%

Funding Mix by Instrument Type – MMFSL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
NCDs	178,474.00	134,944.00	153,912.00	108,327.00	61,022.00
Retail NCDs	21,505.31	10,000.00	10,000.00	-	-
Bank loans	90,755.45	101,070.83	96,892.41	107,660.92	119,901.17
Fixed deposits	35,690.45	46,831.91	43,829.61	47,842.64	46,802.34
CP, ICD	47,057.50	28,712.50	42,070.00	30,692.50	34,907.50
Total	**373,482.71**	**321,558.23**	**346,704.03**	**294,523.06**	**262,633.01**

Funding Mix by Instrument Type – MRHFL (standalone)

Particulars	For the half year ended		For the Financial Year		
	September 30, 2017	September 30, 2016	2017	2016	2015
	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)	(₹ in million)
NCDs	12,275.00	3,070.00	6,525.00	670.00	70.00
Retail NCDs	-	-	-	-	-
Bank loans	29,528.75	24,304.52	27,535.58	23,105.60	16,116.06
Fixed deposits	-	-	-	-	-
CP, ICD	5,415.00	5,742.50	4,055.00	2,891.15	910.65
Securitisation / Assignment	-	-	-	-	-
Total	**47,218.75**	**33,117.02**	**38,115.58**	**26,666.75**	**17,096.71**

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Placement Document before making an investment in our Equity Shares. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows.

If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved.

INTERNAL RISKS

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

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

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

We are primarily engaged in providing financing for new auto and utility vehicles, tractors, cars and commercial vehicles, and for pre-owned vehicles to customers in rural and semi-urban markets. For the half year ended September 30, 2017 and the financial years 2017, 2016 and 2015, the estimated total value of assets financed by our Company was ₹ 152,063.65 million, ₹ 316,591.40 million, ₹ 267,063.26 million and ₹ 243,311.04 million, respectively, our Company's revenue from operations was ₹ 32,531.62 million, ₹ 61,739.11 million, ₹ 58,531.61 million and ₹ 55,360.56 million, respectively and total profit after tax for the period was ₹ 1,253.77 million, ₹ 4,002.35 million, ₹ 6,725.96 million and ₹ 8,317.76 million, respectively. Our subsidiaries MRHFL, MIBL and MAMCPL operate in the housing finance, insurance distribution and asset management industries, respectively. Our asset portfolios include, and will likely continue to include, a high concentration of financing arrangements for vehicles in rural and semi-urban markets. The success of our business thus depends on various factors that affect demand for such vehicles, including the demand for transportation services in India, the housing and the insurance market in India, changes in Indian regulations and policies affecting utility vehicles, tractors, commercial vehicles and cars, natural disasters, calamities, fuel prices and other macroeconomic conditions in India and globally. Moreover, demand for such vehicles from our customers who are individuals or small enterprises that typically have less financial wherewithal than corporate borrowers or fleet owners or demand for rural housing, is more likely to be adversely affected by these factors. This may result in a decline in the sales or value of new and pre-owned vehicles. Such factors may also affect the business of our customers, which in turn will affect their ability to perform their obligations under the existing financing agreements. Any decline in sales of, or in demand for financing for, utility vehicles, tractors, cars or commercial vehicles or non-performance of the existing financing agreements could adversely affect our business and results of operations.

3. Our inability to compete effectively in an increasingly competitive industry may adversely affect our net

interest margins, income and market share.

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

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding, and the interest rates at which we lend to our customers. Our ability to secure low-cost funding has been impacted significantly by recent regulatory developments. See *"—Any disruption in our sources of funding could adversely affect our liquidity and financial condition*" and "*—Recent developments in the regulatory environment concerning securitization and assignment transactions with respect to receivables of our loan assets could adversely affect our ability to secure funding and our results of operations and financial condition***.**" In light of this pressure, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business.

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

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

We are one of the leading NBFCs in the rural and semi-urban markets of India and cater primarily to customers without formal credit histories and which typically have less financial wherewithal and may be particularly susceptible to adverse economic conditions. As of September 30, 2017, our total loan assets were ₹ 539,755.48 million and we expect that the size of our loan assets will grow as a result of our expansion strategy in existing as well as new products, which will expose us to an increased risk of defaults. This may also increase our NPAs. Our Company's Gross NPAs (including income reversals) were ₹ 62,196.30 million, or 12.5% of our total assets as of September 30, 2017; and ₹ 41,826.64 million, or 9.0% of our total assets as of March 31, 2017. Our Company's provision (including income reversals) on NPAs was ₹ 31,770.77 million and ₹ 25,829.85 million as of September 30, 2017 and March 31, 2017, respectively. As of September 30, 2017 our Company classified loans as non-performing after being three months past due and as of March 31, 2017, our Company classified loans as non-performing after being four months past due.

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

Although we follow certain procedures to evaluate the credit profiles of our customers at the time of sanctioning a loan, we typically rely on a system of referrals from the local community and the value of the vehicle provided as underlying collateral rather than focusing solely on the credit profile of our customers. We had unsecured loans outstanding (comprising, of long-term and short-term portion of other loans and advances (including overdue loans), inter-corporate deposits, bills of exchange, trade advances and excludes unamortised prepaid expenses, discounting charges, arrangement & placement fees and group gratuity receivable) aggregating to ₹ 35,751.51 million as of September 30, 2017.

Further, the Government has by the Finance Act, 2017 introduced Section 269(ST) to the Income Tax Act, which restricts cash transactions above ₹ 200,000 and also sets out penalties for the violation of this section. Cash has historically been a preferred mode of payment for many of our customers and may continue to be in the future. Due to the introduction of such restrictions, our collections may be affected until our customers start making repayments through banking channels. Consequently, non-payment or default by borrowers could adversely affect our financial condition and results of operations.

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

We adhere to provisioning requirements related to our loan assets pursuant to the Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**Master Directions**"). Our Company's Gross NPAs (including income reversals) were ₹ 62,196.30 million, or 12.5% of our total assets as of September 30, 2017. Our Company's Gross NPAs (including income reversals) were ₹ 41,826.64 million, or 9.0% of our total assets as of March 31, 2017, as compared to ₹ 32,241.70 million, or 8.0% of our total assets as of March 31, 2016. Our Company's provision (including income reversals) on NPAs was ₹ 25,829.85 million as of March 31, 2017, as compared to ₹ 19,890.56 million as of March 31, 2016. Further, our Company had very high NPA ratios as of March 31, 2016. Although, we undertook measures to address such issues, we cannot assure you that we will be able to improve our collections and recoveries in relation to our NPAs, or adequately control our level of NPAs in the future.

Though our own existing provisioning norms are more stringent than prescribed by the RBI, our provisioning requirements may be inadequate to cover increases in non-performing loans. For details relating to RBI provisioning norms, see "***Our Business – Asset Quality***" on page 123. If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected.

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

A significant component of our revenue is the interest income we receive from the loans we disburse, which comprised ₹ 34,662.81 million of our total revenue of ₹ 38,716.54 million for the half year ended September 30, 2017 and ₹ 64,331.21 million of our total revenue of ₹ 72,006.51 million for the financial year 2017.

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

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

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

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

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

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

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

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

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

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

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

We continue to pursue opportunities to expand into new lines of business. For example, to complement our existing mutual fund distribution business, we incorporated an asset management company and during the financial year 2016, we obtained a certificate of registration as a registered mutual fund from SEBI. However, our growth strategies may require new regulatory approvals and strain our resources. Moreover, neither we, nor our Promoter have significant operational experience in the mutual fund sector. We may also pursue new business strategies in the future such as opening new offices, increasing our presence in rural centres and introduce new products and services. Pursuing such business opportunities will require significant capital, which we may not be able to raise in a timely manner, or at all. We cannot assure you that we will be successful in expanding these new lines of business, which could adversely affect our business, operations and profitability.

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

For the half year ended September 30, 2017 and the financial year 2017, 45.9% and 47.4% of our estimated total value of assets financed were provided to purchasers of M&M vehicles, including tractors, respectively. We also finance the purchase of construction equipment manufactured by M&M. Consequently, our business depends on the success of the distribution and marketing network and brand equity of M&M, particularly in rural and semi-urban markets. Customers may also delay or default on their payments due to us on account of technical failures of their vehicles or equipment because they associate these failures with M&M and, in turn, with us. M&M's inability to maintain and expand its own distribution network or increase its sales; continue to anticipate and respond effectively to challenges posed by the Indian vehicle industry, particularly in rural and semi-urban markets, or any decline in sale of rural models in M&M portfolio could adversely affect our business and results of operations.

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

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

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

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

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

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

Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same vehicle and unauthorized collection of instalments on behalf of our Company. Given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and others successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify.

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

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. For example, our credit ratings may depend on the financial performance and business prospects of M&M and its majority shareholding in our Company. Our Company's long-term NCD and subordinated debt is presently rated IND AAA, CARE AAA and CRISIL AA+ by India Ratings & Research Private Limited, Credit Analysis & Research Limited and CRISIL, respectively, and our long term subordinated debt is presently rated BWR AAA by Brickwork Ratings India Private Limited. India Ratings & Research Private Limited and CRISIL has rated our Company's short-term debt as IND A1+ and CRISIL A1+, respectively, which is the highest rating for short- term debt instruments, and CRISIL has rated our Company's fixed deposit program FAAA. For further details, see **"*Our Business – Our Credit Ratings*"** on page 132.

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

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

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

15. Our Company is involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.

Our Company is contesting certain legal proceedings at various courts, including certain civil, criminal and taxation cases that have been filed against our Company. For further details of the material legal proceedings that we are subject to, please see sections titled ***"Legal Proceedings"*** on page 209. Any adverse decision in any of these cases may adversely affect our business and financial condition. We cannot assure that the outcome of these legal proceedings will be favourable. Such litigation could consume our financial resources in their defence or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected.

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

We have in the past securitized/assigned a portion of the receivables from our loan assets to banks. During the half year ended September 30, 2017 and the financial year 2017, our Company has entered into securitization transactions amounting to ₹ 3,057.44 million and ₹ 3,377.22 million, respectively.

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

- prohibition on carrying out securitization/assignment transactions at rates lower than the prescribed base rate of the bank;
- prohibition on NBFCs such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows;
- minimum holding period or 'seasoning' and minimum retention requirements of assignment and securitization loans; and
- securitization/assignments shall be eligible for classification under priority sector only if the interest rate charged to the ultimate borrower by the originating entity does not exceed base rate of such bank plus 8% per annum.

For more details on these changes, see "***Regulations and Policies***".

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

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

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

As of September 30, 2017, we employed 26,663 permanent employees. Though we believe that we maintain good relationship with our employees, we cannot assure you that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and result operations.

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

We cater primarily to customers in rural and semi-urban markets, which may have limited infrastructure, particularly for transportation and electricity. At offices in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we expand our network in rural and semi urban markets, which could adversely affect our profitability.

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

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

Pursuant to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, as amended, we are required to maintain a capital adequacy ratio of at least 15.0% of our aggregate risk-weighted assets of our balance sheet (on-balance sheet and of risk adjusted value of off balance sheet items) consisting of Tier I and Tier II capital on an ongoing basis. The total Tier I capital, at any point is required to be at least 10.0% with effect from March 31, 2017. Our Company's capital adequacy ratio was 19.3% as of September 30, 2017, with Tier I capital comprising 12.4% and 17.2% as of March 31, 2017, with Tier I capital comprising 12.8%. If we continue to grow our loan assets and asset base, we will be required to raise additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business.

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

We are currently required to prepare our financial statements in accordance with Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 (**"IAS Rules"**), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP with IFRS. The IAS Rules provide that financial statements of companies to which such rules apply shall be prepared and audited in accordance with Ind AS. Ind AS differs in various respects from Indian GAAP. We are required to prepare our financial statements in accordance with Ind AS with effect from April 1, 2018 with comparatives for prior periods. While we have not determined with any degree of certainty the impact that the adoption of Ind AS will have on our financial statements, we are aware that Ind AS will impact certain items in our financial statements such as income from loans and advances, finance cost, provision on non-performing assets, deferred tax and recognition of securitization/ assignment transactions. For a summary of the significant qualitative differences between Indian GAAP and Ind AS as applicable to our Company, see "*Summary of Key Differences Between Indian GAAP and Ind AS*" on page 92. However, this summary may not contain all significant differences between Indian GAAP and Ind AS applicable to our Company and reliance by prospective investors on this summary should be limited. Accordingly, our financial statements for the period commencing from April 1, 2018 will not be comparable to our historical financial statements. Further, our financial statements for the financial year 2018 prepared under Ind AS will not be comparable to our financial statements prepared for such period under Indian GAAP.

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

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

The introduction of the GST with effect from July 1, 2017 has resulted in an increase in our tax expenses. The rate of GST on financial services, excluding interest revenue, is 18% compared to the 15% service tax rate that was payable before the implementation of GST. While certain companies are allowed 100% of the input tax credit, NBFCs, such as our Company, and banks are required to reverse 50% of the input tax credit under GST, which was also the rule under service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased from 7.75% under service tax to 9% under GST for most of the services that we avail, resulting in additional cost. Although this impact is partially offset due to the fact that we are entitled to avail input tax credit on the goods and services we purchase, the implementation of GST has resulted in an overall increase in our tax expenses.

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

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

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

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

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

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

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

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

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

26. Our Promoter will continue to retain majority shareholding in us after the Issue, which will allow it to exercise significant influence over us and could create conflicts of interest.

Prior to the consummation of the Issue, our Promoter beneficially owned approximately 53.25% of our Equity Shares. Upon completion of the Issue, our Promoter will control approximately 51.19% of our outstanding Equity Shares. Our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board of Directors, the adoption of amendments to our articles of association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoter. The interests of our Promoter as our controlling shareholder could conflict with our interests or the interests of our other shareholders. We cannot be sure that our Promoter will act to resolve any conflicts of interest in our favor or in the favor of other shareholders. We operate in a competitive environment, and we believe that our brand recognition is a significant competitive advantage to us. We leverage on the goodwill of the Mahindra group. We believe that this goodwill ensures a steady inflow of business. In the event Mahindra group is unable to maintain the quality of its services or its goodwill deteriorates for any reason whatsoever, our business and results of operations may be adversely affected.

27. Governmental and statutory regulations, including the imposition of an interest-rate ceiling, may adversely affect our operating results and financial position.

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

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

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

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

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

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

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

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

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

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

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

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

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

We established the ESOP Scheme 2010 in October 2010, wherein we are authorized to issue options convertible into up to 48,45,025 Equity Shares at an exercise price of ₹ 2. As of March 31, 2017, we had granted 3,464,407 options under the ESOP Scheme 2010. As a result of future grants of options under ESOP Scheme 2010, we will have to charge the difference between exercise price and the market price at the time of grant to our profit and our loss statement, which may have an adverse impact on our net income. This will be amortized over the vesting period of the options, being five years from the date of grant of the options. For the financial year 2017 and 2016, the employee stock compensation cost on account of ESOPs was ₹ 87.98 million and ₹ 143.10 million, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any category of NBFCs;

- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and

- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

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

35. Our insurance coverage may not adequately protect us against losses.

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

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

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

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

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

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

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

As of September 30, 2017, 1,175 of our Company's 1,178 offices are housed on leased premises (which expire from time to time). Our Company currently does not have an agreement with M&M for the use of the premises of the Registered Office. We have entered into an occupancy agreement with M&M for the occupancy of our Corporate Office and the same is due to expire on March 31, 2018. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

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

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

As of September 30, 2017, our Company had total borrowings of ₹ 373,482.71 million. Our level of indebtedness has important consequences to us, such as:

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

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

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

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

40. Inaccurate appraisal of credit may adversely impact our business.

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

41. Our inability to assess, monitor and manage risks inherent in our business may have an adverse effect

on our business and results of operations.

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

42. We have not independently verified certain data in this Placement Document.

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

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

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

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

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

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

As of September 30, 2017, we had certain contingent liabilities not provided for, amounting to ₹ 3,665.94 million determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. Further, the contingent liability of amounts disclosed in our audited financial statements represents estimates and assumptions of our management based on advice received. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information on such contingent liabilities, see "*Financial Statements*". In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

46. We may become a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors.

Although there is no authority directly addressing the issue and therefore the matter is uncertain, based on the projected composition of our income, assets, and our active conduct of a financing business, we do not expect to be a passive foreign investment company (a "**PFIC**") in the current taxable year. The determination of whether or not we are a PFIC is made on an annual basis and will depend on the composition of our income, assets, and the market value of our assets and Equity Shares, from time to time. Specifically, for any taxable year, we will be classified as a PFIC for U.S. federal income tax purposes if either: (1) 75% or more of our gross income in that taxable year is passive income, or (2) the average percentage of our assets by value in that taxable year which produce or are held for the production of passive income is at least 50%. Because the PFIC determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our Company's control, including the amount and nature of our Company's income, as well as on the market valuation of our Company's assets, and because certain aspects of the PFIC rules are not entirely certain, including whether income earned in the active conduct of a financing business is passive income, there can be no assurance that our Company is not a PFIC and will not become a PFIC or that the U.S. Internal Revenue Service will agree with our conclusion regarding our PFIC status. See ''Taxation—Certain U.S. Federal Income Tax Considerations—PFIC Considerations'' on page 206 of this Placement Document. If we are or were to become a PFIC, such characterization could result in adverse U.S. federal income tax consequences to you if you are a U.S. investor. For example, if we are a PFIC, our U.S. investors may become subject to increased tax liabilities under U.S. federal income tax laws and regulations and will become subject to burdensome reporting requirements. We cannot assure you that we will not be a PFIC for our current taxable year or any future taxable year. See ''Taxation—Certain U.S. Federal Income Tax Considerations—PFIC Considerations'' on page 206 of this Placement Document.

EXTERNAL RISKS

Risks Relating to India

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

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

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

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

48. It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and majority our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or

- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

For further details, see "*Enforcement of Civil Liabilities*" on page 16

49. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

50. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Indian GAAP contained in this Placement Document.

Our audited financial statements contained in this Placement Document have been prepared and presented in accordance with Indian GAAP and no attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Placement Document. Accordingly, the degree to which the financial information included in this Placement Document will provide meaningful information is dependent on your familiarity with Indian GAAP and the Companies Act. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Placement Document should accordingly be limited.

Risks Relating to the Equity Shares and this Issue

51. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

52. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax, or STT, has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realized on the sale of our Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains.

As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares. However, capital gains on the sale of our Equity Shares purchased in the Issue by residents of certain countries will not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries.

53. Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

54. There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

55. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions and requirements) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require be subject to the requirements specified under the foreign exchange regulations. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

56. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

The Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond a certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

57. Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

58. An investor will not be able to sell any of our Equity Shares purchased in the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of issue of such Equity Shares.

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of our Equity Shares in the Issue, investors purchasing our Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares.

MARKET PRICE INFORMATION

The Equity Shares have been listed and are available for trading on the BSE and the NSE. As on the date of this Placement Document, 593,764,960 Equity Shares have been issued and are fully paid up.

On November 30, 2017 the closing price of the Equity Shares on the BSE and the NSE was ₹ 439.65 and ₹ 438.40 per Equity Share, respectively. Because the Equity Shares are actively traded on the BSE and the NSE, the market price and other information for each of the BSE and the NSE has been given separately.

(i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded for Fiscals ended March 2015, March 2016 and March 2017:

BSE

Fiscal	High (₹)	Date of high	Total number of Equity Shares traded on the date of high	Total volume of Equity shares traded on the date of high (in ₹ million)	Low (₹)	Date of low	Total number of Equity Shares traded on the date of low	Total volume of Equity shares traded on the on date of low (in ₹ million)	Average price for the year (₹)
2017	385.55	October 3, 2016	281,262	106.98	233.00	April 6, 2016	576,072	134.28	310.90
2016	292.85	July 7, 2015	95,386	27.66	191.45	February 11, 2016	96,816	18.70	245.00
2015	333.55	November 12, 2014	705,077	235.29	230.70	April 17, 2014	176,560	40.92	275.74

(Source: www.bseindia.com)

NSE

Fiscal	High (₹)	Date of high	Total number of Equity Shares traded on the date of high)	Total volume of Equity shares traded on the date of high (in ₹ million)	Low (₹)	Date of low	Total number of Equity Shares traded on the date of low)	Total volume of Equity shares traded on the on date of low (in ₹ million)	Average price for the year (₹)
2017	385.60	October 3, 2016	3,277,304	1,246.51	233.80	April 6, 2016	2,897,868	678.97	310.94
2016	293.05	July 7, 2015	1,152,693	332.97	191.60	February 11, 2016	1,218,461	237.11	245.06
2015	333.35	January 5, 2015	462,981	155.20	230.00	April 17, 2014	2,124,536	490.87	275.85

(Source: www.nseindia.com)

<u>Notes:</u>
1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month Year	High (₹)	Date of high	Total number of Equity Shares traded on the date of high	Total volume of Equity shares traded on the date of high (million)	Low (₹)	Date of low	Total number of Equity Shares traded on the date of low	Total volume of Equity shares traded on the on date of low (million)	Average price for the month (₹)
October 2017	432.70	October 17, 2017	176,450	76.61	408.85	October 25, 2017	162,890	66.22	422.07
September 2017	450.95	September 11, 2017	97,284	43.88	395.25	September 27, 2017	49,583	19.91	428.13
August 2017	427.25	August 8,	441,546	188.68	395.05	August 3,	254,677	101.61	414.56

Month Year	High (₹)	Date of high	Total number of Equity Shares traded on the date of high	Total volume of Equity shares traded on the date of high (million)	Low (₹)	Date of low	Total number of Equity Shares traded on the date of low	Total volume of Equity shares traded on the on date of low (million)	Average price for the month (₹)
		2017				2017			
July 2017	401.90	July 28, 2017	147,234	59.47	349.05	July 18, 2017	136,7202	478.62	369.48
June 2017	388.95	June 2, 2017	383,508	145.56	330.95	June 23, 2017	224,226	75.39	351.93
May 2017	359.05	May 31, 2017	501,146	177.07	295.75	May 24, 2017	120,219	35.70	325.17

(Source: www.bseindia.com)

NSE

Month Year	High (₹)	Date of high	Total number of Equity Shares traded on the date of high	Total volume of Equity shares traded on the date of high (million)	Low (₹)	Date of low	Total number of Equity Shares traded on the date of low	Total volume of Equity shares traded on the on date of low (million)	Average price for the month (₹)
October 2017	433.05	October 17, 2017	3,226,696	1,400.33	407.80	October 25, 2017	2,541,286	1,032.05	421.97
September 2017	451.00	September 11, 2017	1,601,902	722.62	402.44	September 27, 2017	1,371,074	551.77	428.05
August 2017	427.50	August 31, 2017	3,379,891	1,447.22	395.10	August 3, 2017	2,243,319	893.42	414.70
July 2017	401.65	July 28, 2017	3,424,768	1,381.32	349.95	July 3, 2017	1,493,221	521.96	369.80
June 2017	433.05	October 17, 2017	3,226,696	1,400.33	407.80	October 25, 2017	2,541,286	1,032.05	421.97
May 2017	451.00	September 11, 2017	1,601,902	722.62	402.44	September 27, 2017	1,371,074	551.77	428.05

(Source: www.nseindia.com)

Notes:
1. *High, low and average prices are based on the daily closing prices.*
2. *In case two days with the same high or low price, the date with the higher volume has been considered.*

(iii) The following table set forth the details of the number of Equity Shares traded and the volume of business transacted during the last six months and the Fiscals ending March 2017, March 2016 and March 2015 on the BSE and the NSE:

Period	Number of Equity Shares Traded		Volume of Business Transacted (in ₹ million)	
	BSE	NSE	BSE	NSE
Year ending 2017	48,976,364	549,831,348	15,274.78	170,110.31
Year ending 2016	31,126,121	282,982,835	7,563.39	69,639.07
Year ending 2015	62,358,444	427,593,436	16,943.14	115,931.75
October 2017	3,330,323	40,263,846	1,405.68	16,977.44
September 2017	1,963,129	31,020,131	841.44	13,228.33
August 2017	4,953,109	47,258,933	2,039.47	19,561.69
July 2017	6,636,306	55,176,074	2,460.51	20,884.96
June 2017	5,867,985	53,126,108	2,094.76	18,855.22
May 2017	6,518,661	38,001,859	2,119.94	12,356.69

(*Source: www.bseindia.com and www.nseindia.com*)

(iv) The following table sets forth the market price on the BSE and NSE on November 2, 2017, i.e., the first working day following the approval of the Board of Directors for the Issue:

BSE						NSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (in ₹ million)	Open	High	Low	Close	Number of Equity Shares traded	Turnover (in ₹ million)
442.00	444.90	433.25	436.25	171,172	75.21	440.40	444.90	434.00	436.60	2,360,409	1,035.40

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds from the Issue will be approximately ₹ 10,560 million.

The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹ 10,420 million (the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, our Company intends to use the net proceeds of the Issue to augment its long-term resources to enable it to meet its business growth and funding requirements, investment in its Subsidiaries and Joint Venture, strengthen its capital adequacy and for general corporate purposes.

As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Company from the Issue. Pending utilisation for the purposes described above, our Company intends to temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies as approved by the Board of Directors from time to time and applicable laws.

Our Board shall determine the quantum of Net Proceeds to be deployed by our Company from the Issue, depending on business opportunities / requirements of our Company from time to time.

Other than proceeds received by our Company in lieu of the preferential allotment of 25,000,000 Equity Shares to Mahindra & Mahindra Limited on November 30, 2017 aggregating to ₹ 10,550 million, neither our Promoters nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue.

The Net Proceeds of the Issue are not proposed to be utilised towards any specific project. Accordingly, the disclosure requirements under the SEBI ICDR Regulations with respect to: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, are not applicable.

CAPITALISATION STATEMENT

The following table sets forth the consolidated capitalisation of our Company as of September 30, 2017 on an:

- actual basis;
- as adjusted for the preferential allotment; and
- as adjusted basis to give effect to the preferential allotment and the Issue.

This table should be read together with the section "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on page 71 and our Company's Audited Consolidated Financial Statements and Condensed Interim Audited Consolidated Financial Statements and the related notes thereto contained in the section "***Financial Statements***" beginning on page 218.

(₹ in million)

	As of September 30, 2017	**As Adjusted for the Preferential Allotment**	**As Adjusted for the Preferential Allotment and Issue**
Short term borrowing:	**81,816.65**	**81,816.65**	**81,816.65**
Secured	23,858.88	23,858.88	23,858.88
Unsecured	57,957.77	**57,957.77**	57,957.77
Long term borrowings including current maturities:	**363,906.76**	363,906.76	363,906.76
Secured	296,397.27	296,397.27	296,397.27
Unsecured	67,509.50	67,509.50	67,509.50
Total borrowing (A)	**445,723.41**	**445,723.41**	**445,723.41**
Shareholders' funds:			
Share capital	1,130.20	1,180.20	1,228.20
Reserves and surplus	68,299.04	78,799.04	89,311.04
Total shareholder's funds (B)	**69,429.24**	**79,979.24**	**90,539.24**
Total Capitalisation (A+B)	**515,152.65**	**525,702.65**	**536,262.65**

Note:
As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue. Adjustments do not include Issue related expenses.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(In ₹ million, except share data)

		Aggregate value at face value (except for Securities Premium)
A	**AUTHORIZED SHARE CAPITAL**	
	700,000,000 Equity Shares of ₹ 2 each	1,400.00
	5,000,000 Preference Shares of ₹ 100 each	500.00
	Total Authorised Share Capital	1,900.00
B	**ISSUED, SUBBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE**	
	593,764,960 Equity Shares of ₹ 2 each	1,187.53
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	24,000,000 Equity Shares at ₹ 440 per equity Share aggregating to ₹ 10,560 million (1)	48.00
D	**PAID-UP CAPITAL AFTER THE ISSUE**	
	617,764,960 Equity Shares of ₹ 2 each	1,235.53
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue	30,569.13
	After the Issue	41,081.13

(1) The Issue has been authorised by the Board vide a resolution passed in its meeting held on November 1, 2017 and by the shareholders of our Company pursuant to a special resolution vide postal ballot, dated November 29, 2017.

Equity Share Capital History of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of allotment	No. of equity shares allotted	Face value (₹)	Issue price per equity share (₹)	Consideration	Nature for Allotment
January 7, 1991	7	10	10	Cash	Subscribers to the Memorandum
December 31, 1991	342,700	10	10	Cash	Equity shares allotted pursuant to rights issue
March 30, 1992	652,293	10	10	Cash	Equity shares allotted pursuant to rights issue
December 7, 1993	1,990,000	10	15	Cash	Equity shares allotted pursuant to rights issue
November 1, 1994	995,000	10	30	Cash	Equity shares allotted pursuant to rights issue
July 31, 1995	3,980,000	10	30	Cash	Equity shares allotted pursuant to rights issue
August 29, 1996	1,990,000	10	-	Bonus	Further allotment of equity shares
March 27, 1997	9,950,000	10	20	Cash	Equity shares allotted pursuant to rights issue
September 30, 1998	12,003,231	10	20	Cash	Equity shares allotted pursuant to rights issue
September 2, 1999	4,618,508	10	22	Cash	Equity shares allotted pursuant to rights issue
September 30, 1999	4,604,144	10	22	Cash	Equity shares allotted

Date of allotment	No. of equity shares allotted	Face value (₹)	Issue price per equity share (₹)	Consideration	Nature for Allotment
					pursuant to rights issue
December 2, 1999	19,497,420	10	22	Cash	Equity shares allotted pursuant to rights issue
March 30, 2005	9,532,777	10	50	Cash	Equity shares allotted pursuant to rights issue
December 6, 2005	2,686,550	10	51	Cash	Allotment of equity shares to the employee's stock options trust
January 5, 2006	3,157,895	10	190	Cash	Preferential allotment of equity shares to Copa Cabana
March 9, 2006	10,000,000	10	200	Cash	Allotment of equity shares pursuant to initial public offering
February 28, 2008	10,900,000	10	380	Cash	Preferential allotment of equity shares to TPG-Axon (Mauritius) II Limited and Standard Chartered Private Equity (Mauritius) Limited
February 3, 2011	969,005	10	10	Cash	Allotment of equity shares to employee's stock options trust
February 22, 2011	6,133,205	10	695	Cash	Preferential allotment of equity shares through QIP
November 16, 2012	9,750,257	10	889	Cash	Preferential allotment of equity shares through QIP
February 5, 2013	568,764,960	Pursuant to the resolution passed by our shareholders on February 5, 2013, our Company sub-divided 113,752,992 Equity Shares of the face value of ₹ 10 each into 568,764,960 Equity Shares of the face value of ₹ 2 each.			
November 30, 2017	25,000,000	2	422	Cash	Preferential allotment of Equity Shares

In the last one year preceding the date of this Placement Document, our Company has not issued any Equity Shares for consideration other than cash.

Our Company does not have any outstanding preference shares or other convertible instruments, as on date of this Placement Document.

Our Company has formulated two employee stock option schemes titled ESOS-2005 and ESOS-2010. The ESOS-2005 was authorized pursuant to a special resolution passed by the shareholders of our Company on October 24, 2005 and Board resolutions dated October 24, 2005 and dated October 27, 2005 while the ESOS-2010 has been authorized *vide*, Board resolution dated October 22, 2010 and resolution passed by shareholders of our Company by means of postal ballot dated September 18, 2010.

The objective of the ESOS-2005 is to provide the employees with an additional incentive in the form of options to receive the Equity Shares of our Company at a future date. The ESOS-2005 is aimed at further motivating, and retaining the employees and thereby increasing the profitability of our Company. During the FY 2016-17, no options have been granted nor exercised under ESOS-2005.

The objective of ESOS-2010 is to use the scheme as a business strategy to enhance our Company's profitability by providing equity linked incentive to employees, so that the employees keep exploring possibilities of increasing the revenue, saving costs and enhancing the profits our Company. Upon exercise of an option by an eligible employee, Equity Shares of our Company held by the relevant employee stock option trust is transferred to the relevant employee.

As on date, the ESOP Trust 2005 and ESOP Trust 2010 held 785,275 and 26,75,444 Equity Shares, respectively. The details are as follows:

Particulars	ESOS-2010
Options Outstanding on April 1, 2017	14,67,709
Add: Options Granted during the period / year	Nil
Less: Options forfeited / lapsed during the period / year	5,354
Less: Options exercised during the period/year	56,455
Options Outstanding as on September 30, 2017	14,05,900
Less: Options vested but not exercised on September 30, 2017	1,86,602
Options Unvested	12,19,298

DIVIDENDS

Our Company has adopted dividend distribution policy effective from April 1, 2016. Subject to the provisions of the applicable law, our Company's dividend pay-out will be determined based on available financial resources, investment requirements and considering optimal shareholder return. Within these parameters, our 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 of our Company. While determining the nature and quantum of the dividend pay-out, including amending the suggested pay-out range, the Board would consider various internal as well as external factors. Further, the Board shall also consider past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances. The shareholders of our Company may not expect dividend under following circumstances:

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

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

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

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

Our Company has paid the following dividends on the Equity Shares for the Fiscals 2017, 2016 and 2015.

Fiscal Year	**Dividend per Equity Share (₹)**	**Total amount of dividend paid[1] (in ₹ million)**
2017	2.40	1365.03
2016	4.00	2275.06
2015	4.00	2275.06

[1]*Inclusive of tax on dividend distribution.*

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. The declaration of dividends will dependent on a number of internal and external factors, including but not limited to the stability of earnings, cash flow position from operations, future capital expenditure, inorganic growth plans and reinvestment opportunities, industry outlook and stage of business cycle for underlying businesses, leverage profile and capital adequacy metrics, overall economic / regulatory environment, contingent liabilities, past dividend trends, buyback of shares or any such alternate profit distribution measure and any other contingency plans. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

For a summary of certain Indian consequences of dividend distributions to shareholders, see the section "***Statement of Tax Benefits***" beginning on page 188.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Condensed Interim Audited Consolidated Financial Statements and our Audited Consolidated Financial Statements, each included in this Placement Document. You should also read the sections titled "Risk Factors" and "Forward Looking Statements" included in this Placement Document which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this Placement Document are prepared in accordance with Indian GAAP, which differs in certain material respects from IFRS and U.S. GAAP. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year.

Overview

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

Our Company was incorporated in 1991 and commenced operations as a finance company in 1993. Our Company was registered as a deposit-taking NBFC in 1998 and has since established a pan-India presence, spanning 27 states and four union territories through 1,178 offices as of September 30, 2017. We cater to the financing needs of retail customers and small and medium-sized enterprises. We primarily focus on providing financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, and pre-owed vehicles and others which accounted for 28.1%, 18.7%, 22.1%, 11.5% and 19.6% of estimated total value of the assets financed by our Company, respectively, for the financial year 2017. For the half year ended September 30, 2017, financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, and pre-owed vehicles and others accounted for 26.8%, 19.2%, 21.3%, 11.2% and 21.6% of estimated total value of the assets financed by our Company, respectively. We benefit from our close relationships with dealers and our long-standing relationships with OEMs, which allow us to provide on-site financing at dealerships.

In May 2004, we started an insurance broking business through our subsidiary, Mahindra Insurance Brokers Limited. We currently hold 80.0% of the outstanding equity shares of MIBL. We provide insurance broking solutions to individuals and corporates through MIBL. MIBL has a composite broking license from the IRDA, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers.

In October 2007, we commenced our housing finance business through our subsidiary, Mahindra Rural Housing Finance Limited. We hold 87.5% of the outstanding equity shares of MRHFL. We provide housing loans to individuals through, MRHFL, a registered housing finance company. We grant housing loans for purchase, construction, extension and renovation of house property.

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

In June 2013, Mahindra Asset Management Company Private Limited was incorporated and was appointed as the asset management company of the Mahindra Mutual Fund. The Mahindra Mutual Fund was constituted as a trust and was registered with SEBI. Our Company is the sponsor to the mutual fund and Mahindra Trustee Company Private Limited, a wholly-owned subsidiary of our Company, is the trustee to the mutual fund. The maiden fund of the Mahindra Mutual Fund - 'Mahindra Liquid Fund' received approval from the SEBI in June 2016 and was launched in July 2016

Mahindra & Mahindra, our promoter and the flagship company of the Mahindra Group, had a market capitalization of ₹ 779 billion as of September 30, 2017. The Mahindra Group has a strong presence in the utility vehicles, tractors, information technology, financial services, aerospace, real estate, hospitality and logistics sectors.

The following table sets forth certain key details of our Company for the periods indicated:

(₹ in million)

	As of / For the half year ended		As of / For the year ended		
	September 30,		March 31,		
	2017	2016	2017	2016	2015
Assets Under Management*	499,176.23	438,547.14	467,755.43	409,332.68	368,776.45
Total Borrowings	373,482.71	321,558.23	346,704.03	294,523.06	262,633.01
Total Revenue	32,859.58	28,913.65	62,375.38	59,051.01	55,847.06
Interest Income	30,437.55	26,779.05	57,694.33	53,935.12	50,368.44
Interest Expense	14,705.84	13,886.58	28,349.12	26,152.48	24,740.54
Loan Provisioning & Write-offs	8,704.27	5,287.37	13,091.27	10,495.30	8,274.89
Profit After Tax for the Period	1,253.77	1,818.01	4,002.35	6,725.96	8,317.76
Gross NPA# (including income reversal) to Total Assets (including income reversal)	12.5%	11.0%	9.0%	8.0%	5.9%
Net NPA to Total Assets (including income reversal)	6.5%	5.6%	3.6%	3.2%	2.4%
Tier I Capital Adequacy Ratio	12.4%	13.8%	12.8%	14.6%	15.5%
Tier II Capital Adequacy Ratio	6.9%	5.0%	4.4%	2.7%	2.8%

**Assets Under Management includes our total assets comprising non-current assets, current assets and loan receivables outstanding under securitization and assignment transactions.*

#Gross NPAs are loans and advances classified as NPA by our Company.

Note: As of September 30, 2017 and 2016, our Company classified loans as non-performing after being three months and four months past due, respectively. As of March 31, 2017, 2016 and 2015, our Company classified loans as non-performing after being four months, four months and five months past due, respectively.

The following table sets forth certain key details of our Company, on a consolidated basis, for the periods indicated:

(₹ in million)

	As of / For the half year ended		As of / For the year ended		
	September 30,		March 31,		
	2017	2016	2017	2016	2015
Assets Under Management*	581,887.69	502,510.41	541,968.83	463,606.32	404,366.40
Total Revenue	38,716.54	33,198.13	72,006.51	65,974.50	60,609.06
Interest Income	35,292.97	30,314.65	65,502.89	59,390.26	53,944.06
Profit for the period after tax and minority interest	1,591.05	2,216.92	5,116.37	7,722.94	9,129.05

**Assets Under Management includes our total assets comprising non-current assets, current assets and loan receivables outstanding under securitization and assignment transactions.*

Significant Factors Affecting Our Results of Operations

Volatility in Borrowing and Lending Rates

Our results of operations depend substantially on our net interest spread, which is the difference between the interest rates on our interest-earning assets and interest-bearing liabilities. Any change in interest rates would affect the interest rates we pay on our floating interest-bearing liabilities as well as the net interest margins over our fixed rate interest-earning assets. For the half year ended September 30, 2017 and the financial years 2017, 2016 and 2015, our revenue from operations, which consists primarily of interest income, represented 99.5%, 99.2%, 99.3% and 99.3%, respectively, of our total revenue; and finance costs, which primarily include interest paid on loans, debentures and fixed deposits represented 46.7%, 50.1%, 53.4% and 56.7%, respectively, of our total expenses. We attempt to balance our interest-bearing liabilities, 17% of which bear floating interest rates as of September 30, 2017, against our interest-earning assets, which bear fixed interest rates. Recent regulatory changes, including in relation to priority-sector loans by scheduled commercial banks and securitization and assignment of receivables by NBFCs like us, will affect our borrowing costs. See *"Risk Factors – Internal Risks – Priority sector lending requirements adhered to by banks may increase our cost of funding and adversely affect our business, results of operations and financial condition"*.

Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India and domestic and international economic conditions. For example, the RBI requires scheduled banks to meet certain benchmarks in extending loans to priority sectors, including the agriculture, small-scale industries, micro credit and export credit sectors. We rely on scheduled banks for such loans as part of our securitization and assignment of loan receivables, which provides a portion of our funding that we subsequently extend as loans to our customers. Any change in these benchmarks would affect the availability and cost of credit from scheduled banks. Moreover, interest rates in India are typically correlated with the inflation rate, as the inflation rate increases, the RBI has historically sought to raise interest rates. Our results of operations are thus affected by changes in interest rates and our inability to re-price our interest-earning assets accordingly.

Availability of Cost-Effective Funding Sources

The availability of cost-effective funding sources affects our results of operations. We rely on our revenue from operations, equity in the form of shareholder funds, and debt, in the form of term loans from banks and others, non-convertible debentures, commercial paper, foreign currency loans, cash credit, subordinated debt, fixed deposits and short-term loans from banks and financial institutions to meet our capital and funding requirements. Non-convertible debentures remain our largest single source of debt.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include credit ratings and available credit limits. As of September 30, 2017 and March 31, 2017, 2016 and 2015, our total borrowings were ₹ 445,723.42 million, ₹ 408,110.50 million, ₹ 340,436.95 million and ₹ 292,316.98 million, respectively. Any increase in our cost of funds may require us to increase interest rates on new loans originated to customers in the future to maintain our net interest margin.

Credit Quality and Provisioning

Our ability to manage the credit quality of our loans, which we measure in part through non-performing assets ("**NPAs**"), is a key driver of our results of operations. In addition to requiring us to make a provision on standard assets, the RBI requires us to, depending on the duration of non-payment, classify and make a provision on loans that become NPAs, which are further sub-classified as sub-standard, doubtful and loss assets. As the number of our loans that become NPAs increases, the credit quality of our loan assets decrease. Our loan assets include our long term and short term loans and advances, including capital advances, deposit for office premises, advance payment of tax and other advances.

In addition to the provision for NPAs that our Company is required to make in accordance with RBI guidelines, our Company also makes an accelerated provision on a prudential basis. Our Company's net NPAs were 6.5% of our Company's total assets as of September 30, 2017. If our Company is unable to effectively manage our level of NPAs or the regulations governing NPA provisions change further, our results of operations could be affected. See *"Risk Factors – Internal Risks – If our Company's provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected".*

The following table sets forth a comparison of the provisioning norms set forth by the RBI and our Company's provisioning norms:

RBI Provisioning Norms			**Our Company's Provisioning Norms**		
Duration (months)	**First Provision % (On Unsecured Portion)**	**Second Provision % (On Secured Portion)**	**Duration (months)**	**First Provision % (On Unsecured Portion)**	**Second Provision % (On Secured Portion)**
Three and more but less than or equal to 12 months	-	10	More than three but less than or equal to 11 months	100	10
More than 12 but less than or equal to 24 months	100	20	More than 11 but less than or equal to 24 months	100	50
More than 24 but less than or equal to 48 months	100	30	More than 24 months	100	100
More than 48 months	100	50			

The following table sets forth details of accelerated provisions made by our Company for the periods indicated:

(₹ *in million)*

	As of September 30,		As of March 31,		
	2017	**2016**	**2017**	**2016**	**2015**
Provision for NPAs as prescribed by the RBI	15,309.37	11,093.61	12,482.26	7,564.57	4,329.8
Accelerated provision for NPAs	8,552.39	6,732.41	6,862.40	7,356.75	5,331.9
Contingent Provision for standard assets	1,672.00	1,473.00	1,621.50	1,403.50	1,268.2
Total	**25,533.76**	**19,299.03**	**20,966.16**	**16,324.82**	**10,929.91**

The following table sets forth a comparison of the provisioning norms set forth by the National Housing Bank and Mahindra Rural Housing Finance Limited's ("**MRHFL**") provisioning norms:

NHB Provisioning Norms		MRHFL's Provisioning Norms	
Duration	**%**	**Duration**	**%**
90 days + 12 months	15	90 days + 9 months	15
90 days + 24 months	25	90 days + 21 months	25
90 days + 48 months	40	90 days + 45 months	40
90 days + more than 48 months	100	90 days + more than 45 months	100

The following table sets forth details of accelerated provisions made by MRHFL for the periods indicated:

(₹ *in million)*

	As of September 30,			As of March 31,		
	2017	**2016**		**2017**	**2016**	**2015**
Provision for NPAs as prescribed by the NHB	1,644.73	877.07		1,022.07	528.64	256.14
Accelerated provision for NPAs	158.64	64.98		121.62	61.27	22.50
Provision for standard assets	188.91	139.83		175.98	121.44	79.17
Total	**1,992.27**	**1,081.87**		**1,319.67**	**711.34**	**357.80**

General Economic Conditions in India

Our financial condition and results of operation are influenced by the general economic conditions prevailing in India. A slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Various factors beyond our control, such as a rise in unemployment, prolonged recessionary conditions in the world economy, a sharp and sustained rise in the interest rates, adverse developments in the Indian economy, movements in global commodity markets and exchange rates, increased global competition and changes in Indian laws, regulations and policies could have an adverse impact on the quality of our loan assets. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates, could have an adverse impact on our business. See "*Risk Factors—External Risks - Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service*."

Government Policy and Regulations

Our results of operations and continued growth depend on stable government policies and regulations. Our Company is a systemically important deposit-taking NBFC and is affected by a number of regulations promulgated by the RBI that regulate, among other things, capital adequacy requirement, NPA provisioning norms and other operational restrictions. The RBI also sets targets for priority sector loans by banks and any changes in these regulations would affect our ability to securitize/assign our loan receivables. Any change in the regulatory framework affecting NBFCs, and in particular those requiring to maintain certain financial ratios, placement restrictions on securitization, accessing funds or lending to NBFCs among others, would adversely affect our results of operations and growth. Government regulation that affects the demand for vehicles could also affect our results of operations. For further details on government regulations affecting NBFCs, please refer to "*Risk Factors - Internal Risks - We are subject to supervision and regulation by the RBI as a systemically important deposit-taking NBFC, and changes in RBI's regulations governing us could adversely affect our business*", "*Risk Factors - Internal Risks - Developments in the regulations concerning securitization and assignment* *transactions with respect to receivables of our loan assets could adversely affect the viability of funding from such transactions, our results of operations and financial condition*" and "*Regulations and Policies*". Any changes in these, or the imposition of any additional, financial requirements applicable to us could adversely affect our profitability and results of operations.

The Government has by the Finance Act, 2017 introduced Section 269(ST) to the Income Tax Act, which restricts cash transactions above ₹ 200,000. Cash has historically been a preferred mode of transactions for people in semi urban and rural markets in India and may continue to be in the future. Due to the introduction of such restrictions, our collections may be affected until our customers start making repayments through banking channels including digital modes. Further, the Government action of demonetization resulted in greater market volatility and a reduction in income of some of our customers, and we experienced a short-term impact on our operations as a result of the demonetization.

The Government has also introduced the Central Goods and Services Tax Act, 2017 and we expect our overall tax expenses to increase as a result of an increase in tax rates on income from service charges, document charges and other fees on loan transactions. As a result of the introduction of this act, we are also required to pay a tax on the disposal of repossessed assets under certain circumstances.

Further, we are required to adopt Ind AS effective April 1, 2018. However, we have not determined with any degree of certainty the impact of the adoption of Ind AS on our financial statements. For a summary of the significant qualitative differences between Indian GAAP and Ind AS, see "*Summary of key differences between Indian GAAP and Ind AS*" on page 92.

Our Ability to Deliver New or Enhanced Financial Products and Services

We believe that the diversification of our business and revenue base is a key component of our success. We believe that our financial performance is tied to our ability to provide diversified products and services to existing and new customers. In the past, we have expanded our business to include insurance broking, mutual fund distribution, housing finance, personal loans and SME loans. To the extent that our diversification strategies are successful, it may help us mitigate various risks associated with concentration, particularly wide-ranging fluctuations in our revenue stream due to singular factors connected with limited business lines.

Seasonality

Our business operations may be affected by seasonal trends in the Indian economy. Typically, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. We typically experience higher volumes of business during this period. Any significant unforeseen events such as floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season would adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

Significant Accounting Policies

Key accounting policies that are relevant and specific to our business and operations are described below:

Basis for Preparation of financial statements

The consolidated financial statements have been prepared in accordance with the generally accepted accounting principles under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per our Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, our Company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

Further, our Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by the Reserve Bank of India for Non-Banking Financial Companies and by MRHFL, one of the Subsidiaries, follows similar norms prescribed by the National Housing Bank for Housing Finance Companies. Our Company has a policy of making accelerated provision on a prudential basis.

Our significant accounting policies are more fully described in our Audited Consolidated Financial Statements and Condensed Interim Audited Consolidated Financial Statements included elsewhere in this Placement Document.

Use of Estimates

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

Revenue Recognition

General

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

Income from loans

- Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- Service charges, documentation charges and other fees on loan transactions are recognized at the commencement of the contract.
- Delayed payment charges, fee based income and interest on trade advances, are recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.
- In respect of the Company, income on business assets classified as non-performing assets, is recognized strictly in accordance with the guidelines issued by the RBI for NBFCs. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as non-performing.
- In respect of MRHFL, income on business assets classified as non-performing assets, is recognized on realization in accordance with the guidelines issued by the National Housing Bank for housing finance companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as non-performing.
- The joint venture's (MF USA) interest income from finance receivables and inventory receivables is recognized using the effective-interest method. Late payment charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognized on a cash basis after a receivable is put on nonaccrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

Subvention income

Subvention received from dealers/manufacturers on vehicles financed is booked over the period of the contract.

Brokerage and handling charges Income

Brokerage, handling charges and broker retainer's fees are recognized on accrual basis when services are rendered and are net of service tax.

Insurance consultancy fees

Revenue from insurance consultancy is recognized net of service tax on rendition of service in accordance with the terms of the contract with customer.

Income from securitization/assignment transactions

Income accounted prior to the issuance of RBI Circular dated August 21, 2012

- In case of receivables assigned/securitized by the Company, the assets are de-recognized as all the rights, title, future receivables and interest thereof are assigned to the purchaser.
- On de-recognition, the difference between book value of the receivables assigned/securitized and consideration

received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognized as gain or loss arising on assignment.

- On the maturity of an underlying securitization/assignment deal, estimated provision for loss or expenses and incidental expenses in respect of the said deal has been reversed since the actual losses or expenses have already been debited to the statement of profit and loss over the period.

Income accounted post the issuance of an RBI circular dated August 21, 2012

Securitization transactions

- Securitized receivables are derecognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

- Gains arising on securitization of assets are recognized over the tenure of securities issued by special purpose vehicles trust ("**SPV**").

- Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalized at the present value as interest only strip with a corresponding liability created for unrealized gains on loan transfer transactions. The excess interest spread on the securitization transactions are recognized in the statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognized upfront.

Assignment transactions

- Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets, which is required under the minimum retention criteria and reflected as loans and advances.

- The amount of profit in cash on such transactions is held under an accounting head styled as "cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortization of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the RBI circular. The unamortized portion is reflected as "other long-term liabilities" / "other current liabilities".

Income from investments

- Dividend from investments is accounted for as income when the right to receive dividend is established.

- Interest income is accrued on time proportion basis.

Fixed assets, depreciation and amortization

Tangible assets

- Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

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

Depreciation on Tangible assets

Depreciation on tangible assets is charged on Straight Line Method ("**SLM**") in accordance with the useful lives specified in Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets

- Assets costing less than ₹ 5,000 are fully depreciated in the period of purchase.

- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

- In respect of the Company, repossessed assets that have been capitalized for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head ‘vehicles’ forming part of Company’s ‘tangible assets’.

Intangible assets

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

Amortization of Intangible assets

Intangible assets comprise of computer software, which is amortized over the estimated useful life. The maximum period for such amortization is 36 months based on estimates of useful life.

Investments

In respect of the Company, in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortized over the remaining maturity of the security on a constant yield to maturity basis. Such amortization of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortized during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

Loans against assets

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

Borrowing costs

Borrowing costs are charged to the statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings.

Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

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

Impairment of assets

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

Provisions and contingent liabilities

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.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Employee stock compensation costs

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

Income and Expenses

Income

Our income consists of income from operations and other income.

Income from operations consists primarily of income from loans given as part of our vehicle finance business, income from securitization and assignment transactions, service charges and other fees on loan transactions, income from our insurance business and other services, income from bills, income from term deposits, inter-corporate deposits and bonds and income from long-term Government securities.

- Income from loans. Income from loans primarily consists of income generated on loan transactions from our vehicle finance business and housing finance business. Income from loans is recognized by applying the interest rate implicit in such transactions.

- Income from securitization/assignment transactions. Income from securitization and assignment transactions comprise our priority sector loans as well as our non-priority sector loans that are transferred through securitization/assignment to banks, financial institutions and mutual funds. Since April 1, 2015, we have entered into only one assignment transaction.

- Service charges and other fees on loan transactions. Service charges and other fees on loan transactions consists of service charges, document charges, stamp charges relating to loan origination and subvention income.

- Income from our insurance business/services. Income from our insurance business/services consist of income generated as part of our insurance origination.

- Income from bills. Income from bills consists of income from discounting of invoices payable by manufacturers, primarily M&M, to their suppliers.

- Income from term deposits, inter-corporate deposits and bonds. Income from term deposits, inter-corporate deposits and bonds includes income we receive from our investments in term deposits, inter-corporate deposits and bonds.

- Income from long-term Government securities. Income from long-term Government securities includes interest we receive from our investments in fixed-income Government securities.

Other income includes primarily other non-operating income, which consists of income on shared services, profit or premium on the sale or redemption of investments, dividend received from investments in mutual fund units and profit on sale/retirement of owned assets.

Expenses

Our expenses consist of finance costs, employee benefits expense, other expenses, provisions and write-offs and depreciation and amortization expense.

- Finance costs. Finance costs include interest on term loans from banks and others, non-convertible debentures, commercial paper, foreign currency loans, cash credit, subordinated debt, fixed deposits and short-term loans from banks and financial institutions as well as other borrowing costs.

- Employee benefits expense. Employee benefits expense consists of salary, bonus and incentives, our contribution to provident fund and other funds for our employees, staff welfare expenses and employee compensation expense on account of the employee stock option scheme.

- Provisions and write-offs. Provisions and write-offs consist of bad debts and write-offs, provisions for NPAs and general provisions on standard assets.

- Depreciation and amortization. Depreciation and amortization expenses are incurred on account of depreciation of freehold land, premises, office equipment, vehicles, furniture and computers and amortization of software.

- Other expenses. Other expenses primarily include general and administrative expenses, commission and brokerage expenses, legal and professional charges, rent, electricity charges, insurance and repairs and maintenance of buildings.

Results of Operations

The following table sets forth, for the periods indicated, certain items from our Condensed Interim Audited Consolidated Financial Statements and our Audited Consolidated Financial Statements, in each case also stated as a percentage of our total revenue:

	For the half year ended				For the Financial Year					
	September 30, 2017		September 30, 2016		2017		2016		2015	
	(₹ in million)	(% of Total Revenue)	(₹ in million)	(% of Total Revenue)	(₹ in million)	(% of Total Revenue)	(₹ in million)	(% of Total Revenue)	(₹ in million)	(% of Total Revenue)
Revenue:										
Revenue from operations	38,536.78	99.5	32,885.57	99.1	71,462.04	99.2	65,538.67	99.3	60,211.43	99.3
Other income	179.75	0.5	312.56	0.9	544.47	0.8	435.83	0.7	397.63	0.7
Total Revenue	**38,716.54**	**100**	**33,198.13**	**100**	**72,006.51**	**100**	**65,974.50**	**100**	**60,609.06**	**100**
Expenses:										
Employee Benefits Expenses	5,181.31	13.4	4,327.48	13.0	8,866.40	12.3	7,040.92	10.7	5,671.02	9.4
Finance costs	16,832.26	43.5	15,533.22	46.8	31,861.74	44.2	28,683.47	43.5	26,429.98	43.6
Depreciation and Amortization	262.63	0.7	246.69	0.7	537.23	0.7	456.98	0.7	455.08	0.75
Loan provisions and write-offs	9,427.25	24.3	5,691.33	17.1	13,895.51	19.3	10,981.91	16.6	8,491.23	14.0
Other Expenses	4,352.48	11.2	3,778.92	11.4	8,468.08	11.8	6,570.02	10.0	5,563.07	9.2
Total Expenses	**36,055.93**	**93.1**	**29,577.63**	**89.1**	**63,628.96**	**88.4**	**53,733.30**	**81.4**	**46,610.37**	**76.9**
Profit before tax	**2,660.60**	**6.9**	**3,620.50**	**10.9**	**8,377.55**	**11.6**	**12,241.20**	**18.6**	**13,998.69**	**23.1**
Tax Expense:										
Current Tax	1,407.87	3.6	1,901.67	5.7	4,635.35	6.4	6,143.99	9.3	5,761.13	9.5
Deferred Tax	(417.89)	(1.1)	(558.24)	(1.7)	(1,554.80)	(2.2)	(1,776.81)	(2.7)	(1,011.12)	(1.7)
Profit after tax for the year	**1,670.62**	**4.3**	**2,277.07**	**6.9**	**5,297.00**	**7.4**	**7,874.02**	**11.9**	**9,248.68**	**15.3**
Minority Interest	**79.57**	**0.2**	**60.16**	**0.2**	**180.63**	**0.3**	**151.08**	**0.2**	**119.62**	**0.2**
Profit for the period after tax and minority interest	**1,591.05**	**4.1**	**2,216.92**	**6.7**	**5,116.37**	**7.1**	**7,722.94**	**11.7**	**9,129.06**	**15.1**

Half year ended September 30, 2017 compared to the half year ended September 30, 2016

Our results of operations for half year ended September 30, 2017 were particularly affected by the following factors:

- increase in income from loans due to the overall growth of our vehicle and housing financing businesses;

- an increase in loan provisions and write-off, primarily due to change in recognition of NPAs by our Company on account of a change in regulations governing NPA recognition and provisioning norms.

Total Revenue. Total revenue increased by 16.6% to ₹ 38,716.54 million for the half year ended September 30, 2017 from ₹ 33,198.13 million for the half year ended September 30, 2016, primarily due to an increase in revenue from operations.

Revenue from Operations. Revenue from operations increased by 17.2% to ₹ 38,536.78 million for the half year ended September 30, 2017 from ₹ 32,885.57 million for the half year ended September 30, 2016, primarily due to an increase in income from loans to ₹ 34,662.81 million for the half year ended September 30, 2017 from ₹ 29,712.22 million for the half year ended September 30, 2016. The increase in income from loans is consistent with the increase in our loan assets to ₹ 539,755.48 million for the half year ended September 30, 2017 from ₹ 459,736.83 million for the half year ended September 30, 2016. Our income from loans increased on account of growth in our vehicle and housing finance businesses. Further, income from insurance business and services increased to ₹ 785.80 million for the half year ended September 30, 2017 from ₹ 542.35 million for the half year ended September 30, 2016, primarily on account of an increase in the number of policies sold during the half year ended September 30, 2017 as compared to the half year ended September 30, 2016. Our service charges and other fees on loan transactions increased to ₹ 1,467.60 million for the half year ended September 30, 2017 from ₹ 1,302.75 million for the half year ended September 30, 2016, primarily on account of an increase in the number of new loan accounts. Our income from bill discounting increased to ₹ 254.81 million for the half year ended September 30, 2017 from ₹ 209.11 million for the half year ended September 30, 2016, primarily on account of increase in volume of bills discounted by us. Our income from securitization transactions increased to ₹ 669.46 million for the half year ended September 30, 2017 from ₹ 513.22 million for the half year ended September 30, 2016.

Other Income. Other income decreased by 42.5% to ₹ 179.75 million for the half year ended September 30, 2017 from ₹ 312.56 million for the half year ended September 30, 2016, primarily due to a decrease in income from shared services to ₹ 85.60 million for the half year ended September 30, 2017 from ₹ 144.61 million for the half year ended September 30, 2016 and a decrease in income from others to ₹ 71.13 million for the half year ended September 30, 2017 from ₹ 139.38 million for the half year ended September 30, 2016.

Total Expenses. Total expenses increased by 21.9% to ₹ 36,055.93 million for the half year ended September 30, 2017 from ₹ 29,577.63 million for the half year ended September 30, 2016, primarily due to increases in provisions and write-offs, finance costs and employee benefits expenses.

Employee Benefits Expenses. Employee benefits expenses increased by 19.7% to ₹ 5,181.31 million for the half year ended September 30, 2017 from ₹ 4,327.48 million for the half year ended September 30, 2016, primarily due to an increase in salary, bonus and incentives to ₹ 4,638.75 million for the half year ended September 30, 2017 from ₹ 3,791.01 million for the half year ended September 30, 2016, on account of an increase in the number of employees engaged to 26,663 as of September 30, 2017 from 23,554 as of September 30, 2016, as well as due to salary revisions and payment of monetary incentives to employees.

Finance Costs. Finance costs increased by 8.4% to ₹ 16,832.26 million for the half year ended September 30, 2017 from ₹ 15,533.22 million for the half year ended September 30, 2016, primarily due to an increase in borrowing activity consistent with the growth in our loan assets, which was partially offset by a decrease in our Company's average cost of borrowings during the half year ended September 30, 2017.

Depreciation and Amortization. Depreciation and amortization increased by 6.5% to ₹ 262.63 million for the half year ended September 30, 2017 from ₹ 246.69 million for the half year ended September 30, 2016.

Loan Provisions and Write offs: Loan provisions and write offs increased by 65.6% to ₹ 9,427.25 million for the half year ended September 30, 2017 from ₹ 5,691.33 million for the half year ended September 30, 2016, primarily on account of an increase in provision for NPAs to ₹ 5,188.33 million for the half year ended September 30, 2017 from ₹ 3,260.58 million for half year ended September 30, 2016 and an increase in bad debts and write-offs to ₹ 4,175.92 million for the half year ended September 30, 2017 from ₹ 2,342.88 million for the half year ended September 30, 2016. In accordance with an RBI notification, our Company revised its asset classification norms as at September 30, 2017 for NPAs pursuant to which loans are classified as non-performing after being three months past due as compared to the practice of being classified as non-performing after being four months past due which was followed up to June 30, 2017. This revision in asset classification norms resulted in an increase in provisions by ₹ 2,469.69 million (including income de-recognition) as at September 30, 2017. Further, with effect from June 30, 2016, our Company had started considering the estimated realizable value of underlying security, which conforms to the RBI norms, for loan assets to determine 100% provisioning for assets which are 24 months overdue resulting in a lower provision of ₹ 1,693.43 million for the half year ended September 30, 2016 with a consequent impact on profit before tax. On June 30, 2017, our Company discontinued considering the estimated realizable value of underlying security for loan assets to determine 100% provisioning for assets which are 24 months overdue and made an additional provision of ₹ 833.69 million against such 100% provision cases.

Other Expenses. Other expenses increased by 15.2% to ₹ 4,352.48 million for the half year ended September 30, 2017 from ₹ 3,778.92 million for the half year ended September 30, 2016, primarily due to an increase in general and administrative expenses to ₹ 1,779.03 million for the half year ended September 30, 2017 from ₹ 1,463.73 million for the half year ended September 30, 2016 and an increase in commission and brokerage expenses to ₹ 1,083.54 million for the half year ended September 30, 2017 from ₹ 971.19 million for the half year ended September 30, 2016, on account of an overall growth in our business.

Tax Expense. Tax expense decreased by 26.3% to ₹ 989.98 million for the half year ended September 30, 2017 from ₹ 1,343.43 million for the half year ended September 30, 2016, primarily due to a decrease in current tax to ₹ 1,407.87 million for the half year ended September 30, 2017 from ₹ 1,901.67 million for the half year ended September 30, 2016 consistent with a decrease in our profit before tax. Our effective tax rate was 37.2% and 37.1% for the half year ended September 30, 2017 and 2016, respectively.

Profit after tax and minority interest. Profit after tax and minority interest decreased by 28.2% to ₹ 1,591.05 million for the half year ended September 30, 2017 from ₹ 2,216.92 million for the half year ended September 30, 2016 for the reasons stated above, particularly the revision in asset classification norms for NPAs.

Financial Year 2017 compared to Financial Year 2016

Our results of operations for the financial year 2017 were particularly affected by the following factors:

- an increase in income from loans due to the overall growth of our vehicle and housing financing businesses; and

- an increase in bad debts and write-offs.

Total Revenue. Total revenue increased by 9.1% to ₹ 72,006.51 million for the financial year 2017 from ₹ 65,974.50 million for the financial year 2016, due to increases in revenue from operations and other income.

Revenue from Operations. Revenue from operations increased by 9.0% to ₹ 71,462.04 million for the financial year 2017 from ₹ 65,538.67 million for the financial year 2016, primarily due to an increase in income from loans to ₹ 64,331.21 million for the financial year 2017 from ₹ 58,276.62 million for the financial year 2016. The increase in income from loans is consistent with the increase in our loan assets to ₹ 497,237.58 million for the financial year 2017 from ₹ 417,746.00 million for the financial year 2016. Our income from loans increased on account of growth in our vehicle and housing finance businesses. Income from insurance business and services increased to ₹ 1,273.33 million for the financial year 2017 from ₹ 1,104.36 million for the financial year 2016, primarily on account of an increase in the number of policies sold for the period to 1,591,796 for the financial year 2017 from 1,330,929 for the financial year 2016. Our service charges and other fees on loan transactions increased to ₹ 3,038.81 million for the financial year 2017 from ₹ 2,675.83 million for the financial year 2016, primarily on account of an increase in the number of new loan accounts. Our income from bill discounting increased to ₹ 417.92 million for the financial year 2017 from ₹ 304.74 million for the financial year 2016, primarily on account of increase in volume of bills discounted by us. The increase in our revenue from operations was partially offset by a decrease in income from securitization transactions to ₹ 1,193.67 million for the financial year 2017 from ₹ 2,063.35 million for the financial year 2016.

Other Income. Other income increased by 24.9% to ₹ 544.47 million for the financial year 2017 from ₹ 435.83 million for the financial year 2016, primarily due to an increase in income from shared services to ₹ 389.14 million for the financial year 2017 from ₹ 302.75 million for the financial year 2016 and an increase in profit and premium on the sale and redemption of investments to ₹ 30.84 million for the financial year 2017 from ₹ 0.12 million for the financial year 2016 on account of profit on sale of certificates of deposit.

Total Expenses. Total expenses increased by 18.4% to ₹ 63,628.96 million for the financial year 2017 from ₹ 53,733.30 million for the financial year 2016, primarily due to an increase in finance costs, provisions and write-offs and employee benefits expenses.

Employee Benefits Expenses. Employee benefits expenses increased by 25.9% to ₹ 8,866.40 million for the financial year 2017 from ₹ 7,040.92 million for the financial year 2016, primarily due to an increase in salaries, bonus and incentives to ₹ 7,828.20 million for the financial year 2017 from ₹ 6,189.71 million for the financial year 2016, due an increase in the number of employees engaged to 25,146 as of March 31, 2017 from 21,044 as of March 31, 2016 and due to annual salary revisions and payment of monetary incentives to employees.

Finance Costs. Finance costs increased by 11.0% to ₹ 31,861.74 million for the financial year 2017 from ₹ 28,683.47 million for the financial year 2016, due to an increase in interest expense to ₹ 31,607.51 million for the financial year 2017 from ₹ 28,420.46 million for the financial year 2016, primarily due to an increase in borrowing activity consistent with the growth of our loan assets, which was partially offset by a decrease in our Company's average cost of borrowings during the financial year 2017.

Depreciation and Amortization. Depreciation and amortization increased by 17.6% to ₹ 537.23 million for the financial year 2017 from ₹ 456.98 million for the financial year 2016, primarily due to an increase in our asset base of computers, vehicles and office equipment.

Loan Provisions and Write offs: Loan provisions and write offs increased by 26.5% to ₹ 13,895.51 million for the financial year 2017 from ₹ 10,981.91 million for the financial year 2016, primarily on account of an increase in our bad debts and write offs to ₹ 8,632.58 million for the financial year 2017 from ₹ 5,197.85 million for the financial year 2016. The increase in provisions and write offs was partially offset by a decrease in provision of NPAs (net) to ₹ 4,990.49 million for the financial year 2017 from ₹ 5,606.42 million for the financial year 2016, primarily as a result of conversion of such charges to bad debts and write offs. During the financial year 2017, our Company reviewed the basis of estimating provision for NPAs and considered estimated realizable value of underlying security, which conforms to the RBI norms, for loan assets to determine 100% provisioning for assets which are 24 months overdue resulting in a lower provision of ₹ 833.69 million. In addition, we experienced a short-term impact on our operations as a result of the demonetization action undertaken by the Government during the financial year 2017.

Other Expenses. Other expenses increased by 28.9% to ₹ 8,468.08 million for the financial year 2017 from ₹ 6,570.02 million for the financial year 2016, primarily due to an increase in general and administrative expenses to ₹ 3,202.87 million for the financial year 2017 from ₹ 2,375.69 million for the financial year 2016 primarily on account of an increase in travel and lodging expenses, conveyance expenses, expenses for conducting training and seminars due to an overall growth in our business, an increase in commission and brokerage paid to ₹ 2,255.33 million for the financial year 2017 from ₹ 1,725.10 million for the financial year 2016 on account of an increase in the number of new vehicle loan accounts and an increase in legal and professional charges to ₹ 1,186.11 million for the financial year 2017 from ₹ 873.49 million for the financial year 2016.

***Tax Expense*.** For the financial year 2017, we had a current tax expense of ₹ 4,635.35 million and a deferred tax asset of ₹ 1,554.80 million. For the financial year 2016, we had a current tax expense of ₹ 6,143.99 million and a deferred tax asset of ₹ 1,776.81 million. Our current tax expense was lower during the financial year 2017 on account of a decrease in our profit before tax. Our effective tax rate was 36.8% for the financial year 2017 compared to 35.7% for the financial year 2016.

Profit for the period. Profit for the period decreased by 33.8% to ₹ 5,116.37 million for the financial year 2017 from ₹ 7,722.94 million for the financial year 2016 for the reasons stated above, particularly the increase in bad debts and write offs.

Financial Year 2016 compared to Financial Year 2015

Our results of operations for the financial year 2016 were particularly affected by the following factors:

- an increase in income from loans due to the overall growth of our vehicle and housing financing businesses;
- an increase in loan provisions and write-off, primarily due to change in recognition of NPAs by our Company on account of a change in regulations governing NPA recognition and provisioning norms.

Total Revenue. Total revenue increased by 8.1% to ₹ 65,974.50 million for the financial year 2016 from ₹ 60,609.06 million for the financial year 2015, due to increases in revenue from operations and other income.

Revenue from Operations. Revenue from operations increased by 8.9% to ₹ 65,538.67 million for the financial year 2016 from ₹ 60,211.43 million for the financial year 2015, primarily due to an increase in income from loans to ₹ 58,276.62 million for the financial year 2016 from ₹ 53,005.89 million for the financial year 2015. The increase in income from loans is consistent with the increase in our loan assets to ₹ 417,746.00 million for the financial year 2016 from ₹ 361,688.79 million for the financial year 2015. Our income from loans increased on account of growth in our vehicle and housing finance businesses. Income from insurance business and services increased to ₹ 1,104.36 million for the financial year 2016 from ₹ 966.34 million for the financial year 2015, primarily on account of an increase in the number of policies sold for the period to 1,330,929 for the financial year 2016 from 1,137,981 for the financial year 2015. Our service charges and other fees on loan transactions increased to ₹ 2,675.83 million for the financial year 2016 from ₹ 2,536.91 million for the financial year 2015, primarily on account of an increase in the number of new loan accounts. Our income from bill discounting increased to ₹ 304.74 million for the financial year 2016 from ₹ 201.81 million for the financial year 2015, primarily on account of increase in volume of bills discounted by us. The increase in our revenue from operations was partially offset by a decrease in income from securitization and assignment transactions to ₹ 2,063.35 million for the financial year 2016 from ₹ 2,562.23 million for the financial year 2015.

Other Income. Other income increased by 9.6% to ₹ 435.83 million for the financial year 2016 from ₹ 397.63 million for the financial year 2016, primarily due to an increase in income from shared services to ₹ 302.75 million for the financial year 2016 from ₹ 241.90 million for the financial year 2015. The increase in other income was partially offset by a decrease in profit and premium on the sale and redemption of current investments to ₹ 0.12 million for the financial year 2016 from ₹ 46.86 million for the financial year 2015.

Total Expenses. Total expenses increased by 15.3% to ₹ 53,733.30 million for the financial year 2016 from ₹ 46,610.37 million for the financial year 2015, primarily due to an increase in finance costs, provisions and write-offs and employee benefits expenses.

Employee Benefits Expenses. Employee benefits expenses increased by 24.2% to ₹ 7,040.92 million for the financial year 2016 from ₹ 5,671.02 million for the financial year 2015, primarily due to an increase in salaries, bonus and incentives to ₹ 6,189.71 million for the financial year 2016 from ₹ 4,993.15 million for the financial year 2015, due an increase in the number of employees engaged to 21,044 as of March 31, 2016 from 18,100 as of March 31, 2015 and due to annual salary revisions and payment of monetary incentives to employees.

Finance Costs. Finance costs increased by 8.5% to ₹ 28,683.47 million for the financial year 2016 from ₹ 26,429.98 million for the financial year 2015, due to an increase in interest expense to ₹ 28,420.46 million for the financial year 2016 from ₹ 26,189.98 million for the financial year 2015, primarily due to an increase in borrowing activity consistent with the growth of our loan assets, which was partially offset by a decrease in our Company's average cost of borrowings during the financial year 2016.

Depreciation and Amortization. Depreciation and amortization expense was ₹ 456.98 million for the financial year 2016 as compared to ₹ 455.08 million for the financial year 2015.

Loan Provisions and Write offs: Loan provisions and write offs increased by 29.3% to ₹ 10,981.91 million for the financial year 2016 from ₹ 8,491.23 million for the financial year 2015, primarily on account of an increase in provision for NPAs (net) to ₹ 5,606.42 million for the financial year 2016 from ₹ 3,474.48 million for the financial year 2015. As on March 31, 2016, our Company recognized NPAs based on four months overdue norms as against the revised regulatory norms of recognizing NPAs at five months overdue resulting in an additional provision of ₹ 345.48 million and income derecognition of ₹ 209.52 million with a consequent impact of ₹ 555.00 million on profit before tax for the financial year 2016.

Other Expenses. Other expenses increased by 18.1% to ₹ 6,570.02 million for the financial year 2016 from ₹ 5,563.07 million for the financial year 2015, primarily due to an increase in general and administrative expenses to ₹ 2,375.69 million for the financial year 2016 from ₹ 1,983.35 million for the financial year 2015 primarily on account of an increase in travel and lodging expenses, conveyance expenses, expenses for conducting training and seminars and office expenses due to an overall growth in our business, an increase in commission and brokerage paid to ₹ 1,725.10 million for the financial year 2016 from ₹ 1,627.17 million for the financial year 2015 on account of an increase in the number of new vehicle loan accounts and an increase in legal and professional charges to ₹ 873.49 million for the financial year 2016 from ₹ 667.06 million for the financial year 2015.

***Tax Expense*.** For the financial year 2016, we had a current tax expense of ₹ 6,143.99 million and a deferred tax asset of ₹ 1,776.81 million. For the financial year 2015, we had a current tax expense of ₹ 5,761.13 million and a deferred tax asset of ₹ 1,011.12 million. Our effective tax rate was 35.7% for the financial year 2016 compared to 33.9% for the financial year 2015, primarily on account of a change in income-tax rates.

Profit for the period. Profit for the period decreased by 15.4% to ₹ 7,722.94 million for the financial year 2016 from ₹ 9,129.06 million for the financial year 2015 for the reasons stated above, particularly the revision in asset classification norms for NPAs of our Company.

Financial Condition

Our net assets, which we define as our total assets less our liabilities (minority interest, current liabilities and non-current liabilities), decreased to ₹ 69,429.24 million as of September 30, 2017 from ₹ 69,601.56 million as of March 31, 2017.

Assets

Our assets are set out below as of the dates specified:

	As of September 30, 2017 (₹ in million)	As of March 31,		
		2017 (₹ in million)	2016 (₹ in million)	2015 (₹ in million)
Non-current assets:				
Property, Plant and Equipment				
Tangible assets	1,221.84	1,293.14	1,234.59	1,141.59
Intangible assets (including goodwill)	79.31	40.78	55.94	47.01
Capital work-in-progress	4.57	5.57	0.19	3.15
Intangible assets under development	8.47	5.82	-	-
Non-current investments	7,607.28	7,979.40	6,522.09	5,596.70
Deferred tax assets (net)	7,990.32	7,571.78	5,992.39	4,212.58
Long-term loans and advances	298,706.12	281,752.61	229,464.36	198,882.64
Other non-current assets	1,318.27	1,128.39	523.64	2,326.35
Total non-current assets	**316,936.19**	**299,777.48**	**243,793.20**	**212,210.03**
Current assets:				
Current investments	3,680.60	5,923.99	5,467.03	944.98
Trade receivables	404.46	229.59	200.05	145.42
Cash and bank balances	4,467.18	6,038.75	6,059.37	4,936.40
Short-term loans and advances	248,161.01	221,766.29	193,663.67	167,619.84
Other current assets	376.01	329.61	885.12	474.74
Total current assets	**257,089.26**	**234,288.23**	**206,275.24**	**174,121.38**
Total Assets	**574,025.45**	**534,065.72**	**450,068.44**	**386,331.40**

Our total assets increased by 7.5% to ₹ 574,025.45 million as of September 30, 2017 as compared to ₹ 534,065.72 million as of March 31, 2017. The increase in assets from March 31, 2017 to September 30, 2017 was primarily due to an increase in our total outstanding loan assets, as a result of net loan disbursements during the half year ended September 30, 2017.

Liabilities

Our liabilities are set out below as of the dates specified:

	As at September 30, 2017 (₹ in million)	As of March 31,		
		2017 (₹ in million)	2016 (₹ in million)	2015 (₹ in million)
Non-current liabilities:				
Long-term borrowings	277,111.61	249,849.23	203,412.06	168,652.47
Other Long-term liabilities	5,487.03	4,274.11	4,326.40	3,024.80
Long term provisions	9,088.94	6,216.87	4,917.19	3,526.65
Total non-current liabilities	**291,687.58**	**260,340.21**	**212,655.65**	**175,203.92**
Current liabilities:				
Short-term borrowings	81,816.65	72,176.28	52,175.33	52,586.19
Trade payables	6,920.33	6,944.21	4,963.8.93	4,954.52
Other current liabilities	103,467.81	106,820.68	99,211.28	81,822.60
Short-term provisions	19,655.88	17,184.77	15,693.04	11,844.04
Total current liabilities	**211,860.67**	**203,125.94**	**172,043.54**	**151,207.36**
Total Liabilities	**503,548.25**	**463,466.15**	**384,699.19**	**326,411.28**

Our total liabilities increased by 8.6% to ₹ 503,548.25 million as of September 30, 2017 from ₹ 463,466.15 million as of March 31, 2017. The most significant element of this increase was a ₹ 27,262.38 million increase in long-term borrowings to ₹ 277,111.61 million as of September 30, 2017 from ₹ 249,849.23 million as of March 31, 2017, which was consistent with an overall growth of our business.

Liquidity and Capital Resources

In the past, we have funded our liquidity and capital requirements primarily through shareholder capital and funds generated from operations, and indebtedness, including term loans from banks and others, non-convertible debentures, commercial paper, foreign currency loans, cash credit, subordinated debt, fixed deposits and short- term loans from banks and financial institutions. We also undertake the securitization and assignment of loan receivables to generate additional funds.

Our Company's borrowings by investor profile and instruments, as of September 30, 2017, are set out below:

(₹ in million)

	Amount *(₹ in million)*	**Percent of Total (%)**
Instrument Type		
Non-convertible Debentures	178,474.00	47.8
Retail Non-convertible Debentures	21,505.31	5.8
Bank Loans	90,755.45	24.3
Fixed Deposits	35,690.45	9.5
Commercial Paper and Inter-corporate Deposits	47,057.50	12.6
Total	**373,482.71**	**100.0**

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our borrowing agreements and debentures contain a number of covenants including financial covenants. In addition, some loans may contain provisions, which allow the lender, at its discretion to call for repayment of the loan at short notice and require us to prepay on a *pari passu* basis if any other loan is being repaid. Such covenants, if acted upon, may have an impact on our liquidity. For details, see "*Risk Factors – Internal Risk Factors - We have incurred significant indebtedness and may incur additional debt. The conditions and restrictions imposed by our financing agreements could adversely impede our flexibility in conducting our business*".

Shareholders' Funds

As of September 30, 2017, our total shareholders' funds were ₹ 69,429.24 million, consisting of share capital of ₹ 1,130.20 million and reserves and surplus of ₹ 68,299.04 million.

Indebtedness

The following table sets forth certain information relating to our Company's total borrowings, as of September 30, 2017, and our repayment obligations in the periods indicated:

(₹ in million)

Total Borrowings	**As of September 30, 2017**				
	Payments due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	373,482.71	141,922.28	160,580.46	26,443.23	44,536.74

The following table sets forth certain information relating to MRHFL's total borrowings, as of September 30, 2017, and its repayment obligations in the periods indicated:

(₹ in million)

Total Borrowings	**As of September 30, 2017**				
	Payments due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	47,218.75	13,446.46	18,656.50	10,445.79	4,670.00

Further, as of September 30, 2017, Mahindra Insurance Brokers Limited and Mahindra Asset Management Company Private Limited did not have any outstanding borrowings.

See "*Business - Treasury Operations"* for the principal components of our borrowings.

The category wise borrowings of our Company and MRHFL are as follows:

- *Term loans from banks and others*: Our term loans from banks and others consist of secured term loans and typically have a tenure of over one year. As of September 30, 2017, we had aggregate outstanding term loans from banks and others of ₹ 91,536.36 million.

- *Non-convertible debentures*: We place secured non-convertible debentures with institutional investors, such as banks, mutual funds and insurance companies. As of September 30, 2017, we had aggregate outstanding non-convertible debentures of ₹ 176,756.00 million.

- *Commercial paper*. We regularly access the commercial paper market to meet our short-term funding requirements. As of September 30, 2017, we had aggregate outstanding commercial paper of ₹ 47,500.00 million.

- *Foreign currency loans*. We source secured foreign currency loans from banks. As of September 30, 2017, we had aggregate outstanding foreign currency loans of ₹ 9,089.09 million.

- *Cash credit*: We regularly access short term cash credit facilities provided by banks, which is secured by a hypothecation over our current assets. As of September 30, 2017, we had aggregate cash credit of ₹ 4,328.75 million.

- *Subordinated debt*: We regularly issue unsecured subordinated debt that is typically long-term in tenor and considered as a Tier II capital for calculation of capital adequacy. As of September 30, 2017, we had aggregate outstanding subordinated debt of ₹ 35,498.31 million.

- *Fixed deposits*: We accept fixed deposits from individuals, corporates and others as part of our long-term strategy to diversify our debt funding base. As of September 30, 2017, we had fixed deposits of ₹ 35,690.45 million.

- *Short term loans from banks:* We source short-term loans from banks. As of September 30, 2017, we had aggregate short-term loans from banks outstanding of ₹ 15,330.00 million.

Our interest coverage ratio for the half year ended September 30, 2017 and the years ended March 31, 2017, 2016 and 2015, was 1.16, 1.26, 1.43 and 1.53, respectively.

Securitization and Assignment Arrangements

For the half year ended September 30, 2017 and the years ended March 31, 2017, 2016 and 2015, our Company had securitized and assigned assets worth ₹ 3,057.44 million, ₹ 3,377.22 million, ₹ 8,558.69 million and ₹ 7,222.99 million, respectively.

Our ability to enter into these assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. See "*Risk Factors - Internal Risks - Developments in the regulations concerning assignment and securitization transactions with respect to receivables of our loan assets could adversely affect the viability of funding from such transactions, our results of operations and financial condition.*"

Cash Flows

The following table summarizes our statements of cash flows for the periods presented:

(₹in million)

	Half year Ended		**Financial Year**		
	September 30, 2017	**September 30, 2016**	**2017**	**2016**	**2015**
Net cash generated from/(used in) operating activities	(42,331.07)	(39,413.98)	(65,279.50)	(49,570.33)	(39,700.36)
Net cash generated from/(used in) investing activities	3,398.72	2,253.65	(1,009.46)	(4,398.58)	340.87
Net cash generated from/(used in) financing activities	37,814.46	36,467.11	68,304.87	54,305.31	39,070.70
Net increase/ (decrease) in cash and cash equivalents	(1,117.89)	(693.17)	2,015.90	336.40	(288.79)

Operating Activities

Net cash used in our operating activities was ₹ 42,331.07 million for the half year ended September 30, 2017 as compared to ₹ 39,413.98 million for the half year ended September 30, 2016. Net cash used in our operating activities consisted of operating profits before working capital changes of ₹ 11,184.17 million for the half year ended September 30, 2017, as adjusted for among other things an increase in loans and advances of ₹ 47,781.31 million for the half year ended September 30, 2017 as a result of growth in our business and operations.

Net cash used in our operating activities was ₹ 65,279.50 million for the financial year 2017 as compared to ₹ 49,570.33 million for the financial year 2016. Net cash used in our operating activities consisted of operating profits before working capital changes of ₹ 20,955.07 million for the financial year 2017 and ₹ 21,330.25 million for the financial year 2016, as adjusted for among other things an increase in loans and advances of ₹ 89,705.04 million for the financial year 2017 as compared to an increase of ₹ 69,367.38 million for the financial year 2016 as a result of growth in our business and operations.

Net cash used in our operating activities was ₹ 49,570.33 million for the financial year 2016 as compared to ₹ 39,700.36 million for the financial year 2015. Net cash used in our operating activities consisted of operating profits before working capital changes of ₹ 21,330.25 million for the financial year 2016 and ₹ 20,100.87 million for the financial year 2015, as adjusted for among other things an increase in loans and advances of ₹ 69,367.38 million for the financial year 2016 as compared to an increase of ₹ 53,916.03 million for the financial year 2015 as a result of growth in our business and operations.

Investing Activities

Net cash generated from investing activities was ₹ 3,398.72 million for the half year ended September 30, 2017, primarily as a result of sale of investments of ₹ 52,081.71 million for the half year ended September 30, 2017, which was partially offset by the purchase of investments other than investments in subsidiaries and joint ventures of ₹ 49,457.51 million for the half year ended September 30, 2017.

Net cash used in investing activities was ₹ 1,009.46 million for the financial year 2017, as compared to ₹ 4,398.58 million for the financial year 2016, primarily as a result of purchase of investments of ₹ 53,370.97 million for the financial year 2017 as compared to ₹ 23,459.92 million for the financial year 2016, which was partially offset by the sale of investments of ₹ 51,017.54 million for the financial year 2017 as compared to ₹ 18,007.48 million for the financial year 2016.

Net cash generated from investing activities was ₹ 340.87 million for the financial year 2015, primarily as a result of the sale of investments of ₹ 27,476.98 million, which was substantially offset by purchase of investments of ₹ 26,753.32 million.

Financing Activities

Net cash generated from financing activities was ₹ 37,814.46 million for the half year ended September 30, 2017, primarily as a result of:

- increase in long-term borrowings (net) of ₹ 47,357.44 million for the half year ended September 30, 2017, primarily as a result of funds raised through the issue of NCDs;

- increase in short-term borrowings (net) of ₹ 2,798.05 million for the half year ended September 30, 2017, primarily as a result of funds raised through unsecured term loans and the issue of commercial papers; and

- cash generated from proceeds from securitization transactions of ₹ 3,726.90 million for the half year ended September 30, 2017.

Net cash generated from financing activities was partially offset by, among others, decrease in bank borrowings (net) of ₹ 6,136.97 million for the half year ended September 30, 2017.

Net cash generated from financing activities was ₹ 68,304.87 million for the financial year 2017, as compared to ₹ 54,305.31 million for the financial year 2016, primarily as a result of:

- increase in long-term borrowings (net) of ₹ 66,369.73 million for the financial year 2017, as compared to ₹ 58,567.37 million for the financial year 2016, primarily as a result of funds raised through the issue of NCDs and foreign currency borrowings;

- increase in short-term borrowings (net) of ₹ 14,873.89 million for the financial year 2017, as compared to ₹ 133.44 million for the financial year 2016, primarily as a result of funds raised through the issue of commercial papers; and

- cash generated from proceeds from securitization transactions of ₹ 4,570.89 million for the financial year 2017, as compared to ₹ 9,946.38 million for the financial year 2016.

Net cash generated from financing activities was partially offset by, among others, decrease in bank borrowings (net) of ₹ 10,768.51 million for the financial year 2017, as compared to ₹ 12,240.25 million for the financial year 2016.

Net cash generated from financing activities was ₹ 54,305.31 million for the financial year 2016, as compared to ₹ 39,070.70 million for the financial year 2015, primarily as a result of:

- increase in long-term borrowings (net) of ₹ 58,567.37 million for the financial year 2016, as compared to ₹ 13,308.99 million for the financial year 2015, primarily as a result of funds raised through the issue of NCDs; and

- cash generated from proceeds from securitization transactions of ₹ 9,946.38 million for the financial year 2016, as compared to ₹ 8,904.43 million for the financial year 2015 as a result of an increase in securitization transactions.

Net cash generated from financing activities was partially offset by, among others, decrease in bank borrowings (net) of ₹ 12,240.25 million for the financial year 2016, as compared to ₹ 24,504.27 million for the financial year 2015.

Contingent Liabilities and Commitments

The following table sets forth details of our contingent liabilities as of September 30, 2017:

Particulars	**Amount** *(₹ in million)*
Claims against the Company not acknowledged as debts	1,544.97
Guarantees	2,120.97
Total	**3,665.94**

As of September 30, 2017, our estimated amount of contracts remaining to be executed on capital account was ₹ 62.72 million.

Derivative Transactions

From time to time, we enter into interest rate and cross currency swaps and forward agreements to minimize the mismatches between floating interest-bearing liabilities and our fixed interest-earning assets. As of September 30, 2017, our Company had an outstanding foreign currency non-repatriable loan of US$ 139.22 million. This loan has been hedged to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. We did not have any un-hedged foreign currency exposure as on September 30, 2017.

Capital Expenditure

For the half year ended September 30, 2017, we incurred capital expenditure of ₹ 234.77 million, primarily towards land, furniture and fixtures, vehicles/assets on operating lease, computers and office equipment. For the financial year 2017, we added assets of ₹ 591.51 million, primarily computers, office equipment, vehicles and computer software. For the financial year 2016, we added assets of ₹ 572.56 million, primarily computers, office equipment, vehicles and computer software. For the financial year 2015, we added assets of ₹ 421.84 million, primarily computers, office equipment, vehicles and computer software.

Capital Adequacy Ratio

We are subject to capital adequacy requirements set out by the RBI for systemically important deposit-taking NBFCs, which currently require us to maintain a capital adequacy ratio consisting of Tier I and Tier II capital of not less than 15.0% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items. The total Tier I capital, at any point is required to be at least 10.0% with effect from March 31, 2017. Our capital adequacy ratios were 19.3%, 18.8%, 17.2%, 17.3% and 18.3%, as of September 30, 2017 and 2016 and March 31, 2017, 2016 and 2015, respectively. Information related to our Company's capital adequacy ratio, for the dates specified are set out below:

(₹ *in millions*)

Secured Loans	As of September 30,		As of March 31,		
	2017	2016	2017	2016	2015
Eligible Tier I Capital	54,945.30	53,752.49	53,516.00	52,721.87	50,774.95
Eligible Tier II Capital	30,648.71	19,333.21	18,434.39	9,556.38	9,107.11
Total Capital	85,594.02	73,085.70	71,950.39	62,278.25	59,882.06
Total Risk – Weighted Assets	443,526.95	389,697.26	417,839.46	360,283.04	327,250.00
Tier I Capital Ratio	12.4%	13.8%	12.8%	14.6%	15.5%
Capital Adequacy Ratio	19.3%	18.8%	17.2%	17.3%	18.3%

Our Credit Ratings

Our present credit ratings are set forth below:

Agency	Instrument	Rating	Outlook
CRISIL	Fixed deposit program	FAAA	Stable
	Short term debt	CRISIL A1+	-
	Long term NCD and subordinated debt	CRISIL AA+	Stable
India Ratings	Long term NCD and subordinated debt	IND AAA	Stable
	Short term debt	IND A1+	-
CARE	Long term NCD and subordinated debt	CARE AAA	Stable
Brickwork	Long term subordinated debt	BWR AAA	Stable

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including our affiliates and certain key management members on an arm's length basis. Such transactions could be for provision of services, lease of assets or property, sale or purchase of Equity Shares or could entail incurrence of indebtedness. For details of our related party transactions, see "*Risk Factors – Internal Risks - We have entered into, and will continue to enter into, related party transactions and we cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties".*

Recent Changes in Accounting Policies

During the financial year 2017, we changed our accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from April 1, 2016. Consequently, a mark to market loss of ₹51.47 million (net of deferred tax of ₹27.24 million) was charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at April 1, 2016 and a loss of ₹236.55 million was charged to our statement of profit and loss for the financial year 2017.

Material Developments after September 30, 2017

Except as set forth below, there have been no material developments after September 30, 2017:

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

Subsequent to September 30, 2017, our Company has allotted secured-redeemable NCDs in ordinary course of business.

On November 30, 2017, our Company made a preferential allotment of 25,000,000 Equity Shares of face value of ₹ 2 each at a price of ₹ 422 per Equity Share aggregating to ₹ 10,550 million to our Promoter.

SUMMARY OF KEY DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
1.	Ind AS 1	Presentation of Financial Statements	**Other Comprehensive Income:** There is no concept of 'Other Comprehensive Income' under Indian GAAP.	**Other Comprehensive Income:** Ind AS 1 introduces the concept of Other Comprehensive Income ("**OCI**"). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS.
			Extraordinary items: Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	**Extraordinary items:** Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
			Change in Accounting Policies: Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	**Change in Accounting Policies:** Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
2	Ind AS 12	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 *Income Taxes*, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base.

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
				Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments
3.	Ind AS 16	Property, plant and equipment – reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on straight line method (except buildings wherein the depreciation is provided on written down value method) over the useful lives of the assets estimated by the Management.	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
4	Ind AS 19	Accounting for Employee benefits	Currently, under Indian GAAP the Company recognizes all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company uses actuarial valuation to determine the liability.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
5	Ind AS 24	Related parties	Under Indian GAAP, the scope of related parties is limited	Under Ind AS, the scope of related parties is extensive
6	Ind AS 27	Separate Financial Statements	Accounting for investments in subsidiaries is governed by Accounting Standard 13 depending on the classification of the investment as current or long term	Accounting for investments in subsidiaries is governed by Ind AS 27 which gives an option to account the same at cost or in accordance with Ind AS 109
7	Ind AS 37	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under IND AS, provisions are recognised for legal as well as constructive obligations. IND AS requires discounting the provisions to present value, if the effect of time value of

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
				money is material
8	Ind AS 102	Share based payments	Under Indian GAAP, company has an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a proforma disclosure for the fair valuation. The intrinsic value for the company was nil	Under Ind AS, the share based Payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit or Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings
9	Ind AS 32/ 107 / 109	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. Currently under Indian GAAP, interest subsidy is recognised when right to receive the payment is established and loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss. Currently, the de-reognition of financial assets under securitization/assignment transactions are governed by RBI guidelines for NBFCs	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss, (FVTPL), or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and FVOCI and the related revenue (including interest subsidy, processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method. Interest subsidy and loan processing fees and/or fees of similar nature would be measured and recognized using the Effective Interest Rate (EIR) method over the period of loan. There are two measurement categories for financial liabilities – FVTPL and amortized cost.

				Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
				AS are extensive. Ind AS 109 prescribes transfer of risk and rewards of ownership for de-recognition of financial assets
10	Ind AS 32/ 107 / 109	Financial - Instruments Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, lease receivables, contract assets within the scope of Ind AS 15 (currently deferred) and certain written loan commitments and financial guarantee contracts.

INDUSTRY OVERVIEW

*The information contained in this section is derived from the CRISIL research report titled "Retail Finance-Auto" published in July 2017, ("**CRISIL Retail Finance-Auto**") and the CRISIL research report titled "Retail Finance-Housing" published in November 2017, ("**CRISIL Retail Finance-Housing**") and other publicly available sources. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. For further details see "Industry and Market Data" on page 12.*

Overview of the Indian Economy

India has the fourth largest economy in the world by purchasing power parity. (*Source:https://www.cia.gov/library/publications/the-world-factbook/geos/in.html)* Real GDP growth in the first half of the financial year 2017 decreased to 7.2%, from 7.6% in the second half of the financial year 2016, still maintaining its position as one of the world's fastest growing major economies. During the same period India experienced a stable macro-economy with declining inflation and improving fiscal and external balances. *(Source: Economic Survey 2016-17, available at indiabudget.nic.in)*

The Outlook for Growth

The April 2017, Monetary Policy Report of the RBI had projected an acceleration in real gross value added ("**GVA**") for the financial year 2018 based on a recovery in discretionary spending spurred by the pace of remonetization, the reduction in banks' lending rates on fresh loans brought about by demonetization-induced liquidity, the growth stimulating proposals in the Union Budget for the financial year 2018, a regular south-west monsoon and an improvement in external demand. Stressed balance sheets of banks and the possibility of higher global commodity prices were seen as downside risks to growth prospects.

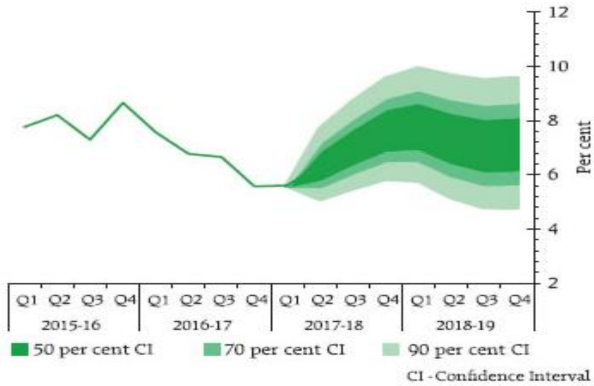
Some of these expectations have materialized, whereas the recovery in discretionary and investment spending has been weaker than expected and kharif food-grains production is expected to be lower than last year due to the shortfall and irregular rainfall during the south-west monsoon this year. The uncertainty about the implementation of goods and services tax ("**GST**") also appears to have had some impact on economic activity, although it is expected to be offset by productivity-enhancing effects in the medium- and long-run.

The following chart sets forth the consumer confidence for the periods stated:

(Source: https://rbi.org.in/Scripts/PublicationsView.aspx?id=18027#C2)

Taking into account the outturn in the first half, the baseline assumptions, survey indicators and model forecasts, real GVA growth is projected at 6.7% for the financial year 2018, 6.4% in quarter two, 7.1% in quarter three and 7.7% in quarter four, with risks evenly balanced around this baseline path. For the financial year 2019, structural model estimates indicate that real GVA may grow by 7.4%, assuming a regular monsoon, fiscal consolidation in line with the announced trajectory, and no major external or policy factors.

The following chart sets forth the projection of real GVA (year-on-year):



(Source: https://rbi.org.in/Scripts/PublicationsView.aspx?id=18027#C2)

The Outlook for Inflation

The low headline inflation observed during April to June 2017, is projected to reverse in the coming months. The prices of food items, especially of vegetables, which declined sharply in quarter one (April to June) as against the typical seasonal firming up in these months, have started increasing. The Central Government has implemented the increase in house rent allowances ("**HRA**") for its employees effective July 2017. There was a broad-based rebound in the various underlying measures of inflation in July to August 2017, reversing in large part the softness seen during April to June.

Inflation expectations of economic agents play a key role in shaping the actual outcome through wages and price-setting behavior. Quantitative inflation expectations of urban households eased by 30 to 60 basis points in the September 2017 round of the Reserve Bank's survey from the June 2017 round. Respondent households expected inflation to be 7.2% three months ahead and 8.0% a year ahead. In terms of qualitative responses, however, the proportion of respondents expecting the general price level to increase by more than the current rate rose over both the three-month and the one year horizons.

Taking into account the revised assumptions on initial conditions, signals from forward looking surveys and estimates from structural and other models, consumer price index ("**CPI**") inflation is projected to pick up from 3.4% during August 2017 to 4.2% in quarter three of the financial year 2018 and 4.6% in quarter four, reflecting the combined effects of unfavorable base effects, the upturn in food prices and the impact of the increase in the HRA (a statistical effect on the CPI index) announced by the Central Government. The 50% and the 70% confidence intervals for inflation in quarter four of the financial year 2018 are 3.3% to 6.0% and 2.6% to 6.8%, respectively. For the financial year 2019, with the expectation of a regular monsoon and no other major exogenous factors, structural model estimates indicate that inflation is expected to increase from 4.6% in quarter one to 4.9% in quarter three and then decrease to 4.5% by quarter four of the financial year 2019, as the statistical impact of the Central Government's HRA enhancement fades. The 50% and the 70% confidence intervals for quarter four of the financial year 2019 are 2.7% to 6.5% and 1.7% to 7.5%, respectively.

There are upside as well as downside risks to these baseline forecasts. The major upside risks emanate from the expected increases in salaries and allowances by State Governments; the possible fiscal slippages due to farm loan waivers by some States and potential stimulus measures by the Central Government, short-term uncertainty around the GST impact and the expected decline in the production of kharif food-grains. In terms of downside risks, adequate food stocks and effective supply management measures by the government could keep food inflation lower than expected and pull down headline inflation below the baseline.

(Source: https://rbi.org.in/Scripts/PublicationsView.aspx?id=18027#C1)

NBFC

In India, a Non-Banking Financial Company ("**NBFC**") is a company registered under the Companies Act, 1956 and Companies Act 2013, as amended and is engaged in the business of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by Government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale/purchase/construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a

NBFC (Residuary non-banking company). It is mandatory that every NBFC should be registered with RBI to commence or carry on any business of non-banking financial institution as defined in clause (a) of Section 45 I of the RBI Act, 1934. All NBFCs are not entitled to accept public deposits. Only those NBFCs holding a valid Certificate of Registration with authorization to accept public deposits can accept/hold public deposits. NBFCs authorized to accept/hold public deposits besides having minimum stipulated net owned fund should also comply with the directions such as investing part of the funds in liquid assets, maintain reserves, rating etc. issued by the Bank.

(Source: https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92)

As on October 31, 2017, there were 172 NBFCs in India registered to accept public deposits. Further, on October 31, 2017, there were 11,285 NBFCs in India that do not accept public deposits.

(*Source:* https://www.rbi.org.in/scripts/bs_nbfclist.aspx)

Types of NBFCs

NBFCs are categorized in terms of the type of liabilities into deposit and non-deposit accepting NBFCs, non-deposit taking NBFCs by their size into systemically important and other non-deposit holding companies and by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

- Asset Finance Company: is a company which is a financial institution carrying on as its principal business the financing of physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipment, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

- Investment Company: is any company which is a financial institution carrying on as its principal business the acquisition of securities,

- Loan Company: is any company which is a financial institution carrying on as its principal business the providing of finance whether by making loans or advances or otherwise for any activity other than its own but does not include an Asset Finance Company.

- Infrastructure Finance Company: is a non-banking finance company which deploys at least 75% of its total assets in infrastructure loans, has a minimum net owned funds of ₹ 3,000 million, has a minimum credit rating of 'A 'or equivalent and a capital to risk assets ratio of 15%.
- Systemically Important Core Investment Company: is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:

    - it holds not less than 90% of its Total Assets in the form of investment in equity shares, debt or loans in group companies

    - its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;

    - it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;

    - it does not carry on any other financial activity referred to in Section 45II and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.

    - its asset size is ₹ 1,000 million or above and

- it accepts public funds

- Infrastructure Debt Fund: Non- Banking Financial Company ("**IDF-NBFC**"): IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum five year maturity. Only an infrastructure finance company can sponsor IDF-NBFCs.

- NBFC – Micro Finance Institution ("**NBFC-MFI**"): NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

  - loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 100,000 or urban and semi-urban household income not exceeding ₹ 1,60,000;

  - loan amount does not exceed ₹ 50,000 in the first cycle and ₹ 100,000 in subsequent cycles;

  - total indebtedness of the borrower does not exceed ₹ 100,000;

  - tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 15,000 with prepayment without penalty;

  - loan to be extended without collateral;

  - aggregate amount of loans, given for income generation, is not less than 50% of the total loans given by the MFIs;

  - loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower.

- NBFC Factors: is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50% of its total assets and its income derived from factoring business should not be less than 50% of its gross income.

- Mortgage Guarantee Companies: are financial institutions for which at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is ₹ 1,000 million.

- NBFC- Non-Operative Financial Holding Company: is financial institution through which promoter/ promoter groups will be permitted to set up a new bank. It's a wholly-owned non-operative financial holding company which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.

(Source: https://www.rbi.org.in/Scripts/FAQView.aspx?Id=92)

Retail Finance-Auto

CRISIL Research expects disbursements in the auto finance industry to grow at 16-18% during the financial year 2018, led by lower cost of ownership (lower fuel prices), higher gross domestic product growth, improved industrial activity, faster project clearances, and anticipation of favorable monsoon weather. Disbursements are also expected to increase with rising finance penetration and higher loan-to-value ("**LTV**"), supported by better availability of credit bureau data. Implementation of BS-VI in the financial year 2020 will increase prices of underlying vehicles, subsequently improving disbursements. The auto finance industry is expected to grow at a similar compounded annual growth rate ("**CAGR**") of 16% to 18% during the next five years as well.

The following table sets forth the segment-wise growth in disbursements:

Growth in loan disbursements	Disbursements in the financial	Disbursements in the financial	Growth (%) Financial	Growth (%) Financial	CAGR (%) for financial years

	year 2017 E (in ₹ billion)	year 2018 P (in ₹ billion)	year 2018 P	year 2019 P	2017 to 2022 P
Cars and utility vehicles	935	1,105	18	18	17-19
Commercial vehicles	443	490	11	12	13-15
Two-wheelers	157	186	19	18	11-13

Note: E: Estimated; P: Projected
(Source: CRISIL Retail Finance-Auto)

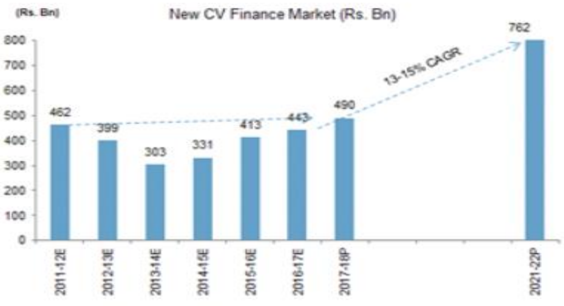
Commercial Vehicle Finance

Disbursements are expected to grow 10% to 12% in the financial year 2018 (as compared to 5.8% in the financial year 2017, aided by a 15% disbursements growth in the light commercial vehicle ("**LCV**") finance market. The medium and heavy commercial vehicle ("**MHCV**") segment is expected to grow slower at 7% to 8%.

Decline in interest rates for Commercial Vehicle Finance ("**CV**") financing during the financial year 2017 aided sales but the market witnessed major disruption and subsequently a decline in sales after the government announced demonetization in November 2016. This resulted in a sharp decline in disbursements. The collection ratio for overall CV financiers, especially NBFCs also declined post demonetization in November and December but financiers reported normalization in March.

In the financial year 2017, CV loan disbursements grew 5.8%. Underlying sales (in volume terms) of the CV industry improved 4% on-year. Among segments, LCV sales improved 8% supported by an increase in private consumption demand and an increase in price of vehicles and higher LTV led by the availability of borrower's credit history. However, MHCV sales volume fell 1%. Over the financial years 2011 to 2016, CV loan disbursements grew at a CAGR of around 1%. However, disbursements for LCVs grew faster than MHCV loan disbursements as sales of the former rose rapidly. While loan disbursements for LCVs grew at a CAGR of 6% over the financial years 2011 to 2016, disbursements for MHCVs remained flat, as underlying asset sales declined following the economic slowdown.

The following charts set forth growth in CV finance disbursements:



Note E: Estimated; P: Projected
(Source: CRISIL Retail Finance-Auto)

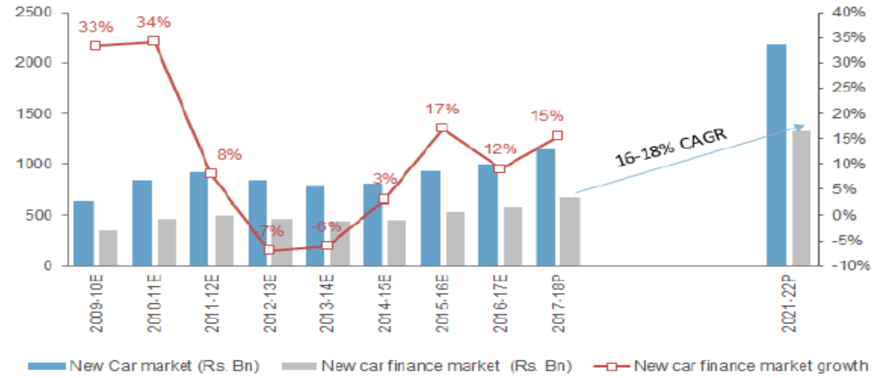
Car market Vs. Car disbursements

Overall car sales (in volume terms) is expected to grow at 11% to 13%, the small cars segment is projected to grow at 12% to 13%, and the sedan segment is set to grow at 8% to 10% over the financial years 2017 to 2022. An increase in rural income and low costs of ownership will aid rural sales. After a healthy 7.4% growth in the first half of the financial year 2017, demand was restricted to an extent due to demonetization, with small car sales dropping to 1% in the third quarter. However, small car sales growth picked up in the fourth quarter and posted total volume growth of 6% for the full year.

Going ahead, apart from an increase in disposable income and greater urbanisation, growth will be driven by global automakers flooding India with new models to capitalize on the enormous growth opportunities, as India is one of the markets with the lowest passenger vehicle penetration.

The car loan disbursements market will register higher growth given the increase in average LTV and higher penetration in the segment. As per interactions with various industry players, average LTV is set to increase by 1% to 1.5% over the next five years and finance penetration will increase by 2% to 3%. The average car price is also expected to rise by 4% to 4.5%, which will result in overall disbursements growing at a CAGR of 17% to 19% from the financial year 2017 to the financial year 2022.

The following chart sets forth the market growth for new car finance:



Note: E: Estimate, P: Projected
(Source: CRISIL Retail Finance-Auto)

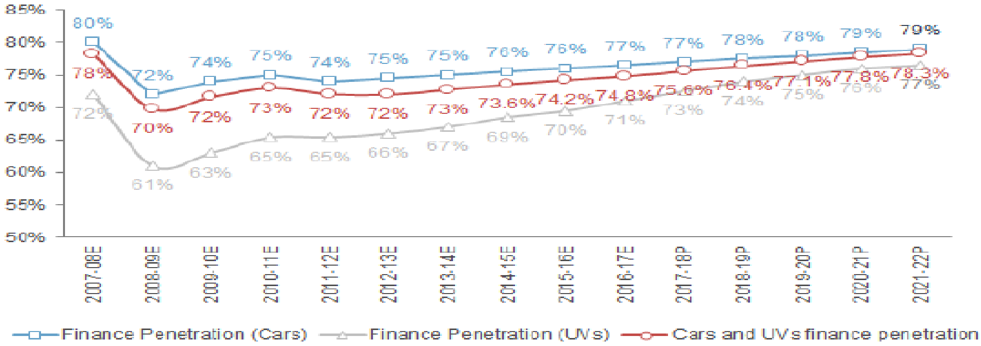
Utility Vehicle Loans

Finance penetration for cars and utility vehicles ("**UV**") improved slightly to 74.8% in the financial year 2017, but remained below the near 80% level witnessed before the financial year 2009. This penetration will rise further as vehicle cost increases as manufacturers strive to comply with BS-IV norms. Demand for the luxury segment is also increasing. Moreover, post demonetization, banks have started waiving off foreclosure and pre-payment charge. For instance, banks have introduced loans with an eight-year tenure, which customers can repay within two to three years without any penalty, thus making the financing option more attractive for customers. While this waiver was always present in the home loans segment, it wasn't prevalent in the car loans segment. So the introduction of such schemes will improve finance penetration, going forward.

Over the next five years, finance penetration in non-metro markets will grow at a healthy pace as NBFCs expand their reach. A recovery in car and UV sales, along with greater availability of credit information is also expected to increase finance penetration.

Finance penetration in the top 20 cities is higher at 80% as compared to 65% in other cities. Self-employed buyers who form a greater proportion outside the top 20 cities have lower EMI-servicing capability due to the absence of a continuous income stream, and some prefer purchasing a vehicle with cash.

The following chart sets forth a trend in finance penetration:



Note: E: Estimate, P: Projected
(Source: CRISIL Retail Finance-Auto)

The UV loan disbursements market is expected to grow faster than the car loan disbursements market due to changing consumer preferences leading to higher sales. Average LTV in the UVs segment is expected to increase by 3% to 4% by the financial year 2022 and will converge with the car finance LTV. The overall market size of UV loan disbursements is projected to grow at a CAGR of 18% to 20% during the financial years 2017 to 2022, supported by the moderate increase in price of vehicles as well as attraction of the rural market towards this segment.

The overall disbursements are expected to grow by 17% to 19% year-on-year in the financial year 2018. Disbursements are expected to be strong because of aggressive focus by financing players in tier II and tier III cities, rising aspirations of growing working populations, increase in LTV and higher prices of cars and UVs (as Union Budget 2017 imposed infrastructure cess and luxury tax).

The passenger vehicle penetration is expected to grow to around 25 to 27 vehicle per thousand people by the financial year 2022, which provides opportunities of growth for financing players in this segment.

The impact of demonetization on PV financier's profitability

In the financial year 2017, growth in disbursements in the cars and UVs segment was healthy at 17%, but decreased in November and December due to the ban on ₹ 1,000 and ₹ 500 notes. The impact of demonetization was largely on the self-employed segment due to their cash-intensive nature of business. To mitigate this risk, financiers have now started aggressively focusing on the salaried class, which remained largely unaffected during demonetization. Most banks have come up with 100% on-road financing schemes for salaried customers as the delinquencies are minimal in this segment.

Demonetization has affected the automobiles industry in the short term as 65% to 70% of the car and UV buyers are self-employed. The buyers were majorly in cash-driven business and demonetization impacted their cash flow stream in the short term. NBFCs were impacted more than banks as the former have a more informal customer base and note-ban impacted their cash-flow cycle.

In the financial year 2018, profitability is expected to increase with the revival in the economy and the lowering of interest rate (yield as well as cost of funds) with attractive schemes like waiver of pre-payment charges and 100% LTV (which will force the consumer to go for finance rather than outright payment).

During the financial year 2018, yield is expected to decrease further by 45 to 50 basis points. The banks are expected to lead the market as they have a larger salaried segment and have started using digital channels and proper data analytics (like offering pre-eligible offers up to a certain credit limit, based on banking transaction history and repayment behavior, where customers have to submit only KYC documents). As the cars and UVs segments, top 20 cities cover more than 55% of the outstanding portfolio, and banks have domination in urban areas, which resulted in reduction in the overall yield of financing players.

In the financial year 2018, the cost of funds is expected to decrease by 50 basis points, which will offset the decline in yield of financiers. NBFCs are also focusing more on capital market borrowing, consequently lowering the share of bank funding. Despite a better than expected monsoon season, operating costs of NBFCs are expected to return to normal levels, which increased in the financial year 2017 as demonetization affected the earnings of rural borrowers, resulting in aberration in EMI cycle and financiers incurring more expenditure to regain prior status.

The overall UV market size is expected to grow at a CAGR of 16% to 18% during the financial years 2017 to 2022, driven by a wider addressable market and shift in the consumers' preference for compact UVs and premium hatchback models.

LTVs

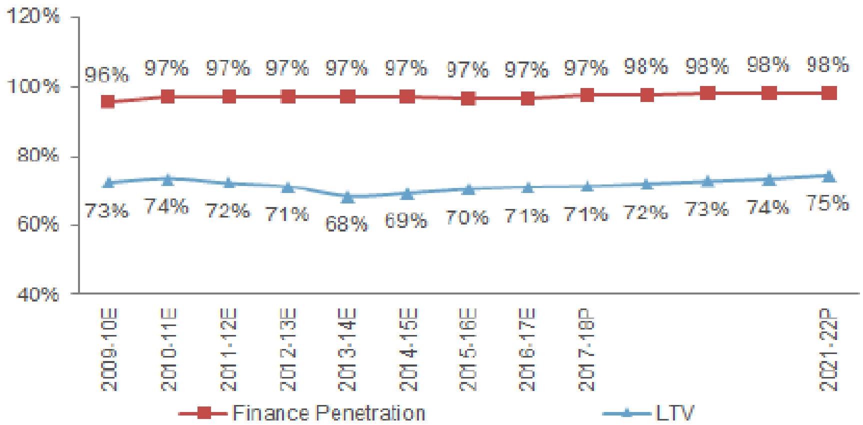
Weak economic scenario and the rising pressure on transporter margins led to rising delinquencies in CV financing portfolio. Consequently, CV financiers lowered their LTV ratios in the financial years 2013 and 2014. The decrease in disbursements of MHCV loans which are offered at higher LTV also affected average LTV in the financial year 2014.

LTV ratios primarily depend on the borrowers' profile. The model of the vehicle purchased is also factored in while deciding the LTV. A borrower purchasing a higher selling model is offered a higher LTV due to the ease of selling the vehicle in the used vehicle market in the event of repossession.
The average LTV in the top 20 cities is higher than that in other regions due to the higher proportion of MHCV sales. MHCV buyers are primarily large fleet operators who have a stronger credit profile than LCV buyers. Players are likely to be increasingly comfortable with offering higher LTV ratios given the growing competition and greater information (credit scores) availability.

LCV financiers have become cautious owing to the build-up in delinquencies, as most buyers are either FTUs or SFOs, having weak credit history and hence, have tightened their appraisal criteria. This has led to loans being disbursed only to customers with relatively better profiles, who are offered slightly higher LTV’s.

In the financial year 2018, with an overall improvement in the economy, the asset quality in the CV loan portfolio is likely to improve, prompting financiers to offer higher LTVs. Over the next five years, LTV is expected to improve gradually to 73% to 74%.

The following chart sets forth the high LTV key to growth in disbursements:



Note: E: Estimated; P: Projected
(Source: CRISIL Retail Finance-Auto)

Lower interest rate

The overall disbursements are expected to increase by 17% to 19% year-on-year in the financial year 2018, led by an increase in the average price, a considerable shift in consumer preference towards premium segment vehicles (as their share has grown to 14% in the total two-wheeler volume, from 12% in the financial year 2010), mostly in the urban areas, and higher finance penetration. Moreover, the introduction of marginal cost of funds based lending rate-based lending scheme and declining repo rate will lower the interest rate, as the banks will pass on the benefits to consumers. Conversely, the LTV is expected to increase with increasing help from the credit bureau data and increasing proportion of urban people.

Low interest rates will offer support by reducing the cost of ownership. Rate cuts totaling 50 basis points in 2016 and rate cut post demonetization by the RBI are expected to give room to banks to pass on the benefit. Non-performing assets of banks are likely to have peaked and are expected to decline in the financial year 2018, thereby easing credit disbursement.

Retail Finance-Housing

Summary

As the impact of demonetization subsides, low interest rates and rising income levels are expected to increase demand for housing loans. An increase in disposable income on account of low inflation and a recovery in economic growth is expected to improve the debt-servicing capability of buyers, thus making them eligible for higher loan amounts.

The government has been providing various incentives such as credit-linked subsidy scheme (in terms of interest rate subsidy) to the housing finance segment under the Pradhan Mantri Awas Yojana ("**PMAY**"), and infra status to affordable housing companies. In the recent monetary policy (June 8, 2017) the RBI has also taken significant steps such as a reduction in standard assets provisioning, risk-weights and increasing the LTV ratio to build the confidence of financiers as well as borrowers.

Urbanisation

Despite a flourishing housing industry, India still faces a huge shortage of houses, especially in urban areas. The share of urban population rose steadily from 28.8% in 2004 to 31.2% in 2016. Though overall population growth slowed, urban population recorded a 2.8% CAGR over 2001 to 2011. Urbanisation is expected to accelerate, translating into a CAGR of 1.8% to 2.0% in the urban population between 2016 and 2022, as compared with the overall population growth of 1.2% during the same period.

Post-demonetization, the 'black' component in property transactions is expected to reduce. This coupled with implementation of the Real Estate Regulatory Act in the financial year 2018, is expected to make the industry more transparent. The overall disbursements is expected to grow at a CAGR of 18% to 20% over next five years.

Over the past couple of years, housing finance companies ("**HFCs**") focused more on the cost optimization in order to improve their bottom line, given the highly competitive nature of the industry. Due to increasing digitalization, financiers are unable to charge a high premium, which has put some pressure on yield. Despite increasing competition, profitability of HFCs is expected to remain strong (with return on assets of 2.0% to 2.4%) mainly led by lower cost of funds, improving borrowing mix and a wider reach in Tier II and Tier III cities. Many mid and small HFCs are primarily focusing on self-employed borrowers, where banks are not very aggressive.

HFCs are expected to maintain their market share even after banks turn aggressive, due to HFCs' increased presence in the untapped market, a greater focus on home loans, strong origination skills and a relatively superior customer service.

Disbursement and outstanding growth

Demonetization had a transient impact on the housing finance segment, with HFCs and banks reporting a normalization/pick-up in the housing loan business post-demonetization. Disbursements and collection efficiency, however, decreased to an extent post-demonetization, especially in November and December 2016, but reverted back to pre-demonetization levels post January 2017. Moreover, higher government support for the affordable housing segment (in terms of interest rate subsidy), as well as a declining interest rate scenario is expected to boost the overall housing loan demand over the next two to three years. On June 8, 2017, the RBI reduced the risk weights (for the home loans over ₹ 3 million category) and standard assets provisioning (from 0.40% to 0.25%), which is expected to release capital for the banking industry and further reduce home loan rates. Also, an increase in LTV for various loan buckets should increase the housing portfolio of banks.

As per the government data, as on October 2017, total of approximately 200,000 houses have been constructed under the Pradhan-Mantri Awas Yojana (PMAY). To achieve the target of constructing 20 million houses across India by 2022, the pace of construction work will increase and subsequently lead to higher demand for loans. The inclusion of the middle income group (with a household income between ₹ 0.6 million to ₹ 1.8 million per annum), under the credit linked interest subsidy scheme, is expected to lead to an increase in loan disbursements in the medium to long term.

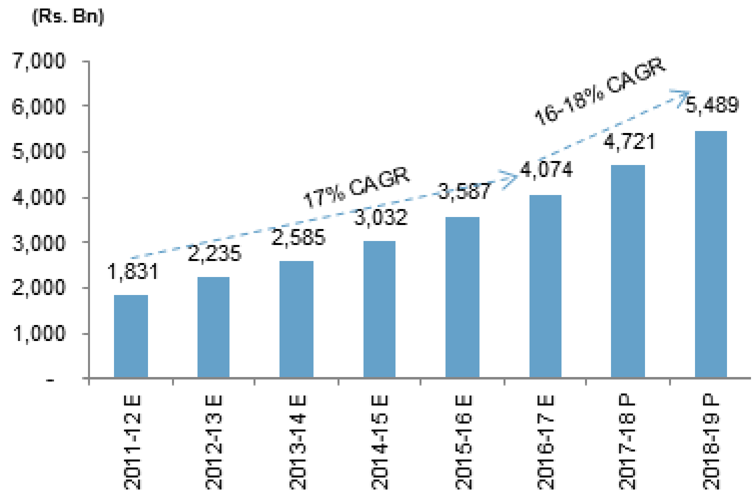
The awarding of infrastructure status to affordable housing is expected to push more developers to enter the segment, as they will have an easier access to institutional credit and be able to help in reducing their cost of borrowing for affordable projects, thus leading to a greater supply of units at reasonable prices. Also, the Real Estate (Regulatory and Development) Act, 2016, will lead to more structure, transparency and discipline in the sector in the future.

Other factors increasing disbursements include:

- low current mortgage penetration,
- rising urbanisation, families becoming more nuclear and an increase in the number of affordable housing projects,
- easier availability of home loans, lower interest rates and faster loan sanctions.

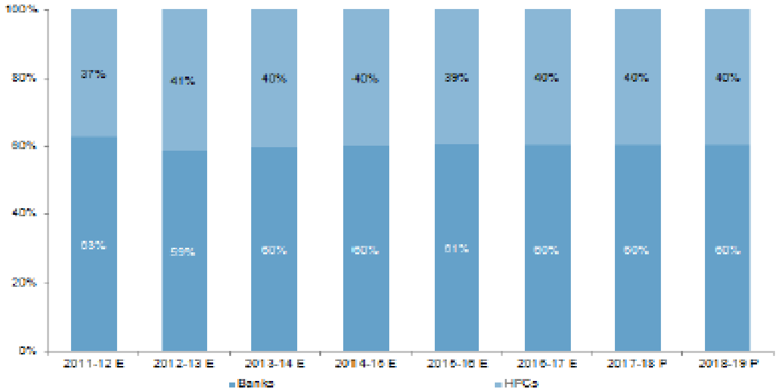
Housing loan disbursements are expected to grow at a healthy CAGR of 16% to 18% over the next two years, between the financial year 2017 and 2019.

The following chart sets forth the housing loan disbursements (₹ billion):



Note: E: Estimated; P: Projected
(Source: CRISIL Retail Finance-Housing)

The following chart sets forth HFCs share as compared to banks:



Note: E: Estimated; P: Projected
(Source: CRISIL Retail Finance-Housing)

The market share of HFCs is expected to increase steadily over the next two to three years, led by a regulatory focus on increasing funding avenues and containing borrowing costs for HFCs.

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

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

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

- In December 2012, RBI allowed HFCs (and real estate developers) who met certain criteria in terms of paid-up capital, net owned funds, and non-performing assets (“**NPA**”), to raise external commercial borrowings (“**ECB**”) to fund affordable housing projects.

- In June 2013, the RBI created a sub-category within the commercial real estate segment - the residential housing segment, which includes loans to builders and developers. The new segment would be allocated a lower risk weight of 75% for calculation of capital adequacy ratio, as compared to 100% for the commercial real estate segment.

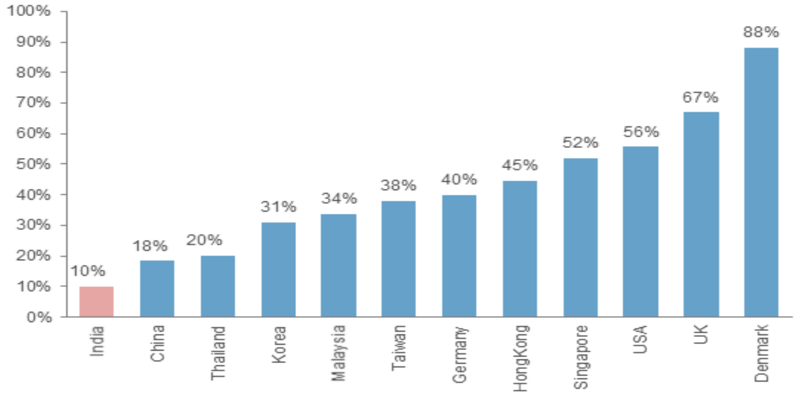
- In July 2014, RBI permitted banks to raise long-term infrastructure bonds to fund affordable housing and infrastructure projects. These bonds would be exempt from mandatory norms such as cash reserve and statutory liquidity ratios (“**SLR**”).

- In October 2015, RBI reduced risk weights applicable for affordable housing loans for capital adequacy ratio calculation. This is likely to lower capital requirements of financiers and lead to lower interest rates on these loans.

- Revision on interest spread cap from 2% to 3.5% for refinancing under rural housing fund (“**RHF**”) is expected increase lender interest in rural areas.

India's mortgage-to-gross domestic product (“**GDP**”) ratio was low at 10% in the financial year 2017, when compared to other developing countries, although it did improve from 7.4% in the financial year 2010, driven by rising incomes, improved affordability of housing options, growing urbanisation, including emergence of tier-II and Tier-III cities, evolution of the nuclear family concept, tax incentives, widening reach of financiers and faster loan sanctioning.

The following chart sets forth the mortgage penetration (as a percentage of GDP):



Note: India's data is from the financial year 2017, the data for other countries is from the cyclical year 2015.
(Source: CRISIL Retail Finance-Housing)

Mortgage penetration levels in India are nine to 11 years behind other regional emerging markets like China and Thailand. However, due to various structural drivers, including a young population, smaller family sizes, urbanisation, rising income levels and the widening reach of financiers, growth rates in the mortgage segment are expected to remain healthy over the long term.

MCLR will cap interest rate and improve disbursements

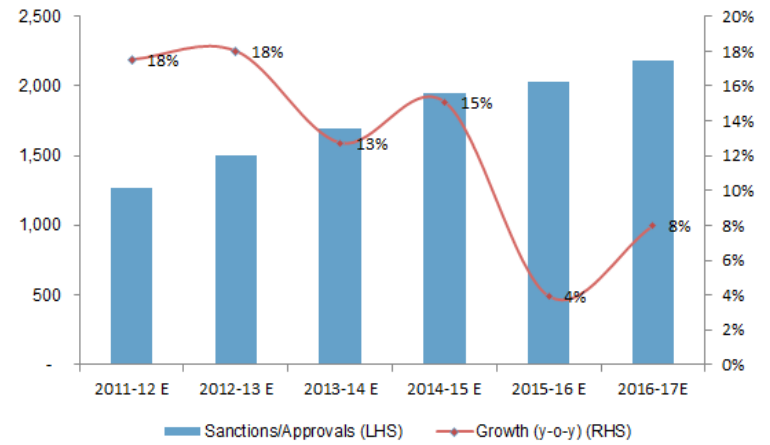
- Effective as of April 1, 2016, the RBI implemented the marginal cost of funds-based lending rate scheme, thus forcing banks to pass the benefit of lower borrowing costs to customers. Following that guideline, interest rates on home loans for banks declined by 90 to 95 basis points between April 2016 and March 2017.

- Amid rising gross income levels, declining interest rates will lower equated monthly installments ("**EMIs**") on home loans, making borrowers eligible for higher loan amounts. This will, in turn, enable buyers to purchase higher-priced homes or increase the LTV on loans, thereby enhancing the average ticket size of home loan disbursements.

As interest rates charged by players became more competitive, balance transfers (loan transfer between institutions) will continue to remain low. Balance transfers had increased significantly following the launch of teaser loans by some public sector banks ("**PSBs**").

Growth in sanctions/approvals was 4% in the financial year 2016 and was largely affected by lower growth of sanctions at HDFC (-8%), excluding that, approvals grew 26% in the financial year 2016 as compared to 24% in the financial year 2015. In the financial year 2017, while loan sanctions grew at around 8%, which was higher as compared to the previous year, they remained impacted by the government's demonetization initiative.

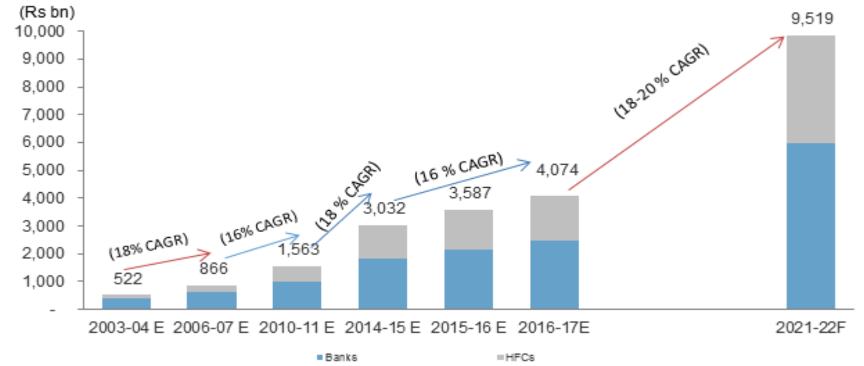
The following chart sets forth the growth in loan sanctions:



Note: The above numbers are an average of HDFC, LICHFL, DHFL, Can Fin Homes and Repco Home Finance.
(Source: CRISIL Retail Finance-Housing)

Home loan disbursements are expected to record a five year CAGR of 18% to 20% to reach ₹9.5 trillion by the financial year 2022, aided by higher finance penetration, improving affordability, urbanisation and demand for affordable housing.

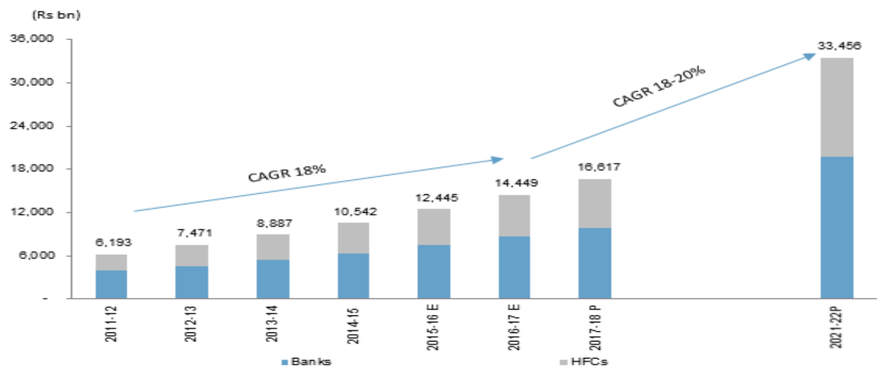
The following chart sets forth the growth in housing finance disbursements:



Note: E: Estimated; F: Forecast
(Source: CRISIL Retail Finance-Housing)

The retail housing finance outstanding loan portfolio is projected to expand at a CAGR of 18% to 20%, from ₹ 14.3 trillion in the financial year 2017 to ₹ 33.5 trillion in the financial year 2022.

The following chart sets forth the retail housing finance outstanding loan portfolio:



Note: E: Estimated; F: Forecast
(Source: CRISIL Retail Finance-Housing)

Prepayment rates

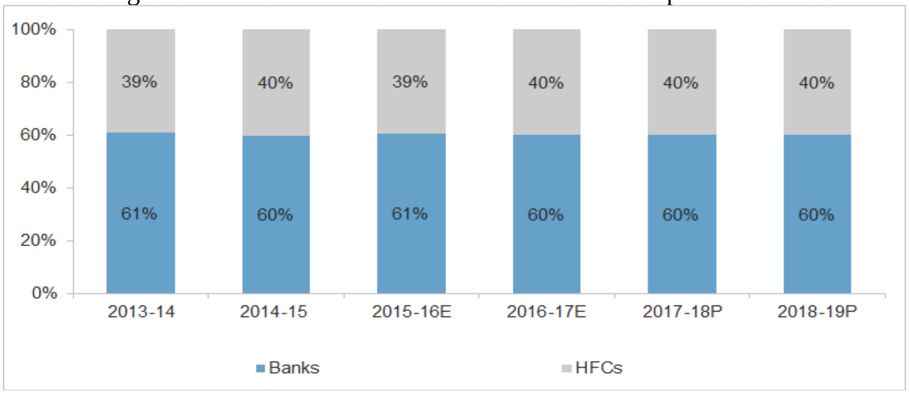
The outstanding loan portfolio is a function of repayments, prepayments and disbursements, which are all affected by loan tenure and interest rates. Overall prepayments can be divided into structural and cyclical prepayments. While the former depends on an increase in borrower's income, which encourages prepayment of the loan, the latter is sensitive to interest rates. In a downward interest rate environment, cyclical prepayments would be higher.

Structural prepayments were subdued in the financial year 2017, as income growth remained uncertain, whereas cyclical prepayments were seen due to the interest rate cut in the financial year 2017. In the financial year 2018 and the financial year 2019, prepayment rates are expected to step up with rising disposable incomes and lower interest rates.

Share of HFCs

Banks currently have a large share of housing loans outstanding (60% as of the financial year 2017). Even though HFCs are likely to get more aggressive, their share is likely to remain stable, as banks too have become aggressive in the retail segment due to asset quality issues in corporate loans. However, in the long term, the share of HFCs may increase, led by lower borrowings costs and better service quality as compared to PSBs.

The following chart sets forth the market share of HFCs as compared to banks:



Note: E: Estimated; F: Forecast
(Source: CRISIL Retail Finance-Housing)

While banks have traditionally competed on interest rates, HFCs' specialized focus on home loans makes them attractive. Over the past few years, robust growth in outstanding loans enabled HFCs to significantly enhance their market share. However, with the recent slowdown in corporate credit, banks are aggressively focusing and competing with HFCs, thus over the next two years, banks are expected to register a slightly higher growth than HFCs.

Despite banks adopting aggressive pricing in the home loan market, they have limited room to get more aggressive on pricing without affecting profitability.

Moreover, with HFCs recently accessing non-bank sources of funds (along with easing bond yields), their competitiveness on 'cost of funds' as compared with banks has improved. On non-pricing factors, HFCs could continue to retain an upper hand given their specialization. Thus, overall, if HFCs remain competitive in the mortgage market, their share is expected to remain stable.

In the long term, growth in advances for both banks and HFCs is expected to remain range-bound despite banks aggressiveness. HFCs' strong origination skills and relatively superior customer service are expected to aid in maintaining a stable growth. Banks are also expected to shift focus to retail assets and better availability.

Retail segment

As there has been an increase in bad loans in banks' financials, their strategy is focused on expanding their home loan portfolio for two main reasons:

- Growth has not yet picked up in the corporate loan-book; and

- Retail loans maintained a steady growth after the financial year 2003, though went through a cyclical slowdown post the financial year 2007. Thus public sector undertakings banks are expected to be increasingly aggressive in the retail segment, competing with HFCs and private sector banks.

With rising NPA, most banks had to reassess their strategies. With a slowdown in the economy, most banks shifted focus from corporate loans to the retail segment. Over the past few years, however, retail consumer balance sheets have been far stronger than corporate balance sheets, resulting in negligible impairments over the past few years.

Key Growth drivers

PMAY Scheme

There are four components to the PMAY scheme:

Slum redevelopment

- Land as a resource with private participation
- Extra floor space index (FSI)/ floor area ratio (FAR) and transfer of development rights (TDR), if required
- Government of India's grant of ₹ 100,000 per house
- Developers to benefit from "free sale component"

Affordable housing in partnership

- With private sector or public sector agencies
- Central assistance of ₹ 150,000 per economically weaker sections (EWS) house in projects where the project has at least 250 houses and 35% houses eligible for EWS category

Affordable housing through credit-linked subsidy

Subsidy for beneficiary-led housing

- For individuals of the Economically Weaker Sections ("**EWS**") category for own house construction or enhancement
- Central assistance of ₹ 150,000 per beneficiary

*Credit-Linked Subsidy Scheme ("**CLSS**")*

Under the 'Housing for All' mission, the central government has implemented the credit-linked subsidy component as a demand-side intervention to expand institutional credit flow to the housing needs of people residing in urban regions. Credit-linked subsidy will be provided on home loans taken by eligible urban population for acquisition and construction of houses. Housing and Urban Development Corporation and National Housing Bank ("**NHB**") have been identified as Central Nodal Agencies to channelise this subsidy to the lending institutions and for monitoring the progress of this component. Under the mission, affordable housing through CLSS will be implemented through banks and financial institutions. For all the income slabs, any additional loans taken by the beneficiary up to a maximum tenure of 20 years will be at non-subsidised rates.

The following table sets forth the details of the revised CLSS:

Category	Annual Household Income (₹ million)	Loan amount (₹ million)	Interest subsidy (%)	Size of the proposed house (carpet area; m^2)
EWS	Up to 0.3	0.6	6.5	30
LIG	Between 0.3-0.6	0.6	6.5	60
MIG 1	Between 0.6-1.2	0.9	4.0	120*
MIG 2	Between 1.2– 1.8	1.2	3.0	150*

Note: The interest subsidy amount will not be the differential of interest amount (of actual and subsided rate) but the net present value of the interest subsidy amount - to be calculated at a discount rate of 9%.
* As per Government notification of November 16, 2017
(Source: CRISIL Retail Finance-Housing)

Rural Housing Fund

The NHB, in January 2016, revised the interest rate and the on-lending cap under the RHF with immediate effect. The new on-lending cap of 3.5% is a positive development in the affordable housing segment as the previous 2% cap made financing unattractive due to higher operating costs which were incurred to serve rural areas.

The Government granted infrastructure status to the affordable housing sector, thereby entailing relatively lower finance costs. Grant of the infrastructure status, coupled with the priority sector status accorded to retail loans for affordable housing projects by RBI in July 2014, which ensured adequate demand and supply-side impetus to the sector. Typically, sectors enjoying infrastructure status can also avail of loans under the ECB route. However, this facility was already granted to affordable housing sector in 2014 by RBI.

Infrastructure bonds

To encourage infrastructure development and affordable housing, the RBI in July 2014, exempted long-term bonds from regulatory mandatory norms such as cash reserve ratio and SLR if the money raised is used for funding such projects. Banks are allowed to raise bonds of minimum maturity of seven years for lending to:

- Long-term projects in infrastructure sub-sectors; and
- Affordable housing.

*Atal Mission for Rejuvenation and Urban Transformation ("**AMRUT**")*

The purpose of AMRUT is to provide basic services to households and build amenities in cities, and to improve the quality of life for all, especially the poor and the disadvantaged.

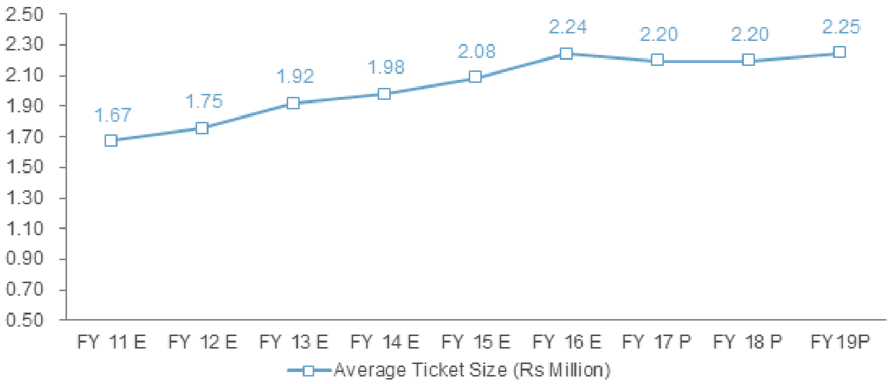
Key components of the mission:

- To ensure that every household has access to a tap, with assured supply of water and a sewerage connection
- To increase amenities in cities by developing greenery and well-maintained open spaces
- To reduce pollution by switching to public transport or constructing facilities for non-motorized transport.

Ticket size of loans

The average ticket size of loans disbursed by HFCs increased in line with a rapid rise in urban property prices, fueling growth in the sector. While average ticket size of loans grew 7% to 8% to ₹ 2.24 million in the financial year 2016, it declined marginally in the financial year 2017 due to a drop in property prices. As property prices declined post demonetization, the average ticket size is expected to remain stable in the financial year 2018, but increase marginally in the financial year 2019 due to a recovery in prices.

The following chart sets forth the trend in average ticket size:



Note: For the calculation of average ticket size aggregate financials of Housing Development Finance Corporation Limited, LIC Housing Finance Limited, Dewan Housing Finance Corporation Limited, Indiabulls Housing Finance Limited, REPCO Home Finance and Gruh Finance are considered.

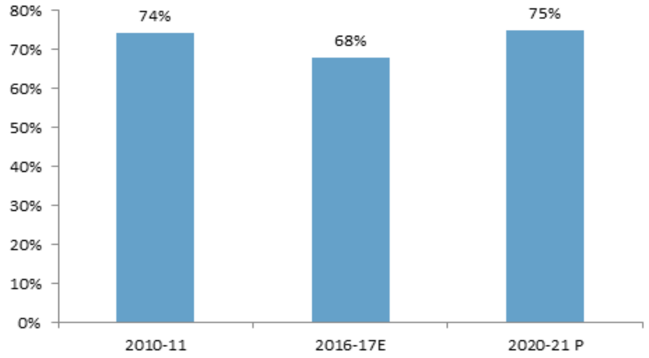
(Source: CRISIL Retail Finance-Housing)

Increase in LTV due to an increase in price

The average LTV ratio disbursed in the top 13 cities declined from 74.3% to 67.2% from the financial year 2011 to the financial year 2016, as rising interest rates and slow income growth led to higher EMIs and, consequently, a decline in LTVs. With interest rates likely to decline over the medium term, the LTV ratio is likely to increase from current levels.

In the long term, as urban property prices rise, borrowers will find it increasingly difficult to arrange for the required equity. However, factors such as regulatory obligations and prudent lending norms are expected to deter financiers from increasing LTV levels significantly. Hence, over the longer term, the LTV ratio is projected to go up to 75%.

The following chart sets forth the average LTV ratio:

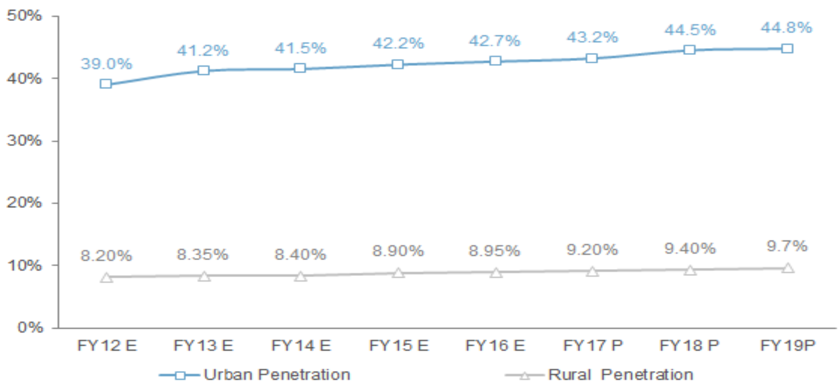


Note: E: Estimate, P: Projected; Numbers are based on data from top 13 cities.
(Source: CRISIL Retail Finance-Housing)

Rise in finance penetration to drive industry

An increase in finance penetration is also expected to support the industry's growth. Rising demand for housing from tier-II and tier-III cities, and a subsequent surge in construction activity, have increased the focus of financiers on these geographies. Consequently, finance penetration in urban areas is estimated to have increased to 42.7% in the financial year 2016, from an estimated 39% in the financial year 2012, while penetration in rural areas is estimated to have risen only to 8.95% in the financial year 2016, from 8.20% in the financial year 2012. Boosted by the push towards affordable housing and rising competition in higher ticket size loans, finance penetration is expected to increase to 44.5% in urban areas and to 9.4% in rural areas by the financial year 2018.

The following chart sets forth the finance penetration in rural and urban areas:



(Source: CRISIL Retail Finance-Housing)

Rural areas are also likely to witness considerable improvement in finance penetration, led by the government's efforts to provide housing for all. However, operational challenges, such as timely collection of payments, lower ticket sizes and higher delinquencies in comparison with the urban markets are expected to affect rural expansion.

Lowering risk-weights for banking home loans

The RBI in its June 2017, monetary policy reduced the risk weights for banks and increased the LTV for some category of loans. Under the new regulation, the LTV on loans between ₹ 3 million and ₹ 7.5 million increased to 80% from 75% and the risk weights reduced to 35% from 50%. For a loan above ₹ 7.5 million, the risk weights reduced to 50% from 75%. The NHB is expected to follow suit in order to implement similar regulations for HFC's.

The following chart sets forth key regulations for banks and HFC's:

Key regulations	Banks	HFC's
Regulator	The Reserve Bank of India	National Housing Bank
Capital adequecy ratio	9%	12%
Risk weight on housing loan	35% of loans upto Rs 7.5 million; LTV cap 80%	35% of loans upto Rs 3 million; LTV cap 80% 35% of loans between Rs 3-7.5 million; LTV cap 75%
	50% of loans upto Rs 3 million; LTV cap 90%	50% of loans upto Rs 3 million; LTV cap 90%
	50% for loans above Rs 7.5 million; LTV cap 75%	50% of loans between Rs 3-7.5 million; LTV cap 80% 75% for loans above Rs 7.5 million; LTV cap 75%
Risk weight on commercial real estate loan	100%	100%
Risk weight on commercial real estate - residencial housing loan	75%	75%
Need to maintain cash reserve ratio	Yes, 4% of net time and demand deposits	No
Need to maintain statutory liquidity ratio	Yes, 21% of net time and demand deposits	Yes, 12.5% of net time and demand deposits

(Source: CRISIL Retail Finance-Housing)

OUR BUSINESS

Overview

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

Our Company was incorporated in 1991 and commenced operations as a finance company in 1993. Our Company was registered as a deposit-taking NBFC in 1998 and has since established a pan-India presence, spanning 27 states and four union territories through 1,178 offices as of September 30, 2017. We cater to the financing needs of retail customers and small and medium-sized enterprises. We primarily focus on providing financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, and pre-owed vehicles and others which accounted for 28.1%, 18.7%, 22.1%, 11.5% and 19.6% of estimated total value of the assets financed by our Company, respectively, for the financial year 2017. For the half year ended September 30, 2017, financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipment, and pre-owed vehicles and others accounted for 26.8%, 19.2%, 21.3%, 11.2% and 21.6% of estimated total value of the assets financed by our Company, respectively. We benefit from our close relationships with dealers and our long-standing relationships with OEMs, which allow us to provide on-site financing at dealerships.

In May 2004, we started an insurance broking business through our subsidiary, Mahindra Insurance Brokers Limited. We currently hold 80.0% of the outstanding equity shares of MIBL. We provide insurance broking solutions to individuals and corporates through MIBL. MIBL has a composite broking license from the IRDA, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers.

In October 2007, we commenced our housing finance business through our subsidiary, Mahindra Rural Housing Finance Limited. We hold 87.5% of the outstanding equity shares of MRHFL. We provide housing loans to individuals through, MRHFL, a registered housing finance company. We grant housing loans for purchase, construction, extension and renovation of house property.

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

In June 2013, Mahindra Asset Management Company Private Limited was incorporated and was appointed as the asset management company of the Mahindra Mutual Fund. The Mahindra Mutual Fund was constituted as a trust and was registered with SEBI. Our Company is the sponsor to the mutual fund and Mahindra Trustee Company Private Limited, a wholly-owned subsidiary of our Company, is the trustee to the mutual fund. The maiden fund of the Mahindra Mutual Fund - 'Mahindra Liquid Fund' received approval from the SEBI in June 2016 and was launched in July 2016

Mahindra & Mahindra, our promoter and the flagship company of the Mahindra Group, had a market capitalization of ₹ 779 billion as of September 30, 2017. The Mahindra Group has a strong presence in the utility vehicles, tractors, information technology, financial services, aerospace, real estate, hospitality and logistics sectors.

The following table sets forth certain key details of our Company for the periods indicated:

(₹ in million)

	As of / For the Period End				
	September 30,		March 31,		
	2017	2016	2017	2016	2015
Assets Under Management*	499,176.23	438,547.14	467,755.43	409,332.68	368,776.45
Total Borrowings	373,482.71	321,558.23	346,704.03	294,523.06	262,633.01
Total Revenue	32,859.58	28,913.65	62,375.38	59,051.01	55,847.06
Interest Income	30,437.55	26,779.05	57,694.33	53,935.12	50,368.44
Interest Expense	14,705.84	13,886.58	28,349.12	26,152.48	24,740.54
Loan Provisioning & Write-offs	8,704.27	5,287.37	13,091.27	10,495.30	8,274.89
Profit After Tax for the Period	1,253.77	1,818.01	4,002.35	6,725.96	8,317.76
Gross NPA# (including income reversal) to Total Assets (including income reversal)	12.5%	11.0%	9.0%	8.0%	5.9%
Net NPA to Total Assets (including income reversal)	6.5%	5.6%	3.6%	3.2%	2.4%
Tier I Capital Adequacy Ratio	12.4%	13.8%	12.8%	14.6%	15.5%
Tier II Capital Adequacy Ratio	6.9%	5.0%	4.4%	2.7%	2.8%

**Assets Under Management includes our total assets comprising non-current assets, current assets and loan receivables outstanding under securitization and assignment transactions.*

#Gross NPAs are loans and advances classified as NPA by our Company.

Note: As of September 30, 2017 and 2016, our Company classified loans as non-performing after being three months and four months past due, respectively. As of March 31, 2017, 2016 and 2015, our Company classified loans as non-performing after being four months, four months and five months past due, respectively.

The following table sets forth certain key details of our Company, on a consolidated basis, for the periods indicated:

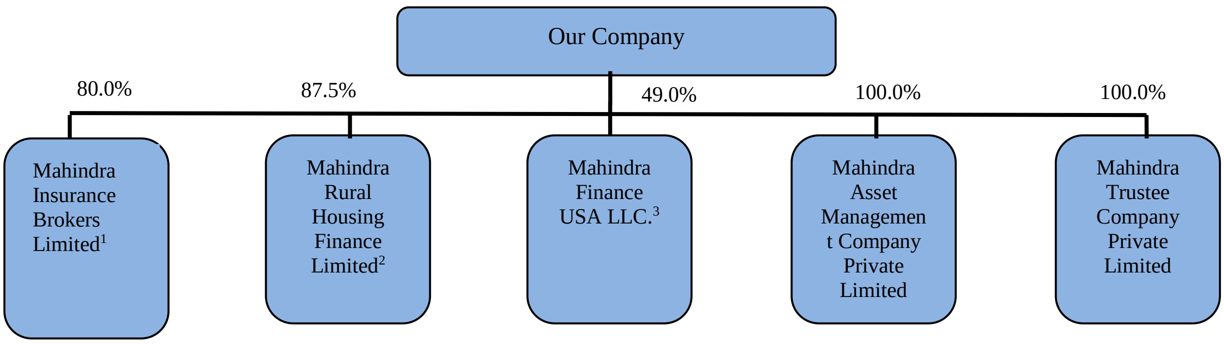
(₹ in million)

	As of / For the Period End				
	September 30,		March 31,		
	2017	2016	2017	2016	2015
Assets Under Management*	581,887.69	502,510.41	541,968.83	463,606.32	404,366.40
Total Revenue	38,716.54	33,198.13	72,006.51	65,974.50	60,609.06
Interest Income	35,292.97	30,314.65	65,502.89	59,390.26	53,944.06
Profit for the period after tax and minority interest	1,591.05	2,216.92	5,116.37	7,722.94	9,129.05

**Assets Under Management includes our total assets comprising non-current assets, current assets and loan receivables outstanding under securitization and assignment transactions.*

Corporate Structure

The following chart outlines our corporate structure:



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

2. The National Housing Bank holds 12.5 % of the outstanding equity shares of MRHFL.
3. De Lage Landen Financial Services Inc., a member of the Rabobank group holds 51.0% of the outstanding equity shares of MF USA.

Our Competitive Strengths

Our competitive strengths are as follows:

Knowledge of Rural and Semi-Urban Markets

We have over 20 years of operating experience primarily in rural and semi-urban markets, which has led to a significant understanding of local characteristics of these markets and has allowed us to address the unique needs of our customers. Of our Company's 1,178 offices spanning across 27 states and four union territories, as of September 30, 2017, majority cater to customers located in rural and semi-urban markets. We have adapted to markets that are affected by limitations of rural infrastructure and have developed a diversified customer base of farmers, car-owners, transport agencies, small businessmen and home-owners. For origination and collection, we hire employees with knowledge of the local markets and have also implemented a de-centralized process to approve loans that meet pre-determined criteria. Further, our field executives use hand-held general packet radio service ("**GPRS**") enabled devices to record data while collecting loan payments at the customer's home or business location. This leads to face-to-face interaction that improves our understanding of the needs of our customers and enables us to be more responsive to local market demand. We believe that our knowledge of the rural and semi-urban markets is a key strength that has enabled us to become one of India's leading NBFCs.

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

Extensive Network of Offices

We operate an extensive network of our 1,411 offices spanning across 27 states and four union territories, as of September 30, 2017. The reach of our offices allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees. Our widespread office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts. In addition, our extensive office network benefits from a 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. We service multiple products through each of our offices, which reduces operating costs and improves total sales. We believe that the challenges inherent in developing an effective office network in rural and semi-urban areas provide us with a significant first mover advantage over our competitors in these areas.

Streamlined Approval and Administrative Procedures and Effective Use of Technology

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

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

History of Strong Customer and Dealer Relationships

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

Brand Recall and Synergies with the Mahindra Group

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

Access to Cost-Effective Funding

We believe that we are able to access cost-effective borrowings due to our strong brand equity, stable credit history, superior credit ratings and conservative risk management policies. Historically, we have secured cost-effective funding from a variety of sources. Our Company maintains borrowing relationships with several banks, mutual funds and insurance companies. Our Company's long-term NCD and subordinated debt is presently rated IND AAA, CARE AAA and CRISIL AA+ by India Ratings & Research Private Limited, Credit Analysis & Research Limited and CRISIL, respectively, and our long term subordinated debt is presently rated BWR AAA by Brickwork Ratings India Private Limited. India Ratings & Research Private Limited and CRISIL has rated our Company's short-term debt as IND A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments, and CRISIL has rated our Company's fixed deposit program FAAA. For the half year ended September 30, 2017 and the financial year 2017, our Company's average annualized interest cost of borrowed funds was 8.2% and 8.8%, respectively.

Experienced Management Team

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

Our Strategies

Our business strategies are as follows:

Focus on the Rural and Semi-Urban Markets to Grow our Market Share
We plan to continue to expand our office network and increase the market share of our existing products and services in the rural and semi-urban markets of India. In opening each office site, we analyze the local market and proximity to target customers. We believe our customers appreciate this convenience and that well-placed office sites allow us to attract new customers. In addition to our offices and region-based organizational structure, we have also formed a separate vertical for collections and each of our key products, which works with our employees across offices to customize our products based on customers feed-back.

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

Focus on Effective Use of Technology

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

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

Diversify Product Portfolio

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

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

Continue to Attract and Retain Talented Employees

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

DESCRIPTION OF OUR BUSINESS

Our Vehicle Financing Business

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

Income from our vehicle financing business constituted 79.9%, 82.2%, 82.0%, 85.1% and 88.2% of our total income for the half year ended September 30, 2017 and 2016 and the financial years 2017, 2016 and 2015, respectively. Our vehicle financing business comprised 76.3%, 77.9%, 76.4%, 78.9%, and 82.9% of our total assets for the half year ended September 30, 2017 and 2016 and the financial years 2017, 2016 and 2015, respectively.

Vehicle Financing by Segment

- *Auto and Utility Vehicles.* We finance the purchase of new auto and utility vehicles, which are typically used to transport passengers and goods.

- *Tractors.* We finance the purchase of new tractors, which are used as farm equipment and to carry and to pull goods.

- *Cars.* We finance the purchase of new cars which are used for personal or commercial purposes.

- *Commercial Vehicles and Construction Equipment.* We finance the purchase of new commercial vehicles, including light commercial vehicles ("**LCVs**"), which carry goods and passengers, and heavy commercial vehicles ("**HCVs**"), which carry goods, and construction equipment. For LCVs, our customers are typically medium and small fleet operators. For HCVs, our customers are typically transport operators and small businesses.

- *Pre-Owned Vehicles and Others*. We finance the purchase of pre-owned vehicles, primarily cars and multi-utility vehicles and other vehicles, which include two-wheelers and three-wheelers. We also provide finance to SME and personal loans.

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

	Hal year ended September 30,		Financial Year		
	2017	2016	2017	2016	2015
Auto and Utility	26.8%	27.5%	28.1%	30.4%	33.6%
Tractors	19.2%	17.1%	18.7%	14.7%	17.7%
Cars	21.3%	22.3%	22.1%	22.3%	22.0%
Commercial Vehicles and Construction Equipment	11.2%	11.8%	11.5%	11.2%	8.7%
Pre-owned Vehicles and others	21.6%	21.2%	19.6%	21.4%	18.0%

Origination

Customer Base

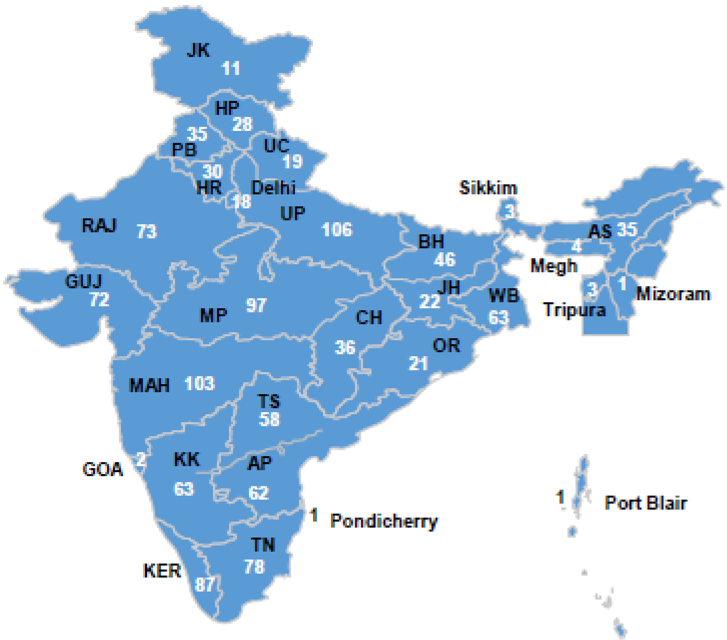
Our customers are predominantly small entrepreneurs and self-employed individuals in rural and semi-urban areas, such as transport operators, taxi operators and farmers. We secure our loans through the hypothecation of each asset financed. Our customers generally contribute between 10.0% and 30.0% of the purchase price of the asset financed, with the balance lent by us. During the half year ended September 30, 2017 and 2016 and the financial years 2017, 2016 and 2015, our Company entered into 267,873; 250,668; 556,122; 522,256 and 515,654 new customer contracts, respectively.

Office Network

As of September 30, 2017, our Company had 1,178 offices located in 27 states and four union territories in India. Our offices are authorized to approve loans within prescribed guidelines and have appropriate staffing to process and monitor the loans made. Office employees report to their respective regional offices, which, in turn, report to their zone office and the head office in Mumbai.

As of September 30, 2017, the north, south, west, central and eastern regions of India contributed 27%, 21%, 20%, 10% and 22% of our Company's loan assets, respectively. Further, during the half year ended September 30, 2017, our disbursements in the north, south, west, central and eastern regions of India accounted for 30%, 20%, 17%, 10% and 23% of our Company’s total disbursements, respectively.

The distribution of offices across India by state as of September 30, 2017 is set out in the map below:



Relationships with Dealers

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

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

Dealer Council

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

Our Operations - Lending Policy

Initial Evaluation

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

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

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

Approval Process

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

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

For SME financing, there are teams involved which comprise customer relationship, credit, risk and compliance. The customer relationship team collects the credit login information based on which it visits the customer and does the assessment. The customer requirement is fulfilled with products defined in the credit policy. After the customer accepts the product structure, the proposal is provided to the approval authority as defined in the credit policy. Thereafter, the compliance team takes care of the execution of conditions of approval and the disbursement of the loan. The disbursement is conducted through the centralized accounts team at our head office. All the activities, from login, approval, compliance to disbursement, are undertaken from a single software system. The credit policy and products are designed, taking into consideration the customer segments and industry segment.

Disbursement

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

Loan Administration and Monitoring

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

Collection and Recovery

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

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

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

Asset Quality

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

Asset Classification

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

The Master Directions for asset classification are set forth below:

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

- *Sub-standard Asset* - an asset that has been an NPA (as defined below) for a period not exceeding 14 months, provided that the period 'not exceeding 14 months' shall be 'not exceeding 14 months' for the financial year ending March 31, 2017 and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter. An asset shall be sub-standard where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms;

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

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

An NPA shall mean:

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

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

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

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

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

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

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

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

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

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

Loans Advances and Other Credit Facilities including Bills Purchased and Discounted

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

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

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

- Loss Assets: The entire asset is required to be written off. If the asset is permitted to remain in the books for any reason, 100.0% of the outstanding amount should be provided for.

Lease and Hire Purchase Assets

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

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

- where the amount of hire charges or lease rentals is overdue for less than 12 months, no provision is required to be made;
- where any amount of hire charges or lease rentals is overdue for 12 to 24 months, 10.0% of the net book value should be provided for;
- where any amount of hire charges or lease rentals are overdue for more than 24 months but up to 36 months, 40.0% of the net book value should be provided for;
- where such amount of hire charges or lease rentals are overdue for more than 36 months but up to 48 months, 70.0% of the net book value should be provided for;
- where any amount of hire charges or lease rentals are overdue for more than 48 months, 100.0% of the net book value should be provided for; and
- on expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value is required to be provided for.

Standard Assets Provisioning: Every applicable NBFC shall make provisions for standard assets at 0.35% by March 31, 2017 and 0.40% by March 31, 2018 and thereafter, of the outstanding, which shall not be considered for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet.

Our Provisioning Policy

Our Audit Committee has approved a more conservative policy for making provisions against loans in default than that which has been prescribed by the RBI, and we make further provisions if we identify a risk. Our Company currently makes provisions as follows:

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

Further, from the Financial Year 2013, we have followed a conservative provision on standard assets of 0.40% as against a provisioning requirement of 0.35% as prescribed in the Master Directions. Our Company started recognizing NPAs based on three months norms from September 30, 2017. During the financial years 2017 and 2016, our Company recognized NPA based on four months norms. During the financial years 2015, our Company recognized NPA based on five months norms.

Our Company's write-offs and bad debts were ₹ 4,139.83 million and ₹ 8,450.02 million for the half year ended September 30, 2017 and the year ended March 31, 2017, respectively. Our Company had a total provision (including income reversals) of ₹ 31,770.77 million and ₹ 25,829.85 million, which constituted 51.1% and 61.8% of our Company's Gross NPAs, as of September 30, 2017 and March 31, 2017, respectively.

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

(₹ in millions except %)

Particulars	As of September 30,		As of March 31,		
	2017	2016	2017	2016	2015
Gross NPAs (including income reversals)	62,196.30	47,480.52	41,826.64	32,241.70	20,997.22
Provisions (including income reversals)	31,770.77	24,618.99	25,829.85	19,890.56	12,815.16
Net NPAs	30,425.53	22,861.52	15,996.79	12,351.14	8,182.06
Total Assets (including income reversal)	499,223.01	433,318.49	466,337.51	400,764.03	353,894.90
Gross NPA to Total Assets	12.5%	11.0%	9.0%	8.0%	5.9%
Net NPA to Total Assets	6.5%	5.6%	3.6%	3.2%	2.4%
NPA Coverage Ratio	51.1%	51.9%	61.8%	61.7%	61.0%

Our Other Business Initiatives

For the half year ended September 30, 2017 and 2016 and the financial years 2017, 2016 and 2015, income from our business other than vehicle financing were 20.1%, 17.8%, 18.0%, 14.9% and 11.8% of our total income, respectively.

Insurance Broking

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

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

Income from our insurance broking business constituted 2.5%, 2.5%, 2.5%, 2.5% and 2.5% of our total income for the half year ended September 30, 2017 and 2016 and the financial years 2017, 2016 and 2015, respectively. MIBL derived net premiums of ₹ 7,297.11 million, ₹ 5,477.41 million, ₹ 13,643.55 million, ₹ 10,870.09 million and ₹ 8,939.30 million for the half year ended September 30, 2017 and 2016 and the financial years 2017, 2016 and 2015, respectively. MIBL recognized total income of ₹ 950.06 million, ₹ 742.84 million, ₹ 1,742.35 million, ₹ 1,491.99 million and ₹ 1,261.96 million, and profit after tax of ₹ 218.63 million, ₹ 185.60 million, ₹ 530.48 million, ₹ 484.86 million and ₹ 429.36 million, for the half year ended September 30, 2017 and 2016 and the financial years of 2017, 2016 and 2015, respectively.

Housing Finance

We provide housing finance to individuals through our subsidiary, MRHFL, a registered housing finance company, in which NHB owns a 12.5% equity capital. We grant housing loans for purchase, construction, extension and renovation of house property. Our housing finance business currently operates in 13 states.

MRHFL provided an aggregate ₹ 11,805.17 million, ₹ 8,584.71 million, ₹ 21,162.08 million, ₹ 15,524.84 million and ₹ 9,895.74 million in housing loans for the half year ended September 30, 2017 and 2016 and for the financial years 2017, 2016 and 2015, respectively. Our housing loans as of September 30, 2017, 2016 and March 31, 2017, 2016 and 2015 aggregated ₹ 54,161.68 million, or 9.4%, of our total assets, ₹ 38,736.11 million, or 7.9%, of our total assets, and ₹ 48,059.15 million, or 9.0%, of our total assets, ₹ 32,603.11 million, or 7.2%, of our total assets, and ₹ 20,983.16 million, or 5.4%, of our total assets, respectively. MRHFL recognized total income of ₹ 4,350.44 million, ₹ 3,116.88 million, ₹ 7,033.69 million, ₹ 4,954.47 million and ₹ 3,284.45 million and a profit after tax of ₹ 374.21 million, ₹ 280.11 million, ₹ 830.06 million, ₹ 626.80 million and ₹ 441.73 million for the half year ended September 30, 2017 and 2016 and the financial years 2017, 2016 and 2015, respectively.

SME Financing

Our Company provides loans for varied purposes such as project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to small and medium enterprises. Our Company intends to leverage our existing customer base and the strengths of the Mahindra group to target the auto ancillary, engineering and food and agri-processing sectors through our SME business. As of September 30, 2017, 2016 and March 31, 2017, 2016 and 2015, our SME finance business accounted for 6.4%, 7.1%, 6.6%, 5.3% and 2.3% of our Company's estimated composition of assets financed, respectively.

Mutual Fund Business

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

The maiden fund of the Mahindra Mutual Fund - 'Mahindra Liquid Fund' received approval from the SEBI on June 20, 2016 and was launched on July 4, 2016. Thereafter, Mahindra Mutual Fund has launched five additional funds.

For the financial year 2017 and 2016, Mahindra Asset Management Company Private Limited had total revenue of ₹ 88.11 million and ₹ 11.96 million, respectively. For the same periods, Mahindra Asset Management Company Private Limited had a loss for the year of ₹ 204.74 million and ₹ 44.52 million, respectively.

Personal Loans

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

As of September 30, 2017, 2016 and March 31, 2017, 2016 and 2015, our personal, two-wheeler and gold loans business accounted for 0.1%, 0.3%, 0.2%, 0.4% and 0.3% of our Company's estimated composition of assets financed, respectively.

Mahindra Finance USA, LLC, United States

We provide wholesale inventory-financing to dealers and retail-financing to customers in the United States for purchase of Mahindra tractors through MF USA, our joint venture with De Lage Landen Financial Services, Inc., in which our Company holds 49% of the equity share capital.

Treasury Operations

Our treasury operations help us meet our funding requirements and manage short-term surpluses. Our fund requirements are predominantly sourced through term loans, issuance of debentures and commercial paper, fixed deposits and securitization of receivables. We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new borrowings at competitive rates. See "***Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources***".

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirements for asset and liability management. Our objective is to ensure the smooth functioning of our business and at the same time avoid holding excessive cash. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities, we also invest our surplus fund in fixed deposits with banks, liquid debt-based mutual funds and government securities. All of our investments are made in accordance with the investment policy approved by our Board.

The principal components of our Company's secured loans as of the dates indicated are set out below:

(₹ *in millions*)

Secured Loans	As of September 30,		As of March 31,		
	2017	2016	2017	2016	2015
Long Term Borrowings (including current maturities of long term debt)					
Non-convertible Debentures	167,321.00	123,103.00	142,071.00	96,486.00	50,931.00
Term Loans from Banks	64,472.69	79,289.32	72,927.41	87,651.43	100,266.19
Foreign Currency Loan	9,089.09	9,197.36	9,956.00	8,016.03	5,454.45
Sub Total	*240,882.77*	*211,530.28*	*224,954.41*	*192,153.46*	*156,651.64*
Short Term Borrowings					
Term Loans from Banks	9,710.00	2,540.00	7,060.00	2,810.00	7,270.00
Cash Credit	2,713.67	9,103.55	6,209.01	8,183.46	5,910.53
Sub Total	12,423.67	11,643.55	13,269.01	10,993.46	13,180.53
Grand Total	253,306.44	223,173.83	238,223.42	203,146.92	169,832.17

The principal components of our Company's unsecured loans as of the dates indicated are set out below:

(₹ *in millions*)

Unsecured Loans	As of September 30,		As of March 31,		
	2017	2016	2017	2016	2015
Long Term Borrowings (including current maturities of long term debt)					
Fixed Deposits	33,365.19	44,265.10	41,260.94	46,059.67	46,108.03
Unsecured Bonds (Subordinate Debt)	32,658.31	21,841.00	21,841.00	11,841.00	10,091.00
Term Loans from Banks	-	1,000.00	-	1,000.00	1,000.00
Loans and advances from related parties (ICDs)	-	-	-	-	72.50
Sub Total	66,023.50	67,106.10	63,101.84	58,900.67	57,271.53
Short Term Borrowings					
Commercial Paper	45,050.00	28,600.00	36,550.00	27,600.00	34,750.00
Term Loans from Banks and Financial Institutions	4,770.00	-	740.00	-	-
Term Loans – Others		-	-	-	-
Fixed Deposits	2,325.27	2,565.80	2,568.67	1,782.97	694.31
Loans and advances from related parties (ICDs)	2,007.50	112.50	5,520.00	3,092.50	85.00
Sub Total	54,152.77	31,278.30	45,378.67	32,475.47	35,529.31

....					
Grand Total	120,176.27	98,384.41	108,480.61	91,376.14	92,800.84

In our vehicle financing, SME Finance, housing finance, personal loans businesses, we generate profit from the difference between the interest rates on our interest-earning assets, which are the loans we extend, and interest-bearing liabilities, which are our borrowings. The average cost of borrowings for our Company for half year ended September 30, 2017 and 2016 and the financial years 2017, 2106 and 2015 was 8.2%, 9.0%, 8.7%, 9.6% and 10.1%, respectively.

We believe that our established track record of timely debt repayment, strong brand equity, credit ratings and risk management have allowed us to secure attractive interest rates on our term loans. While we have gradually decreased our dependence on mutual funds in an effort to diversify our funding sources, pursuant to a SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (the "**SEBI Circular 2016**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards housing finance companies is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval. This shall restrict our ability to raise funds by issuance of debt securities to mutual funds.

Fixed Deposits

We accept fixed deposits, primarily from individuals, corporates and others as a source of financing our business. Our fixed deposits constituted 9.5%, 14.6%, 12.6%, 16.2% and 17.8% of our total borrowings as of September 30, 2017 and 2016 and March 31, 2017, 2016 and 2015, respectively. Our fixed deposit program is currently rated 'FAAA' by CRISIL. We offer cumulative and non-cumulative fixed deposits schemes to our customers. As of September 30, 2017, our non-cumulative schemes range from 12 to 60 months, offer quarterly or semi-annual distributions with present interest rates ranging between 7.5% and 7.9% per annum.

Securitization/Assignment of Portfolio against Financing Activities

We currently undertake non-recourse securitization and assignment of receivables as a cost-effective source of funds and to increase our capital adequacy ratio. We sell a portion of the receivables generated from our financing businesses through securitization and assignment transactions. In our securitization transactions, we provide collateral, which can be in the form of undertakings or guarantees by our Company or bank deposits.

During the half year ended September 30, 2017 and 2016, and the financial years 2017, 2016 and 2015, we entered into securitization and assignment transactions aggregating to ₹ 3,057.44 million, ₹ 3,377.22 million, ₹ 3,377.22 million, ₹ 8,558.69 million and ₹ 7,222.99 million, respectively.

Capital Adequacy Ratio

Our Company is subject to capital adequacy requirements set out by the RBI for systemically important deposit-taking NBFCs, which currently require it to maintain a capital adequacy ratio consisting of Tier I and Tier II capital of not less than 15.0% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items. The total Tier I capital, at any point is required to be at least 10.0% with effect from March 31, 2017. Our Company's capital adequacy ratios were 19.3%, 18.8%, 17.2%, 17.3% and 18.3%, as of September 30, 2017 and 2016 and March 31, 2017, 2016 and 2015, respectively. Information related to our Company's capital adequacy ratio, for the dates specified are set out below:

(*₹ in millions*)

Secured Loans	As of September 30,		As of March 31,		
	2017	2016	2017	2016	2015
Eligible Tier I Capital	54,945.30	53,752.49	53,516.00	52,721.87	50,774.95
Eligible Tier II Capital	30,648.71	19,333.21	18,434.39	9,556.38	9,107.11

....					
Total Capital	85,594.02	73,085.70	71,950.39	62,278.25	59,882.06
Total Risk – Weighted Assets	443,526.95	389,697.26	417,839.46	360,283.04	327,250.00
Tier I Capital Ratio	12.4%	13.8%	12.8%	14.6%	15.5%
Capital Adequacy Ratio	19.3%	18.8%	17.2%	17.3%	18.3%

Risk Management

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

Credit Risk

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

Interest Rate Risk

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and floating rates and are from banks and issuing debt. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. As of September 30, 2017, 83% of our total borrowings was at fixed rates and 17% at variable rates. From time to time we enter into interest rate swaps to help manage the risks we may incur from being exposed to liabilities at floating rates.

We maintain an asset liability management policy, which has been approved and adopted by our Asset Liability Committee of the Board. Assets and liabilities are categorized into various time buckets based on their maturities and re-pricing options. Efforts are made and action plans are drawn to ensure minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Liquidity Risk

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

We manage short-term mismatches between assets and liabilities by issuing commercial paper or obtaining funding from banks. A summary of our Company's asset and liability maturity profile as of September 30, 2017, which is based on certain estimates, assumptions, RBI guidelines and our prior experience of the performance of its assets, is set out below:

(₹ *in millions*)

	Up to One Month	Between One Month and One Year	Between One and Three Years	Between Three and Five years	Over Five Years	Total
Liabilities / Outflow						
Equity Capital	-	-	-	-	1,130.20	1,130.20
Preference and Surplus	-	-	-	-	-	-
Reserves and Surplus	-	-	-	-	63,139.57	63,139.57
Total Borrowings	28,458.47	1,02,474.48	1,73,004.14	26,443.23	44,537.09	3,74,917.40
Current Liabilities and Provisions	7,622.92	6,882.88	8,084.60	2,930.26	2,744.38	28,265.06
Total	**36,081.39**	**1,09,357.36**	**1,81,088.74**	**29,373.49**	**1,11,551.25**	**4,67,452.23**
Assets / Inflow						
Fixed Assets	4.57	-	-	-	1,014.85	1,019.42
Investment	70.00	2,900.00	468.17	1,945.99	11,229.47	16,613.63
Cash and Bank Balance	2,997.04	1,071.48	1,214.64	-	-	5,283.16
Inflow from Loans and Advances	45,474.81	1,34,275.08	1,79,793.73	40,506.91	31,377.26	4,31,427.80
Other Assets	452.87	389.98	4,205.73	-	8,059.62	13,108.21
Unutilized Bank Lines	11,627.60	-	(11,627.60)	-	-	-
Total	**60,626.90**	**1,38,636.54**	**1,74,054.68**	**42,452.90**	**51,681.21**	**4,67,452.23**
Surplus / (Deficit)	24,545.51	29,279.17	(7,034.06)	13,079.41	(59,870.03)	-
Cumulative Surplus (Deficit)	**24,545.51**	**53,824.68**	**46,790.63**	**59,870.03**	**0.00**	

Notes :

1. *Total Borrowings include long term borrowings (including current maturity portion), short term borrowings and other current liabilities towards credit balances in current accounts with banks, unclaimed matured deposits, unclaimed interest on subordinated debentures (retail issue) etc.*
2. *Current Liabilities and Provisions include trade payables for finance & expenses, other current liabilities (other than current maturities of long term debts), other long term liabilities and provision for employee benefits but excluding provision for non-performing assets.*
3. *Fixed assets comprise property, plant and equipment & capital work-in-progress excluding assets on operating lease.*
4. *Total Investments include non current investments and current investments.*
5. *Cash and bank balance comprise balances with banks in current accounts, term deposits with banks including non-current portion, cash/ cheques/drafts on hand .*
6. Inflow from Loans and Advances comprises short-term / long-term loans & advances, trade receivables net of provision for non-performing assets excluding *advance payment of taxes (net of provisions), unamortised discounting charges on non-convertible debentures/commercial papers.*
7. *Other Assets include interest accrued on investments and other deposits, intangible assets, deferred tax assets, deposits for office premises/others, advance payment of taxes (net of provisions), unamortised discounting charges on non-convertible debentures/commercial papers, exchange gain receivable on forward contracts on FCNR loans and deferred premium on FCNR loan forward contracts etc.*

Assumptions:

1. *Bank borrowings, excluding commercial paper mature between one to three years. Bank borrowings are normally renewed on maturity. Banks allow funds to be deployed on lease/hypothecated loan assets, which are for a period of one to four years. Such assets are lodged as security and hypothecated to consortium banks.*
2. *Interest accrued but not due on fixed deposits is based on maturity profile of the fixed deposits.*
3. *Maturity of contingent liabilities has not been estimated as they may or may not crystallize.*
4. *Non NPA Debtors are assumed to be recovered equally with a period of six months.*
5. *NPAs net of NPA provision to mature after a period of five years.*
6. *Deferred tax asset to mature after five years.*
7. *Un-utilized bank lines can be accessed as and when required as to bridge excess of outflow over inflow, if any.*
8. *The unutilized limit with the banks as of September 30, 2017 is estimated at ₹11,627.60 million after considering cash credit balance as per bank statement.*
9. *Additional unutilized bank term loans / working capital loans sanctioned and documents executed approximately ₹21,572.40 million not included for above calculation.*

Cash Management Risk

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

Asset risk

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

Foreign Exchange Risk

While substantially all our revenues is denominated in rupees, we have incurred and expect to incur indebtedness denominated in currencies other than rupees for our capital requirements. As of September 30, 2017, our Company had an outstanding foreign currency non-repatriable loan of US$ 139.22 million. This loan has been hedged to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. We did not have any un-hedged foreign currency exposure as on September 30, 2017.

Risk Management Architecture

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Audit Committee, the Asset Liability Committee and the Risk Management Committee.

- *Audit Committee.* Our Audit Committee acts as a link between the statutory and internal auditors and our Board. It is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. Our Audit Committee has access to all information it requires from our Company and can obtain external professional advice whenever required.

- *Asset Liability Committee.* Our Asset Liability Committee reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the RBI. Our Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.

- *Risk Management Committee*. Our Risk Management Committee manages the integrated risk, informs our Board about the progress made in implementing a risk management system and periodically reviews the risk management policy followed by our Company.

Centralized Management and Technology

Our information technology systems aid us in performing the processes involved in a loan transaction. For example, at the pre-disbursement stage, we store know-your-customer details and other details of customer appraisal into the system for future reference. After disbursement, our system can generate the interest due on each loan at any given point and track each phase of the payment schedule up to maturity. We can control our information technology system from our head office in Mumbai, allowing senior management to receive operational data on a prompt basis. We are also able to track our liquidity position, which allows us to plan for shortfalls in advance. We have also rolled out an advanced version of the GPRS enabled devices, which functions as a "mobile office" and is equipped with portable camera, scanning, voice recording and biometric features that enables our employees to originate loans, issue receipts and conduct know-your-customer checks at a customer's home or business location.

Our production servers also allow us to conduct a daily automated backup. We currently have the technology and facilities in place to back up our systems and have established disaster recovery procedures in Mumbai.

Our Credit Ratings

Our present credit ratings are set forth below:

Agency	Instrument	Rating	Outlook
CRISIL	Fixed deposit program	FAAA	Stable
	Short term debt	CRISIL A1+	-
	Long term NCD and subordinated debt	CRISIL AA+	Stable
India Ratings	Long term NCD and subordinated debt	IND AAA	Stable
	Short term debt	IND A1+	-
CARE	Long term NCD and subordinated debt	CARE AAA	Stable
Brickwork	Long term subordinated debt	BWR AAA	Stable

Insurance

We have taken a corporate cover policy including a fidelity policy, standard fire and special perils, burglary and earthquake cover in respect of our offices across India. We have a money insurance policy in respect of cash in safe and cash in transit. In addition, our directors are insured under directors' and officers' liability insurance policy for the Mahindra group.

Employees

As of September 30, 2017, our Company employed 18,350 employees. Further, our subsidiaries employed a total of 8,313 employees as of such date.

We have established training programs for our employees on a continuous basis and we intend to continue investing in recruiting, training and maintaining a rewarding work environment. In addition to ongoing on-the-job training, we provide employees with courses in specific areas as required. To create a sense of ownership among and as a long-term incentive to our employees, our Company has adopted employee stock option schemes to issue options convertible into Equity Shares to select employees linked to their performance. We also use employee recognition programs, such as Dhruv Tara, Annual Convention Award and Achievement Box, to reward our employees for performance.

We launched the Mahindra Finance Academy in Mumbai in October 2010, which currently provide training to our prospective and present employees at five locations. We conduct a five day induction programme for our new employees, which covers product knowledge, business processes and aptitude training.

Select employees also participate in the Mahindra group's "Talent Management and Retention" program. This program is developed to identify, assess and acquire talent for Mahindra group. We also run an assessment and development centre for our promising employees.

Awards and Accolades

Our Company has received several awards over the years, including:

- Our Company was recognized among Aon's 19 Best Employers for 2017;
- Our Company was awarded one of India's Best Companies to Work For – 2017 by the Great Place to Work Institute;
- Our Company received an award for Significant Achievement in HR Excellence from the Confederation of Indian Industry in 2016;
- Our Company has been listed on the Section 269(ST) es Sustainability Index for five years in a row from 2013-2017; and
- Our Company was included in the Sustainability Yearbook 2017, which was released by RobecoSAM.

Competition

We believe that our relationships with dealers, our knowledge of the rural and semi-urban market, existing customer base and associated relationships, the continued expansion of our office network and our dealer relationships coupled with our proactive approach in providing flexible loan products and speedy service will enable us to remain competitive. Competition in our industry is expected to continue to increase. Our primary competitors are public sector banks, private banks (including foreign banks), co-operative banks, regional rural banks and NBFCs and private unorganized lenders. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the retail vehicle financing in rural and semi-urban markets, which would result in greater competition and lower spreads on our loans, particularly because these banks have greater resources and access to cheaper funding than us. Increasing competition from banks in rural and semi-urban markets has already resulted in downward pressure on our interest margins.

Properties

Our registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra. We currently do not have an agreement with M&M for the use of this premise. Our corporate office is located at 4th floor, A wing, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kune Chowk, Worli, Mumbai 400 018, Maharashtra and is leased by our Company.

Except for our offices at Pune, Jaipur and Aurangabad, which properties are owned by us, our other offices and corporate office are located at premises leased or licensed by us. All of our owned properties are free from encumbrances and have clear title except our property at Aurangabad, which is under mortgage for secured non-convertible debentures issued by us.

Intellectual Property

Our Company entered into a trademark license agreement dated December 8, 2009 with M&M for the non-exclusive, non-assignable right to use the trademark 'Mahindra' logo and 'Mahindra & Mahindra' trademark as part of its corporate name and trading style, domain name and its products and services. The trademark license agreement shall remain valid unless terminated or once our Company ceases to be a subsidiary of M&M. M&M also holds the trademarks for 'Mahindra Finance', 'Mahindra Insource' and 'Mahindra Home Finance Ghar Ki Baat Hai'. We currently do not have a license agreement with M&M for the use of these trademarks.

Corporate Social Responsibility

We have undertaken CSR initiatives in several areas including education with programmes such as Mahindra Finance Scholarship, which provides scholarships to students from economically disadvantaged areas; Nanhi Kali, which focusses on educational support for underprivileged girls; health with programmes such as blood donations and ambulance donations and environment with programmes such as Mahindra Hariyali under which we planted over 100,000 saplings across India.

REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, Goods and Services Tax Act, 2017, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The following information is based on the current provisions of applicable Indian laws, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

As per the RBI Act, a financial institution has been defined as a non-banking institution, carrying on as its business or part of its business of, *inter alia*, the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own, and is engaged in the acquisition of shares, stock, bonds, debentures and/or securities issued by the Government or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business, but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the purchase or sale of any goods (other than securities) or the providing of any services or the sale, purchase and/or construction of immovable property.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. Since the term 'principal business' has not been defined in law, the RBI has clarified through a press release (Ref. No. 1998-99/ 1269) in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (**"CoR"**). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund ("**NoF**") from ₹ 2.5 million to ₹ 20 million for the NBFC which commences business on or after April 21, 1999. Also, it shall be mandatory for all NBFCs to attain a minimum NoF of ₹ 20 million by the end of 1 April 2017.

NBFCs failing to maintain NOF of ₹ 20 million in the prescribed time shall not be eligible to hold a certificate of registration as an NBFC.

Regulation of NBFCs registered with the RBI

NBFCs are primarily governed by the RBI Act, the Non-Banking Financial Company –Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**Master Directions**") and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 ("**Public Deposit Directions**"). In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinctions are:

(i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand;

(ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself; and

(iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositor of NBFCs.

Types of NBFCs:

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC ("**NBFC-D**") or as a non-deposit accepting NBFC ("**NBFC-ND**").

(i) NBFCs registered with RBI are further classified as:

(ii) Asset financing companies;

(iii) Investment companies;

(iv) Loan companies;

(v) infrastructure finance companies;

(vi) Systematically important core investment companies;

(vii) Infrastructure debt fund – NBFCs;

(viii) NBFC- non operative financial holding company; and/or

(ix) Motgage guarantee company;

(x) NBFC- Non operative financial holding company; and/or

(xi) NBFC – micro finance institutions.

Our Company has been classified as an NBFC-D and is further classified as an "asset finance company." An asset finance company is an NBFC whose whole principal business is to finance physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less that 60% of its total assets and total income respectively.

Regulatory Requirements of an NBFC under the RBI Act

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 20 million (Rupees Twenty million only). For this purpose, the RBI Act has defined "net owned funds" to mean:

(i) the aggregate of the paid-up equity capital, preference shares which are compulsorily convertible into equity and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of loss, (ii) deferred revenue expenditure, (iii) deferred tax assets (net); and (iv) other intangible assets; and

(ii) Further reduced by amounts representing,

 (1) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

 (2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10% of (a) above.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI within 21 days from the date of such withdrawal.

Maintenance of liquid assets

The RBI has prescribed that every NBFC shall invest, and continue to invest, in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day, be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the close of business on the last working day of the second preceding quarter.

Obligations of NBFC-D under the Public Deposit Directions

The RBI's Public Deposit Directions governs the manner in which NBFCs may accept and/or hold public deposits. The Public Deposit Directions places the following restrictions on NBFCs in connection with accepting public deposits:

(i) Prohibition from accepting any demand deposits: NBFCs are prohibited from accepting or renewing any public deposit which is repayable on demand.

(ii) Ceiling on quantum of deposits: An asset finance company or a loan company or an investment company (a) having minimum NOF as stipulated by RBI, and (b) complying with all the prudential norms, may accept or renew public deposit, together with the amounts remaining outstanding in the books of the company as on the date of acceptance or renewal of such deposit, not exceeding one and one-half times of its NOF. Provided that an asset finance company holding public deposits in excess of the limit of one and one-half times of its NOF shall not renew or accept fresh deposits till such time they reach the revised limit.

(iii) Downgrading of credit-rating: In the event that a credit rating issued by a credit rating agency recognised by RBI, for an asset finance company is downgraded below the minimum specified investment grade, with respect to the relevant credit rating agency, the NBFC, being an asset finance company or a loan company or an investment company, shall regularise the excess deposit as provided hereunder:

(a) forthwith stop accepting fresh public deposits and renewing existing deposits;
(b) all existing deposits should runoff to maturity; and
(c) report the position of the credit rating within fifteen working days, to the concerned Regional Office of the RBI where the NBFC is registered.

(iv) Ceiling on rate of interest: NBFCs are prohibited from inviting or accepting or renewing public deposit at a rate of interest exceeding twelve and half per cent per annum. Interest may be paid or compounded at rests which shall not be shorter than monthly rests.

NBFCs are also prohibited from inviting or accepting or renewing repatriable deposits from Non-Resident Indians under the Non-Resident (External) Account Scheme at a rate exceeding the rate specified by the RBI for such deposits with Scheduled Commercial Banks (The period of repatriable deposits shall be not less than one year and not more than three years).

(v) Minimum lock-in period: A NBFC is prohibited from granting any loan against a public deposit or making any premature repayment of a public deposit within a period of three months (lock-in period) from the date of acceptance of such public deposit.

Provided that in the event of the death of a depositor, a NBFC may repay the public deposit prematurely, even within the lock-in period, to the surviving depositor/s in the case of joint holding with survivor clause, or to the nominee or the legal heir/s of the deceased depositor, on the request of the surviving depositor, nominee or legal heir, and only against submission of proof of death, to the satisfaction of the company.

Obligations of NBFC-D under the Master Directions

NBFC-Ds are required to comply with prescribed capital adequacy ratios, single and group exposure norms, and other specified prudential requirements prescribed under the Master Directions. Some of the important obligations are as follows:

i) Income Recognition: NBFC-Ds are required to follow recognised accounting principles in connection with recognition of income. Income including interest/discount or any other charges on NPA is recognised only when it is actually realised. NBFCs may recognise income on accrual basis in respect of the projects under implementation, which are classified as "standard." NBFCs should not recognise income on accrual basis in respect of the projects under implementation which are classified as a "sub-standard" asset. NBFCs may recognise income in such accounts only on realisation on cash basis. Any such income recognised before the asset became non-performing and remaining unrealised must be reversed. With respect to hire-purchase assets, where instalments are overdue for more than 12 months, income shall be recognised only when hire charges are actually received. Any such income taken to the credit of profit and loss account before the asset became non-performing and remaining unrealised must be reversed.

Consequently, NBFCs which have wrongly recognised income in the past should reverse the interest if it was recognised as income during the current year or make a provision for an equivalent amount if it was recognised as income in the previous year(s).

ii) Asset Classification and provisioning of assets: Every NBFC-D is required to, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:

- Standard assets;
- Sub-standard assets;
- Doubtful assets; and
- Loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation. Further, an NBFC-D must, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets in the manner prescribed by RBI.

iii) Provisioning of Standard Assets: NBFCs are required to make a general provision of 0.30% as of 31 March 2016, 0.35% as of 31 March 2017 and 0.40% as of 31 March 2018 and thereafter of the outstanding standard assets. The provisions on standard assets are not reckoned for arriving at the net NPAs. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions on Standard Assets' in the balance sheet.

iv) Loans against NBFC's own shares prohibited: No NBFC-D can lend against its own shares.

v) Capital Adequacy: Every NBFC shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The total Tier I capital, at any point of time shall not be less than 8.5 percent by March 31, 2016 and 10 percent by March 31, 2017. The total of Tier II capital of any NBFC-D at any point of time shall not exceed one hundred percent of Tier I capital.

vi) Disclosure Requirements: Every NBFC is required to separately disclose in its balance sheet the provisions made in accordance with the applicable prudential norms prescribed by the RBI without netting them from the income or against the value of assets. Further, the provisions shall be distinctly indicated under separate heads of account as under:

- provisions for bad and doubtful debts; and
- provisions for depreciation in investments.

Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the NBFC. Such provisions for each year shall be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves may be written back without making adjustment against them.

vii) Fair Practices Code: The RBI has framed the fair practice code, to promote good and fair practices by setting minimum standards to be adhered to by NBFCs in dealing with customers. These guidelines require NBFCs to ensure that they meet the commitments and standards specified therein for the products and services they offer and in the procedures and practices their staff follows, their products and services meet relevant laws and regulations in letter and spirit, and their dealings with customers rest on ethical principles of integrity and transparency. Further, the said guidelines prescribe the requirements in connection with information to be provided and disclosures to be made by NBFCs to their customers. Accordingly, the guidelines require NBFCs to provide information on interest rates, common fees and charges, provide clear information explaining the key features of their services and products that customers are interested in, provide information on any type of product and service offered, that may suit the customer's needs, tell the customers about the various means through which products and services are offered, and provide more information on the key features of the products, including applicable interest rates / fees and charges.

viii) KYC Guidelines: NBFCs have been advised, *vide* Master Direction – Know Your Customer (KYC) Direction, 2016, as amended, to follow certain customer identification procedure for opening of accounts and monitoring transactions of suspicious nature for the purpose of reporting it to appropriate authority, ("**KYC Norms**"). Accordingly, NBFCs have been advised to ensure that a proper policy framework on 'know your customer' and anti-money laundering measures is formulated and put in place with the approval of the RBI. The KYC Norms also require that while preparing operational guidelines NBFCs may keep in mind to treat the information collected from the customer for the purpose of opening of account as confidential and not divulge any details thereof for cross selling or any other purposes. NBFCs may, therefore, ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard. Any other information from the customer should be sought separately with his /her consent and after opening the account.

ix) Guidelines on Securitization of Standard Assets: The RBI issued revised 'Guidelines on Securitization of Standard Assets' through its circular dated May 7, 2012 (**"Revised Guidelines"**) to banks, and were made applicable to NBFCs by another circular dated August 21, 2012. The Revised Guidelines regulate assignment transactions, which were not covered under the earlier guidelines issued by the RBI. The Revised Guidelines impose a restriction on the offering of credit enhancement in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows. Further, the Revised Guidelines provide that loans can only be assigned or securitized if the NBFC has held them in their books for a specified minimum period. They also provide a mandatory retention requirement for securitization and assignment transactions.

Rating of Financial Product

As per the Master Directions, all NBFCs with asset size of ₹ 1,000 million and above are required to furnish at the regional office of the RBI under whose jurisdiction the registered office of the NBFC is functioning, information relating to the upgrading and downgrading of assigned rating of any financial products issued by them within 15 days of such change.

Norms for excessive interest rates

All NBFCs are required to put in place appropriate internal principles and procedures in determining interest rates and charges for loans and advances. The Master Directions stipulate that the Board of each NBFC shall adopt an interest rate model after taking into account the various relevant factors, such as, among others, cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers shall be required to be disclosed in the application form and communicated explicitly in the sanction letter. Furthermore, the same is also required to be made available on the company's website or be published in the relevant newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

Anti-Money Laundering Guidelines, 2013 ("AML Guidelines")

On February 7, 2013, IRDAI issued AML Guidelines pertaining to anti-money laundering and counter-financing of terrorism in relation to the general insurance sector. The AML Guidelines, *inter alia*, lay down the adoption of anti-money laundering/counter-financing of terrorism program in order to discharge the statutory responsibility through internal policies, procedures and controls, recruitment and training of employees/agents on anti-money laundering program, and internal controls to combat any possible money laundering attempts. Further, the AML

Guidelines prescribe the reporting obligations to track any money laundering attempts for further investigation and action. The IRDAI issued a Master Circular on anti-money laundering and counter-financing of terrorism dated September 28, 2015 consolidating all the guidelines issued from time to time.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI")

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹10,000,000, agricultural land and any case where the amount due is less than 20.00% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

The Housing Finance Companies (National Housing Bank) Directions, 2010 ("NHB Directions")

The objective of the NHB Directions is to regulate matters relating to acceptance of public deposits by housing finance companies, prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed by the housing finance institutions and the matters to be included in the auditors' report by the auditors of housing finance companies.

Master Circular on Housing Finance issued by the RBI

Pursuant to the Master Circular on Housing Finance dated July 1, 2015, as amended issued by the RBI ("**Master Circular**"), banks are eligible to deploy their funds under the housing finance allocation in any of three categories, i.e. (i) direct finance; (ii) indirect finance; or (iii) investment in bonds of the NHB/Housing and Urban Development Corporation Limited, or combination thereof. Indirect finance includes loans to HFCs, housing boards, other public housing agencies, etc., primarily for augmenting the supply of serviced land and constructed units.

Under the terms of the Master Circular, banks may grant loans to HFCs taking in to account (long-term) debt-equity ratio, track record, recovery performance and other relevant factors. All HFCs registered with NHB are eligible to apply for refinance from NHB and will be eligible subject to the refinance policy. The quantum of term loan to be sanctioned to them will not be linked to net owned funds as NHB has already prescribed the above referred ceiling on total borrowing of HFCs.

Foreign Investment Regulations

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 ("FEMA 20")

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion ("**DIPP"**), GoI which is regulated by the relevant ministries of the

GoI. The RBI, in exercise of its power under the FEMA, has notified FEMA 20 to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. FEMA 20 lays down that no prior consent and approval is required from the RBI for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the relevant ministry/ministries of the Government and/or the RBI.

Foreign Direct Investment ("FDI")

FDI in an Indian company is governed by the provisions of the FEMA read with FEMA 20 and the FDI Policy. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/acquisition of securities. Under the approval route, prior approval from the relevant ministry/ministries of the Government or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route. Further, as per the sector specific guidelines of the Government, 100% FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

Insolvency and Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 ("**Code**") consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 180 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 75% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period.

Corporate Governance

RBI *vide* its notification (DNBR.019/CGM (CDS)-2015) dated April 10, 2015, has laid down corporate governance guidelines for the consideration of all NBFC-Ds. The guidelines recommend that such NBFCs constitute an Audit Committee (to ensure that an information system audit of internal systems and processes is conducted at least once in two years to assess operational risks), a Nomination Committee (to ensure that fit and proper persons are nominated as directors on their respective boards) and a Risk Management Committee to institute risk management systems. Further, all NBFCs are required to obtain undertakings and a deed of covenant from all directors and furnish a quarterly statement to the RBI on change of directors along with a certificate from the managing director that 'fit and proper criteria' has been followed. All applicable NBFCs are required to disclose details pertaining to asset-liability profile, non-performing assets and movement of non-performing assets, details of exposures, etc. in their annual financial statements.

In addition to the above, NBFCs are required to rotate the partner of the chartered accountant firm conducting the audit every three years so that the same partner does not continuously conduct the audit of the company for more than a period of three years. NBFCs are also mandated to frame internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines which shall be published on the company's web-site, if any, for the information of various stakeholders.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the

Profit and Loss account of these changes in each of the accounting years preceding the change.

In such case our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-D is required to submit to the Board of Directors of our Company a report *inter-alia* certifying that such company has complied with the Master Directions relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts and standard assets as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Laws Relating to Employment

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Our Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Laws relating to Intellectual Property

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder and the SEBI Listing Regulations. The Articles of Association provide that the number of directors shall not be less than three and not more than 15. At present, our Company has nine Directors including two Executive Directors and seven Non-Executive Directors of which six are Independent Directors.

Pursuant to the provisions of the Companies Act, 2013 at least two-thirds of the total number of Directors, excluding Independent Directors, is liable to retire by rotation, with one-third of such number retiring at each annual general meeting. Additionally, in accordance with the Articles of Association of our Company, if the number of Directors retiring is not three or a multiple of three, then the nearest number to one-third are liable to retire by rotation. A retiring Director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five consecutive years each. Any re-appointment of Independent Directors shall, *inter alia*, be on the basis of the performance evaluation report and approved by the shareholders by way of a special resolution.

The following table provides information about the Directors as of the date of this Placement Document:

Sr. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
1.	**Dhananjay Narendra Mungale** **Address**: 10-A, Ameya Apartments, Near Kirti College, Off. K. Dhuru Road, Prabhadevi, Mumbai, 400028, Maharashtra, India **DIN**: 00007563 **Term**: July 24, 2014 till July 23, 2019 **Nationality**: British (Nationality of origin – Indian) **Occupation**: Consultant	64	Chairman and Independent Director
2.	**Ramesh Iyer** **Address**: A-801/802, 8th Floor, Oberoi Gardens, Western Express Highway, Kandivali (East), Mumbai, 400101, Maharashtra, India **DIN**: 00220759 **Term**: April 30, 2016 to April 29, 2021 **Nationality**: Indian **Occupation**: Service	59	Vice-Chairman and Managing Director

Sr. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
3.	**V. Ravi** **Address**: A-4, New Samrat, Andheri Kurla Road, Plot No. 52 D, Andheri (East), Mumbai, 400069, Maharashtra, India **DIN**: 00307328 **Term**: July 25, 2015 to July 24, 2020 **Nationality**: Indian **Occupation**: Service	58	Executive Director and Chief Financial Officer
4.	**V. S. Parthasarathy** **Address**: 501-502, Mayfair Bliss, Lena Cottage Co.Op.Hsg.Soc.Ltd,7th Road, Khar (West), Mumbai, 400052, Maharashtra, India **DIN**: 00125299 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Service	55	Non-Executive Non-Independent Director
5.	**Chandrashekhar Bhave** **Address**: 64, Tower 4, Pebble Bay,1st Main RMV 2nd Stage, Dollars Colony, Bengaluru, 560094, Karnataka, India **DIN**: 00059856 **Term**: February 3, 2015 to February 2, 2020 **Nationality**: Indian **Occupation**: Self Employed	67	Independent Director
6.	**Manohar Gopal Bhide** **Address**: A-5, Bageshree, Shankar Ghanekar Marg, Prabhadevi, Mumbai, 400025, Maharashtra, India **DIN**: 00001826 **Term**: July 24, 2014 till July 23, 2019 **Nationality**: Indian **Occupation**: Management Consultant	78	Independent Director

Sr. No.	Name, Address, DIN, Term, Nationality and Occupation	Age	Designation
7.	**Piyush Gunwantrai Mankad** **Address**: P-161, ATS Green Village, Sector – 93A, Expressway, Noida – 201301, Uttar Pradesh, India **DIN**: 00005001 **Term**: July 24, 2014 till July 23, 2019 **Nationality**: Indian **Occupation**: Consultant	76	Independent Director
8.	**Rama Bijapurkar** **Address**: 8,CD, 8th floor, Mona Apartments, 46F, Bhulabhai Desai Road, Mumbai, 400026, Maharashtra, India **DIN**: 00001835 **Term**: July 24, 2014 till July 23, 2019 **Nationality**: Indian **Occupation**: Management Consultant	60	Independent Director
9.	**Dr. Anish Shah** **Address**: 2/21, Beach Queen, 35/3, Azad Road, Juhu, Mumbai, 400049, Maharashtra, India **DIN**: 02719429 **Term**: Liable to retire by rotation **Nationality**: U.S.A. (Nationality of origin – Indian) **Occupation**: Service	47	Non-Executive and Non- Independent Director

Biographies of the Directors

Mr. Dhananjay Narendra Mungale

Mr. Dhananjay Narendra Mungale is a Chairman and Independent Director of our Company. He has been associated with our Company for a period of over 18 years.

Mr. Ramesh Iyer

Mr. Ramesh Iyer has been Vice-Chairman and Managing Director of our Company with effect from March 18, 2016 and is associated with us since 16 years.

Mr. Ramesh Iyer has won the "Best CEO – Financial Services" Mid-Sized Companies by Business Today in 2014. He is also the recipient of the award "CEO – Financial Services" at the CEO Awards 2015 organized by CEO India magazine on March 12, 2015. He has received the prestigious Asia Pacific Entrepreneurship Award (APEA) 2017

INDIA on April 27, 2017.

Mr. V. Ravi

Mr. V. Ravi is the Executive Director and Chief Financial Officer of our Company and has been a Director of our Company for more than two years.

Mr. V. Ravi was awarded the "CFO 100 Roll of Honour 2014" award in the category – 'Winning Edge in Raising Capital/Fund Management – Revenues above ₹ 1,000 Crores' in the year 2014. He was also awarded the "CFO100 League of Excellence 2015" award by CFO 100. In 2015 and 2016, he was awarded "Most Influential CFO in India" by the Chartered Institute of Management Accountants.

Mr. V. S. Parthasarathy

Mr. V. S. Parthasarathy is non-executive and non-independent director of our Company. He has been associated with our Company for a period of over one year.

He has received many accolades and recognitions in the field of finance, M&A & IT; some notable awards being:

- **As group chief financial officer**
  - CFO Hall of Fame – from CFO India in 2014 for life time contribution to world of finance;
  - CFO Manufacturing Sector –At 8th ICAI Awards 2014 by The Institute of Chartered Accountants of India;
  - 'CFO of the Year' 2013 award – from International Market Assessment (IMA); and
  - Best CFO of India Award by Corporate Excellence Awards.

- **As group chief information officer ("CIO")**
  - CIOL Life Time Achievement Award by CIOL's C-Change Enterprise Awards 2015;
  - Global CIO-Hall of Fame 2012 by Information Week;
  - CIO 100 – Hall of Fame by CIO; and
  - Lifetime achievement award by UBS transformance as CIO.

- **As president – group finance and mergers and acquisition**
  - CFO Innovation Asia Award 2014 for excellence in mergers & acquisitions;
  - Best CFO Award - 2012 by Business Today / Yes Bank in the "Enhancing Competitiveness through M&As";
  - Facilitation of global M&A Strategy by CCH Wolters & Kluwer in 2011; and

Mr. Chandrashekhar Bhave

Mr. Chandrashekhar Bhave is an Independent Director of our Company. He has been associated with our Company for a period of over two years. He started his career in the Indian Administrative Service (IAS) in 1975.

Mr. Bhave was the Chairman of SEBI, India's capital markets regulator, from 2008 to 2011. Prior to this, he was the Chairman and Managing Director of the National Securities Depository Limited (NSDL). He was also the Chairman of the Asia-Pacific Regional Committee of the International Organisation of Securities Commissions (IOSCO).

Mr. Bhave has several professional affiliations that include:

- Member of the Malaysian Financial Services Professional Board.
- Chairman of the Indian Institute for Human Settlements.
- Trustee of the IFRS Foundation, London that oversees the International Accounting.
- Member of the Board of Directors of Avenue Supermarts Ltd.
- Trustee of the Independent Public Spirited Media Foundation.
- Member of the Regulatory Committee Abu Dhabi Global Markets.

Mr. Manohar Gopal Bhide

Mr. Manohar Gopal Bhide is an independent director of our Company. He has been associated with our Company for a period of over 17 years.

Mr. Piyush Gunwantrai Mankad

Mr. Piyush Gunwantrai Mankad is an Independent non-executive Director on our company, and has been associated with it for over 12 years. He is a retired Civil Servant and a former Finance Secretary.

Mrs. Rama Bijapurkar

Mrs. Rama Bijapurkar is an independent director of our Company for a period of over nine years. She is a leading market strategy consultant. She is also a visiting faculty at the Indian Institute of Management, Ahmedabad.

Dr. Anish Shah

Dr. Anish Shah is a director of our Company. He holds a Ph.D. degree and a Master's degree in Industrial Administration (Accounting) from Carnegie Mellon University, USA. He also holds a Postgraduate diploma in management from the Indian Institute of Management, Ahmedabad. His former role was President and Chief Executive Officer of GE Capital India.

Relationship with other Directors

None of the Directors are related to each other.

Borrowing powers of our Company

Pursuant to a resolution passed by the Board at its meeting held on April 25, 2017, and the approval of the shareholders by way of postal ballot on June 15, 2017 in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company upon such terms and conditions and with or without security as the Board may think fit, provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) shall not exceed ₹ 600,000 million (Rupees six hundred thousand million only).

Interest of the Directors

All of our Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending the Board or Board committee meetings as well as commission. All of our Executive Directors may be deemed to be interested to the extent of remuneration payable to them.

All of our Directors may also be regarded as interested in any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trusts, in which they are interested as directors, members, partners or trustees.

Shareholding of Directors

As per the provisions of our Articles of Association, our Directors are not required to hold any qualification shares. Details of the shares held in our Company by our Directors, as on September 30, 2017 are provided in the table given below:

S. No.	Name of Director	No. of Equity Shares
1.	Mr. Ramesh Iyer	743,432
2.	Mr. V. Ravi	518,933
3.	Mr. Dhananjay Narendra Mungale	50,000
4.	Mr. Manohar Gopal Bhide	50,000
5.	Mr. Piyush Gunwantrai Mankad	50,000
6.	Mrs. Rama Bijapurkar	30,000
7.	Mr. V. S. Parthasarathy	250

Terms of appointment and remuneration of Mr. Ramesh Iyer, Vice Chairman and Managing Director

Mr. Ramesh Iyer, was re-appointed as Vice Chairman and Managing Director of our Company for a period of 5 (five) years with effect from April 30, 2016 to April 29, 2021 pursuant to a resolution of the Board passed at its meeting held on April 23, 2016.

Further, the salary payable to Mr. Ramesh Iyer was restructured, within the scale of ₹ 500,000 to ₹ 1,000,000 per month *vide* resolution of the Nomination and Remuneration Committee dated April 23, 2016. The shareholders of our Company have approved the remuneration pursuant to the special resolution passed by postal ballot on June 16, 2016.

The remuneration payable to Mr. Ramesh Iyer by way of salary and other perquisites is as follows:

i. Salary:

Salary payable is in the scale of ₹ 500,000 to ₹ 1,000,000 per month.

ii. Perquisites:

a) In addition to the salary, Mr. Ramesh Iyer shall also be entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, performance award, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under our Company's Special Post Retirement Benefits Scheme in accordance with the Rules of our Company.

b) The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

c) Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act,1961.

d) Encashment of earned leave at the end of the tenure as per Rules of our Company shall not be included in the computation of ceiling on remuneration.

e) Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

iii. Commission:

In addition to the salary and perquisites, Mr. Ramesh Iyer would be entitled to such commission based on the net profits of our Company in any financial year not exceeding one-fourth per cent of such profits as the Nomination and Remuneration Committee shall decide, having regard to the performance of our Company.

Mr. Ramesh Iyer is entitled to a commission of ₹ 9.77 million for the year ended March 31, 2017 and as approved *vide* the resolution passed at the meetings of the Nomination and Remuneration Committee ("**NRC**") and Board of Directors on April 25, 2017.

iv. Other Applicable Terms:

Where in any financial year during the currency of the tenure, our Company has no profits or inadequate profits, our Company may pay to Mr. Ramesh Iyer remuneration as the minimum remuneration for a period not exceeding 3 years from the date of appointment by way of salary, perquisites and other allowances and benefits subject to receipt of approvals.

Encashment of earned leave at the end of the tenure as per our Company's Rules is not included in the computation of ceiling on remuneration.

Provision for car for use on Company's business and telephone and other communication facilities at residence would not be considered as perquisites.

Mr. Ramesh Iyer does not receive any remuneration or commission from any of the Subsidiaries. However, Mr. Ramesh Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding company, Mahindra & Mahindra Limited. The remuneration of Mr. Ramesh Iyer is as per the "Policy on Remuneration of Directors" of our Company.

During the Fiscal 2017 Mr Ramesh Iyer was paid a remuneration of ₹ 68.49 million.

Terms of appointment and remuneration of Mr. V. Ravi, Executive Director and Chief Financial Officer

Mr. V. Ravi was appointed as the Executive Director and Chief Financial Officer of our Company on the recommendation of NRC at its meeting held on July 24, 2015 and pursuant to a resolution of the Board passed at its adjourned meeting held on July 24, 2015 for a period of 5 years with effect from July 25, 2015. The shareholders of our Company have approved the remuneration pursuant to the special resolution passed by postal ballot on June 16, 2016.

The remuneration payable to Mr. V. Ravi is as follows:

i. Salary:

₹ 300,000 per month in the scale of ₹ 300,000 to ₹ 600,000 per month.

ii. Perquisites:

a) In addition to the salary, Mr. V. Ravi shall be also entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, performance award, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under our Company's Special Post Retirement Benefits Scheme in accordance with the Rules of our Company.

The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

b) Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

c) Encashment of earned leave at the end of the tenure as per Rules of our Company shall not be included in the computation of ceiling on remuneration.

d) Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

iii. Commission:

In addition to the salary and perquisites, Mr. V. Ravi is entitled to such commission based on the net profits of our Company in any financial year not exceeding one-fourth per cent of such profits as the Nomination and Remuneration Committee shall decide, having regard to the performance of our Company.

Provided that the remuneration payable to Mr. V. Ravi (including the salary, commission, perquisites, allowances, benefits and amenities) shall not exceed the limits laid down in sections 197 and 198 of the Companies Act, 2013, read with rules framed thereunder including any statutory modifications or re-enactment thereof for the time being in force read with Schedule V of the Companies Act, 2013.

If in any financial year during the currency of the tenure of Mr. V. Ravi, our Company has no profits or its profits are inadequate, subject to the requisite approvals, our Company may pay the remuneration, as mentioned aforesaid, as the minimum remuneration for a period not exceeding 3 years from the date of appointment by way of salary, perquisites and other allowances and benefits as specified above and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity fund, gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II and Section III of Part II of Schedule V of the Companies Act, 2013. The remuneration proposed for Mr. V. Ravi is as per the 'Policy on Remuneration of Directors' of our Company.

Mr. V. Ravi is entitled to a commission of ₹ 4.57 million for the year ended March 31, 2017 and as approved *vide* the resolution passed at the meetings of the NRC and Board of Directors on April 25, 2017.

During the Fiscal 2017, Mr V. Ravi was paid a remuneration of ₹ 30.55 million.

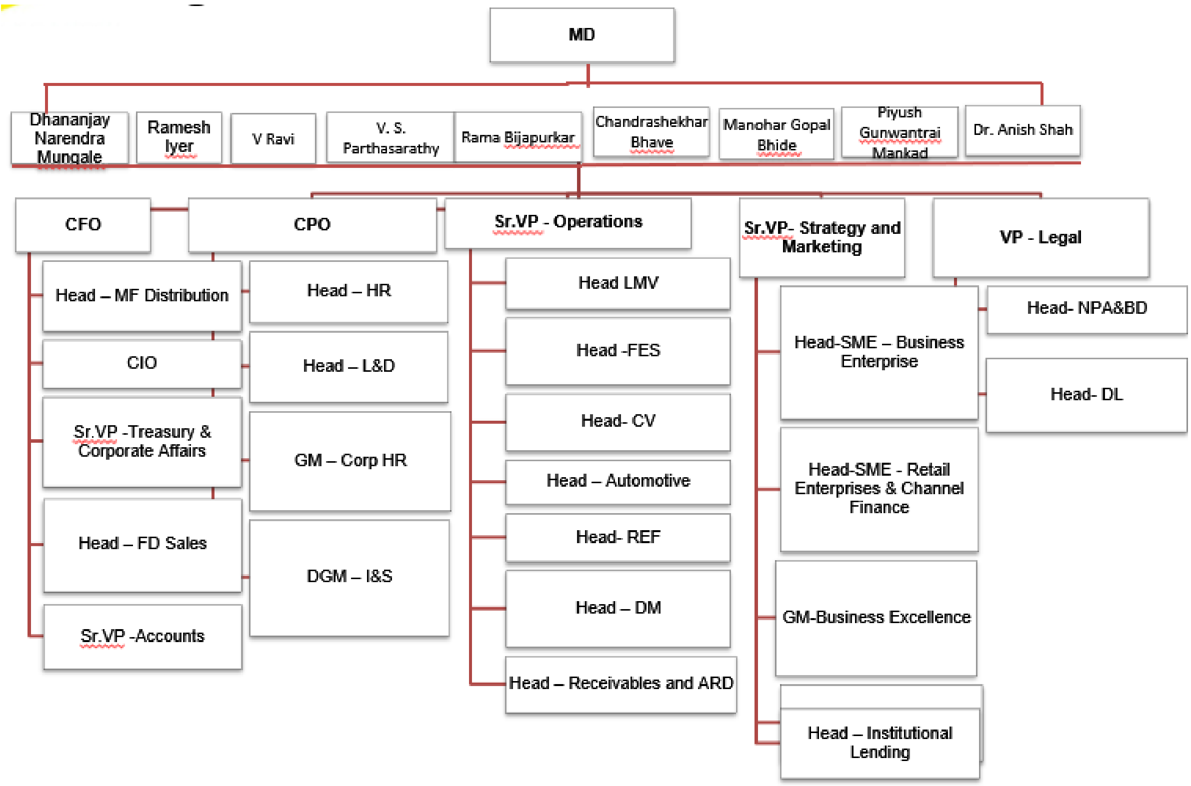
Remuneration paid in current year and last three Fiscals

The following table sets forth the remuneration (which includes sitting fees and commission) paid by our Company to our Directors during the current Fiscal (until the half yearly period ended on September 30, 2017) and the last three Fiscals:

(in ₹ millions)

Name of Directors	April 1, 2017 – September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Ramesh Iyer	29.32	68.49	44.48	65.32
V. Ravi	13.38	30.55	20.71	-
Manohar Gopal Bhide	2.12	2.65	2.39	2.10
Dhananjay Mugale	2.79	2.62	2.21	2.07
Piyush Gunwantrai Mankad	2.10	2.49	2.32	2.14
Chandrashekher Bhave	2.06	2.49	0.81	0.09
Rama Bijapurkar	1.97	2.34	2.07	1.82
V.S. Parthasarathy	NIL	NIL	NIL	NIL
Dr. Anish Shah	NIL	NIL	NIL	Not applicable

Organisational Chart of our Company



Key Managerial Personnel

In addition to Mr. Ramesh Iyer, Vice Chairman and Managing Director and Mr. V. Ravi, Executive Director and Chief Financial Officer our Company's key managerial personnel is Ms. Arnavaz M. Pardiwalla, who is our Company Secretary and Compliance Officer.

All our Key Managerial Personnel are permanent employees of our Company.

Shareholding of Key Managerial Personnel

The following table sets forth details regarding the shareholding of the Key Managerial Personnel in our Company as at September 30, 2017:

Name	Number of Equity Shares
Ms. Arnavaz M. Pardiwalla	12,633

Interest of key managerial personnel

The Key Management Personnel of our Company do not have any other interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per the terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares and/or employee stock options held by them in our Company.

Corporate governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company is in compliance with the requirements with respect to the corporate governance provided in the SEBI Listing Regulations and the Companies Act, 2013. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

The Board of Directors and committees of the Board are constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Committees of the Board

In terms of SEBI Listing Regulations and Companies Act, 2013, our Company has constituted the following committees of Directors namely:

(i) Audit Committee;

(ii) Nomination and Remuneration Committee;

(iii) Stakeholders' Relationship Committee;

(iv) Risk Management Committee; and

(v) Corporate Social Responsibility Committee.

The following table sets forth the details of the members of the afore-said committees as of the date of this Placement Document:

Committee	Members
Audit Committee	(a) Chandrashekhar Bhave - Chairman; (b) Dhananjay Narendra Mungale; (c) Manohar Gopal Bhide; (d) Piyush Gunwantrai Mankad; (e) Rama Bijapurkar; (f) V.S. Parthasarathy; and (g) Dr. Anish Shah.
Nomination and Remuneration Committee	(a) Piyush Gunwantrai Mankad - Chairman; (b) Manohar Gopal Bhide; (c) Dhananjay Narendra Mungale; (d) V. S. Parthasarathy; and (e) Chandrashekhar Bhave.
Stakeholders' Relationship Committee	(a) Rama Bijapurkar – Chairperson; (b) Manohar Gopal Bhide; (c) Ramesh Iyer; and (d) V. Ravi.
Corporate Social Responsibility Committee	(a) Piyush Gunwantrai Mankad - Chairman; (b) Ramesh Iyer; (c) V. Ravi; and (d) Dr. Anish Shah.
Risk Management Committee	(a) Chandrashekhar Bhave – Chairman; (b) Manohar Gopal Bhide; (c) Rama Bijapurkar; (d) Dhananjay Narendra Mungale; (e) V. S. Parthasarathy; and (f) Piyush Gunwantrai Mankad.

Policy on disclosures and internal procedure for prevention of insider trading

Our Company has adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' (the **"Code"**) in compliance with the Insider Trading Regulations. The Code has been formulated to regulate, monitor and ensure reporting of trading by the employees and connected persons designated on the basis of their functional role in our Company towards achieving compliance with the Insider Trading Regulations and is designed to maintain the highest ethical standards of trading in securities of our Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit designated persons and connected persons from trading in our Company's securities when in possession of unpublished price sensitive information. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with securities of our Company and cautions designated persons and connected persons of the consequences of violations.

Other confirmations

None of the Directors, Promoters or key managerial personnel of our Company have any financial or other material interest in the Issue.

Neither our Company, nor our Directors or Promoters have ever been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Neither our Company, nor our Directors or Promoters have been debarred from accessing capital markets under any order or direction made by SEBI.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals, as per the requirements under AS 18 issued by the Institute of Chartered Accountants in India, see the section "***Financial Statements***" beginning on page 218.

PRINCIPAL SHAREHOLDERS

The following tables set forth the details regarding the shareholding pattern of our Company, as on September 30, 2017:

I. Summary statement holding of specified securities

Category of shareholder	Nos. of shareholders	No. of fully paid up Equity Shares held	No. of shares underlying depository receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
						No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	**1**	**291,207,660**	**-**	**291,207,660**	**51.20**	**-**	**-**	**291,207,660**
(B) Public	**50,457**	**273,890,457**	**-**	**273,890,457**	**48.16**	**-**	**-**	**273,027,852**
(C1) Shares underlying DRs	-	-	-	-	0.00	-	-	
(C2) Shares held by Employee Trust	2	3,666,843	-	3,666,843	0.64	-	-	3,666,843
(C) Non Promoter-Non Public	**2**	**3,666,843**	**-**	**3,666,843**	**0.64**	**-**	**-**	**3,666,843**
Grand Total	**50,460**	**568,764,960**	**-**	**568,764,960**	**100.00**	**-**	**-**	**567,902,355**

II. Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	Nos. of shareholders	No. of fully paid up Equity Shares held	No. of shares underlying depository receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
						No.(a)	As a % of total Shares held(b)	
A1) Indian	**-**	**-**	**-**		**0.00**	**-**	**-**	
Any Other (specify)	**1**	**291,207,660**	**-**	**291,207,660**	**51.20**	**-**	**-**	**291,207,660**
Mahindra & Mahindra Limited	1	291,207,660	-	291,207,660	51.20	-	-	291,207,660
Sub Total A1	**1**	**291,207,660**	**-**	**291,207,660**	**51.20**	**-**	**-**	**291,207,660**
A2) Foreign			-		0.00	-	-	
A=A1+A2	**1**	**291,207,660**	**-**	**291,207,660**	**51.20**	**-**	**-**	**291,207,660**

III. Statement showing shareholding pattern of the public shareholder

Category & name of the shareholders	No. Of shareholder	No. Of fully paid up equity shares held	Nos. Of shares underlying depository receipts	Total no. Shares held	Shareholding % calculated as per SCRR, 1957 as a % of (a+b+c2)	No of voting rights	Total as a % of total voting right	Number of equity shares held in dematerialized form(not applicable)
B1) Institutions	0	0	-	-	0.00	-	0.00	-
Mutual Funds/	106	50,928,930	-	50,928,930	8.95	50,928,930	8.95	50,928,930
UTI- LONG TERM EQUITY FUND (TAX SAVINGS)	1	14,110,847	-	14,110,847	2.48	14,110,847	2.48	14,110,847
SBI MAGNUM MULTIPLIER FUND	1	17,421,568		17,421,568	3.06	17,421,568	3.06	17,421,568
Venture Capital Funds	1	1,207,900	-	1,207,900	0.21	1,207,900	0.21	1,207,900
Alternate Investment Funds	3	395,404	-	395,404	0.07	395,404	0.07	395,404
Foreign Portfolio Investors	423	182,200,765	-	182,200,765	32.03	182,200,765	32.03	182,200,765
FRANKLIN TEMPLETON INVESTMENT FUNDS	1	8,124,562	-	8,124,562	1.43	8,124,562	1.43	8,124,562
BLACKROCK GLOBAL FUNDS ASIAN DRAGON FUND	1	7,165,150	-	7,165,150	1.26	7,165,150	1.26	7,165,150
VALIANT MAURITIUS PARTNERS OFFSHORE LIMITED	1	5,913,419	-	5,913,419	1.04	5,913,419	1.04	5,913,419
ARANDA INVESTMENTS (MAURITIUS) PTE LTD	1	13,459,390	-	13,459,390	2.37	13,459,390	2.37	13,459,390
BLACKROCK GLOBAL FUNDS- ASIAN GROWTH LEADERS FUND	1	6,421,375	-	6,421,375	1.13	6,421,375	1.13	6,421,375
MERRILL LYNCH MARKETS SINGAPORE PTE. LTD	1	6,655,677	-	6,655,677	1.17	6,655,677	1.17	6,655,677

Category & name of the shareholders	No. Of shareholder	No. Of fully paid up equity shares held	Nos. Of shares underlying depository receipts	Total no. Shares held	Shareholding % calculated as per SCRR, 1957 as a % of (a+b+c2)	No of voting rights	Total as a % of total voting right	Number of equity shares held in dematerialized form(not applicable)
Financial Institutions/ Banks	7	5,611,606	-	5,611,606	0.99	5,611,606	0.99	5,611,606
Sub Total B1	**0**	**240,344,605**	-	**240,344,605**	**42.26**	**240,344,605**	**42.26**	**240,344,605**
B2) Central Government/ State Government(s)/ President of India	0	0	-	0	0.00	0	0.00	-
Sub Total B2	0	0	-	0	0.00	0	0.00	-
B3) Non-Institutions	**0**	**0**	-	**0**	**0.00**	**0**	**0.00**	**-**
Individual share capital up to ₹ 2 Lacs	47,854	14,359,498	-	14,359,498	2.52	14,359,498	2.52	13,955,093
Individual share capital in excess of ₹ 2 Lacs	17	5,162,847	-	5,162,847	0.91	5,162,847	0.91	4,877,137
NBFCs registered with RBI	6	15,274	-	15,274	0.00	15,274	0.00	15,274
Any Other (specify)	2,040	14,008,233	-	14,008,233	2.46	14,008,233	2.46	13,835,743
Trusts	8	1,344,700	-	1,344,700	0.24	1,344,700	0.24	1,344,700
NRI Clearing Members	799 155	464,859 403,337		464,859 403,337	0.08 0.07	464,859 403,337	0.08 0.07	464,859 403,337
NRI- Non- Repat	334	6,507,611		6,507611	0.11	6,507611	0.11	650,7611
Bodies Corporate	744	11,144,576		11,144,576	1.96	11,144,576	1.96	10,972,086
Sub Total B3	49,917	33,545,852	-	33,545,852	5.90	33,545,852	5.90	32,683,247
B=B1+B2+B3	**50,457**	**273,890,457**	**-**	**273,890,457**	**48.16**	**273,890,457**	**48.16**	**273,027,852**

Details of Shares which remain unclaimed for public

Sr No.	Number of Shareholders	Outstanding shares held in demat or unclaimed suspense account	Voting rights which are frozen	Disclosure of notes on shares which remain unclaimed for public shareholders
1	25	4,625	4,625	-

IV. Statement showing shareholding pattern of the non-promoter- non-public shareholders

Category & name of the shareholders(i)	No. of shareholder(iii)	No. of fully paid up equity shares held(iv)	Nos. of shares underlying depository receipts(vi)	Total no. Shares held(vii = iv+v+vi)	Shareholding % calculated as per SCRR, 1957 as a % of (a+b+c2)(viii)	Number of equity shares held in dematerialized form(xiv)(not applicable)	Category & name of the shareholders(i)
(C1) Custodian/DR Holder	**0**	**0**	**-**	**-**	**0.00**	**-**	**-**
(C2) Employee Benefit Trust	**0**	**0**	**-**	**-**	**0.00**	**-**	**-**
Employee Benefit Trust	2	3,666,843	3,666,843	-	0.64	3,666,843	-
Sub Total C2	**2**	**3,666,843**	**3,666,843**	**-**	**0.64**	**3,666,843**	**-**
C= C1 + C2	**2**	**3,666,843**	**3,666,843**	**-**	**0.64**	**3,666,843**	**-**

V. Details of disclosure made by the Trading Members holding 1% or more of the Total No. of shares of the Company: NIL

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of the same from our Company or the Book Running Lead Managers. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisors in this regard. See the sections "***Selling Restrictions***" *and* "***Transfer Restrictions***" *beginning on pages 171 and 178, respectively.*

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations, Section 42 and Section 62 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the mechanism of a QIP wherein a listed company in India may issue and allot equity shares to QIBs on a private placement basis provided *inter alia* that:

- a special resolution approving the QIP is passed by shareholders of the issuer. Such special resolution must specify (a) that the allotment of equity shares is proposed to be made pursuant to a QIP; and (b) the relevant date;
- equity shares of the same class of such issuer, which are proposed to be allotted through the QIP, have been listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;
- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same Fiscal does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the issuer as per the audited balance sheet of the previous Fiscal;
- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;
- the issuer shall have completed allotments with respect to any offer or invitation made earlier by the issuer or shall have withdrawn or abandoned any invitation or offer previously made by the issuer;
- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the eligible QIB to whom the offer is made and is sent within 30 days of recording the names of such eligible QIBs;
- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- prior to circulating the private placement offer letter, the issuer must prepare and record a list of eligible QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;
- the issuer shall offer to each allottee such number of equity shares in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the equity shares; and
- at least 10% of the equity shares issued to QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement for pricing the equity shares offered in a QIP under the SEBI ICDR Regulations. The floor price of the equity shares offered in a QIP shall not be less than the average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date. Provided however that an issuer may offer a discount of not more than 5% on the price calculated for the QIP as above, subject to the approval of the shareholders by a special resolution pursuant to Regulation 82(a) of the SEBI ICDR Regulations.

The "Relevant Date" referred to above, means the date of the meeting in which the board of directors or the committee of directors duly authorized by the board of directors decides to open the proposed issue and the "Stock Exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

Equity shares must be allotted within 12 months from the date of the shareholders resolution approving the QIP and also within 60 days from the date of receipt of application money from the successful applicants. The equity shares issued pursuant to the QIP must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI ICDR Regulations and Form PAS- 4.

The preliminary placement document and this placement document are private documents provided to only select QIBs, through serially numbered copies and are required to be placed on the website of the concerned stock exchanges and of the issuer with a disclaimer to the effect that they are in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on a recognised stock exchange in India.

The minimum number of allottees for each QIP shall not be less than:

1. Two, where the issue size is less than or equal to ₹ 2,500 million; and

2. Five, where the issue size is greater than ₹ 2,500 million.

No single allottee shall be allotted more than 50% of the issue size or less than ₹ 20,000 of face value of Equity Shares. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee for this purpose.

In terms of Regulation 89 of the SEBI Regulations, the aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of our Company as per its audited balance sheet of the previous Financial Year.

The issuer shall also make the requisite filings with the RoC, Stock Exchanges, and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Our Company has filed a copy of the Preliminary Placement Document and will file a copy of this Placement Document with the Stock Exchanges.

Our Company has received the in-principle approval of the Stock Exchanges on November 30, 2017 in terms of Regulation 28(1) of the SEBI Listing Regulations for the Issue. The Board of Directors has authorized the Issue pursuant to a resolution passed at its meeting held on November 1, 2017. The shareholders of our Company have authorized the Issue pursuant to a special resolution passed at an extra-ordinary general meeting held on November 29, 2017.

The Equity Shares offered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Equity Shares have not been and will not be registered under the Securities Act of 1933, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act, and (b)

outside the United States, in offshore transactions, in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. For further information, see the sections "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 171 and 178, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company and the Book Running Lead Managers shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic form or physical form, to QIBs and the Application Form shall be specifically addressed to such QIBs. Pursuant to section 42(7) of the Companies Act, 2013, our Company shall maintain complete record of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and with SEBI within the stipulated time period as required under the Companies Act, 2013 and the rules made thereunder.

2. The list of QIBs to whom the Preliminary Placement Document and the Application Form is delivered shall be determined by the Book Running Lead Managers at their sole discretion. **Unless a serially numbered Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such other person and any application that does not comply with this requirement shall be treated as invalid.

3. QIBs may submit the Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Managers.

4. QIBs shall submit Bids for, and our Company shall offer and allot to each successful Allottee at least such number of Equity Shares in the Issue which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares.

5. QIBs will be required to indicate the following in the Application Form:

    (a) name of the QIB to whom Equity Shares are to be Allotted;

    (b) number of Equity Shares Bid for;

    (c) price at which they offer to apply for the Equity Shares provided that QIBs may also indicate that they are agreeable to submit an Application Form at "Cut-off Price" which shall be any price as may be determined by our Company in consultation with the Book Running Lead Managers at or above the Floor Price, net of such discount as approved in accordance with SEBI ICDR Regulations and decided by the Board as approved in accordance with SEBI ICDR Regulations and decided by the Board;

    (d) a representation that it is either (i) outside the United States, (ii) an institutional investor meeting the requirements of a "qualified institutional buyer" as defined in Rule 144A of the Securities Act and it has agreed to all the representations set forth in the Application Form; and

    (e) the details of the depository account(s) to which the Equity Shares should be credited.

NOTE**:** *Eligible FPIs are required to indicate the SEBI FPI registration number in the Application Form.*

6. Once a duly completed Application Form is submitted by the QIB, such Application Form constitutes an irrevocable offer and the same cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly

indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Under the current regulations, the following restrictions are applicable for investments by Mutual Funds: No mutual fund scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

8. Based on the Application Forms received, our Company shall, after closure of the Issue, in consultation with the Book Running Lead Managers, determine the final terms including the Issue Price and the number of Equity Shares to be issued pursuant to the Issue. We shall notify the Stock Exchanges of the Issue Price. Our Company shall also intimate the Stock Exchanges about the meeting to decide the Issue Price, two working days in advance (excluding the date of the intimation and the date of the meeting). On determining the Issue Price and the QIBs to whom Allocation shall be made, the Book Running Lead Managers, shall on behalf of our Company, send the CANs along with a serially numbered Placement Document to the QIBs who have been Allocated Equity Shares either in electronic form or by physical delivery. The dispatch of the CANs shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB, payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIBs.

   Following the receipt of the CAN, each QIB would have to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price through electronic transfer to the Escrow Bank Account by the Pay-in Date as specified in the CAN sent to the respective QIB. **Please note that the allocation shall be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Managers.**

9. No payment shall be made by QIBs in cash. Please note that any payment of application monies for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received.Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

10. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CAN to the QIBs. Our Company will intimate the details of the Allotment to the Stock Exchanges.

11. After passing the resolution for Allotment, our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

12. After receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the Depository Participant accounts of the respective QIB in accordance with the details submitted by the QIBs in the Application Forms.

13. Our Company shall then apply to Stock Exchanges for the final trading and listing permission.

14. The Equity Shares that have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approval from Stock Exchanges.

15. Upon receipt of the final listing and trading approval from the Stock Exchanges, our Company shall inform the QIBs who have received Allotment of the receipt of such approval.

16. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approval granted by the Stock Exchanges is also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI ICDR Regulations are eligible to invest in the Issue. Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made, either directly or indirectly, to any QIB who is a Promoter or any person related to the Promoters. Currently QIBs include:

- Alternate investment funds registered with SEBI;
- Eligible FPIs;
- Foreign venture capital investors registered with SEBI;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India;
- Multilateral and bilateral development financial institutions;
- Mutual funds registered with SEBI;
- Pension Funds with minimum corpus of ₹ 250 million;
- Provident Funds with minimum corpus of ₹ 250 million;
- Public financial institutions as defined in section 2(72) of the Companies Act, 2013;
- Scheduled commercial banks;
- State industrial development corporations;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Venture capital funds registered with SEBI; and
- Systemically important non- banking financial company having a net-worth of more than ` 5,000 million as per the last audited financial statements.

Foreign Portfolio Investors are permitted to participate in the Issue subject to compliance with applicable law and such that the shareholding of the Foreign Portfolio Investors does not exceed specified limits as prescribed under applicable law in this regard.

All non-resident QIBs shall ensure that the investment amount is paid as per RBI's notification no. FEMA 20(R)/ 2017-RB dated November 7, 2017, as amended from time to time.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10.00% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of our paid-up Equity Share capital. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company. The shareholders of our Company have passed a special resolution by means of a postal ballot on January 3, 2011 increasing the investment limits by FPIs up to 49%. Under FEMA, we are entitled to 100% FDI inflow.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being our Promoter or any person related to our Promoters. QIBs which have all or any of the following rights shall be deemed to be persons related to our Promoters:

(i) Rights under a shareholders' agreement or voting agreement entered into with our Promoter or persons related to our Promoter;

(ii) Veto rights; or

(iii) A right to appoint any nominee director on the Board.

Provided however that a QIB which does not hold any Equity Shares in our Company and who has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be a person related to the Promoter.

Neither our Company nor the Book Running Lead Managers nor any of their respective directors, officers, counsels, advisors, representatives, agents or affiliates are liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. QIBs are advised to consult their advisers in this regard. Furthermore, QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Regulations.

Note: Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue subject to compliance with applicable laws.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Bid Process

Application Form

QIBs are permitted to only use the serially numbered Application Forms (which is addressed to the QIB) supplied by our Company and the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including any revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including revisions thereof) for Equity Shares pursuant to the terms of the Preliminary Placement Document, each QIB will be deemed to have made the following representations and warranties, and the representations, warranties, acknowledgements and agreements made under "*Representations by Investors*". The representations listed in this section shall be included in the Application Form:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and has a valid and existing registration under the applicable laws of India and is eligible to participate in the Issue and is not excluded under Regulation 86 of the SEBI ICDR Regulations;

2. The QIB confirms that it is not a Promoter of our Company and is not a person related to the Promoter of our Company, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or a person related to the Promoter of our Company;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of our Company other than such rights acquired in the capacity of a lender (not holding any Equity Shares) which shall not be deemed to be a person related to the Promoters;

4. The QIB acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The QIB confirms that if Equity Shares are Allotted pursuant to the Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to the Issue. The QIB further confirms that its holding of the Equity Shares does not, and shall not, exceed the level permissible as per any applicable regulations applicable to

the QIB;

7. The QIB confirms that the Bids will not eventually result in triggering an open offer under the Takeover Regulations;

8. The QIB confirms that, to the best of its knowledge and belief, together with other QIBs participating in the Issue that belongs to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

   (a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

   (b) "Control" shall have the same meaning as is assigned to it by Clause 1(e) of Regulation 2 of the Takeover Regulations.

9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges.

10. The QIB acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "**Holding**"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5.00% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is an existing shareholder who, together with persons acting in concert, holds 5.00% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

11. The QIB confirms that:

   a. If it is within the United States, it is a U.S. QIB who is, or are acquiring the Equity Shares for its own account or for the account of an institutional investor who also meets the requirement of a U.S. QIB, for investment purposes only and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part and are not our affiliate or a person acting on behalf of such an affiliate;

   b. If it is outside the United States, it is purchasing the Equity Shares in an offshore transaction in reliance on Regulation S under the Securities Act, and is not our affiliate or a person acting on behalf of such an affiliate.

12. It has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of this Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on page 1, 3, 171 and 178, respectively.

QIBs MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE. IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as an address and a bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Issuer in favour of the QIB.

Submission of Application Form

All Application Forms shall be required to be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following addresses:

Name of the BRLMs	Address	Contact Person	E-mail	Phone
Kotak Mahindra Capital Company Limited	1st Floor, 27 BKC, Plot No. 27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India	Mr. Karl Sahukar	mmfsl.qip@kotak.com	Tel: +91 22 4336 0000 Fax: +91 22 6713 2447
Citigroup Global Markets India Private Ltd.	1202,12th Floor, First International Financial Centre, G Block, C 54 & 55, Bandra Kurla Complex, Bandra (East), Mumbai 400 098, Maharashtra, India	Mr. Shashank Pandey	shashank.pandey@citi.com	Tel: +91 22 6175 9984 Fax: +91 22 6175 9973
ICICI Securities Limited	ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020, Maharashtra, India	Mr. Prem Dcunha/ Ms. Nidhi Wangnoo	project.sunshine2@icicisecurities.com	Tel: +91 22 2288 2460 Fax: +91 22 2282 6580
JM Financial Institutional Securities Limited	7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India	Ms. Neha Agarwal	mmfs.qip@jmfl.com	Tel: +91 22 6630 3151 Fax: +91 22 6630 3330
Nomura Financial Advisory and Securities (India) Private Limited	Ceejay House, Level 11, Plot F Shivsagar Estate, Dr. Annie Besant Marg Worli, Mumbai 400 018, Maharashtra, India	Mr. Sumit Sukhramani / Ms. Aneesha Chandra	mmfslqip@nomura.com	Tel.: +91 22 4037 4037 Fax: +91 22 4037 4111

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each QIB should mention its Permanent Account Number ("**PAN**") allotted under the IT Act. **The copy of the PAN card is required to be submitted with the Application Form.** Bids without this information will be considered incomplete and is liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the book

The QIBs shall submit their Bids (including the revision thereof) through the Application Form within the Bidding Period to the Book Running Lead Managers and cannot be withdrawn after the Bid/ Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery and Allocation

Our Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price for the Equity Shares, which shall be at or above the Floor Price. After finalisation of the Issue Price, our Company shall update this Placement Document with the details of the Issue and file the Placement Document with the Stock Exchanges.

After finalisation of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with Stock Exchanges as this Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Application Form being received at or above the Issue Price.

THE DECISION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBs. QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, AND QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Managers as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Managers, will, in its sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of the same in their respective names shall be notified to such QIBs. Additionally, the CAN would include details of Escrow Bank Account into which such payments would need to be made, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The QIBs who have been Allotted Equity Shares pursuant to the Issue, would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Book Running Lead Managers and our Company and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOCATED / ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for the Payment of Bid Money

Our Company has opened an escrow account titled 'Mahindra & Mahindra Financial Services Limited – QIP Escrow Account' (the "**Escrow Bank Account**") with the Escrow Bank in terms of the arrangements amongst our Company, the Book Running Lead Managers and Axis Bank Limited, the Escrow Agent (acting as the Escrow Bank). The QIBs will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in their respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques are liable to be rejected.

If the payment is not made favouring the Escrow Bank Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, our Company and the Book Running Lead Managers have the right to re-allocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirements of the Companies Act, 2013 and the SEBI ICDR Regulations.

Our Company undertakes to utilise the amount in the Escrow Bank Account only for the purposes of: (i) adjustments against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Bank Account as stated above.
2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.
3. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.
4. Our Company reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.
5. Post receipt of the listing approval of the Stock Exchanges, the Issuer shall credit the Equity Shares into the Depository Participant account of the QIBs.
6. Following the Allotment and credit of Equity Shares pursuant to the Issue into the QIBs Depository Participant account, our Company will apply for final listing and trading approval for trading on the Stock Exchanges.
7. In the event our Company is unable to Issue and Allot the Equity Shares or on cancellation of the Issue, within 60 days from the date of receipt of application money, in accordance with section 42 of the Companies Act, 2013 our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the 60th day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the QIBs.
8. The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after the receipt of the final listing and trading approval from the Stock Exchanges.
9. In case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to Stock Exchanges and Stock Exchanges shall make the same available on their website.

Other Instructions

Our Right to Reject Bids

Our Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of our Company and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

1. The Allotment of the Equity Shares in the Issue shall be only in dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).
2. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.
3. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

4. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.
5. The trading of the Equity Shares would be in dematerialised form only for all QIBs in the demat segment of BSE.
6. Our Company will not be responsible or liable for the delay in the credit of the Equity Shares due to errors in the Application Forms or on part of the QIBs.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into a placement agreement with our Company dated November 30, 2017 (the "**Placement Agreement**"), pursuant to which each of the Book Running Lead Managers have severally (and not jointly) agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription for Equity Shares, on a reasonable efforts basis, to be placed with the QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Managers, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See the section "***Offshore Derivative Instruments***" beginning on page 8.

From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Company, our Subsidiaries, group companies, affiliates and the shareholders, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their affiliates and associates.

Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited and JM Financial Institutional Securities Limited acted as Book Running Lead Managers in the February 2011 qualified institutions placement of Equity Shares of our Company.

Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited, JM Financial Institutional Securities Limited and another financial institutions acted as Book Running Lead Managers in the November 2012 qualified institutions placement of Equity Shares of our Company.

Lock-up

Our Company has agreed that it will not, for a period of 60 days from the date of the Placement Document, without the prior written consent of the Book Running Lead Managers, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or ;exercisable or exchangeable for Equity Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in Clause (A) or (B) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (C) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction. The foregoing shall not apply to: (i) any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law; (ii) any issuance of Equity Shares by the Company to a trust or otherwise, grant of options to employees or transfer of Equity Shares from a trust to employees in terms of any employee stock options scheme in effect as at the date hereof or; and (iii) the Issue.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

General

No action has been taken or will be taken by the Company or the BRLMs that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI Regulations. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Investors", "Representations by Investors" and "Transfer Restrictions".

Australia**.** This Placement Document:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "**Corporations Act**");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;
- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain. All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. Our Company and the Selling Shareholders have not made and will not make any invitation to the public in the Kingdom of Bahrain and the Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, the Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Cayman Islands. No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

Dubai International Financial Centre ("DIFC"). This Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of Equity Shares may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Underwriters; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the Underwriters and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

In the case of any Equity Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Hong Kong. The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Equity Shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in

Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan. The Equity Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the Equity Shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Jordan. This Placement Document has not been and will not be filed with the Jordanian Securities Commission. The Placement Document has not been and will not be distributed, and offers to sell, and sales of the Equity Shares will not be made to more than 30 Jordanian residents. It may not be used for a public offering in Jordan of the Equity Shares. Offers of the Equity Shares are being made from outside Jordan on a private one-on-one contact basis to pre-identified potential investors in Jordan by persons who are not resident within Jordan and accordingly no registration, local prospectus filing and local agent requirements apply. This Placement Document is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

Republic of Korea. The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait. The Equity Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait. The distribution of the Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Malaysia. No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Equity Shares, as principal, if the offer is on terms that the Equity Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Equity Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this Placement Document is subject to Malaysian laws. This Placement Document does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mauritius. The Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Placement Document nor any offering material or information contained herein relating to the offer of Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

New Zealand**.** This Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Placement Document, each investor represents and warrants that if they receive this Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Placement Document to any person who is not also a Habitual Investor.

Oman. This Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in the Placement Document will not take place inside Oman. The Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding Qatar Financial Centre)**.** The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre**.** This Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center ("**QFC**"), and accordingly should not be construed as such. This Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Saudi Arabia**.** This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority ("**CMA**") pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended (the "CMA Regulations"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser.

South Africa. Due to restrictions under the securities laws of South Africa, the Equity Shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

i. the offer, transfer, sale, renunciation or delivery is to:
   (a) persons whose ordinary business is to deal in securities, as principal or agent;
   (b) the South African Public Investment Corporation;
   (c) persons or entities regulated by the Reserve Bank of South Africa;
   (d) authorised financial service providers under South African law;
   (e) financial institutions recognised as such under South African law;
   (f) a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorised portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
   (g) any combination of the person in (a) to (f); or

ii. the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "**South African Companies Act**")) in South Africa is being made in connection with the issue of the Equity Shares. Accordingly, this Placement Document does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the Equity Shares in South Africa constitutes an offer of the Equity Shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this Placement Document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "**SA Relevant Persons**"). Any investment or investment activity to which this Placement Document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Singapore. This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

   i. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
   ii. where no consideration is or will be given for the transfer;
   iii. where the transfer is by operation of law;

iv. as specified in Section 276(7) of the SFA; or
v. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland. The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Placement Document nor any other offering or marketing material relating to the offering, the Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Equity Shares.

United Arab Emirates. The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Placement Document does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

United Kingdom. In the United Kingdom, this Placement Document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the Equity Shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000. Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this Placement Document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this Placement Document relates to may be made or taken exclusively by relevant persons.

United States. The Equity Shares offered in the Offer have not been and will not be registered under the Securities Act or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and (ii) to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act), pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act.

Until 40 days after the commencement of the Issue, an offer or sale of the Equity Shares within the United States by a dealer (whether or not participating in the Issue) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Purchasers are not permitted to sell the Equity Shares Allotted pursuant to the Issue, for a period of one year from the date of Allotment, except on the BSE or the NSE. Allotments made to Eligible FPIs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Additional transfer restrictions applicable to the Equity Shares are listed below.

United States Transfer Restrictions

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the Equity Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

2. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time the buy order for the Equity Shares was originated and continues to be located outside the United States and has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

3. the purchaser is not an affiliate (as defined in Rule 405 of the Securities Act) of our Company or a person acting on behalf of such affiliate; and it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Equity Shares from our Company or an affiliate (as defined in Rule 405 of the Securities Act) thereof in the initial distribution of the Equity Shares;

4. the purchaser is aware of the restrictions on the offer and sale of the Equity Shares pursuant to Regulation S described in this Placement Document;

5. the Equity Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S under the Securities Act; and

6. the purchaser acknowledges that our Company, the BRLMs and their respective affiliates (as defined in Rule 405 of the Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each purchaser of the Equity Shares within the United States purchasing pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Placement Document and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares in compliance with all

applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;

3. the purchaser is a U.S. QIB and is aware that the sale to it is being made in a transaction not subject to the registration requirements of the Securities Act and is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer;

4. the purchaser is aware that the Equity Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

5. if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only to a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, in accordance with Regulation S under the Securities Act or in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

6. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Equity Shares;

7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

8. our Company shall not recognize any offer, sale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions;

9. the purchaser acknowledges that our Company, the BRLMs and their respective affiliates (as defined in Rule 405 of the Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and

10. The Equity Shares may not be acquired by or transferred to (i) any person that is, or that is acting on behalf of or investing assets of, (A) an "employee benefit plan" (as defined in section 3(3) of ERISA) that is subject to the fiduciary responsibility provisions of Title I of ERISA, (B) a "plan" (as defined in Section 4975(e)(1) of the Internal Revenue Code) that is subject to Section 4975 of the Internal Revenue Code or (C) an entity whose underlying assets are deemed to include assets of an employee benefit plan or a plan described in (A) or (B) by reason of such employee benefit plan's or plan's investment in the entity (collectively, a "**Benefit Plan Investor**") or (ii) any person that is, or that is acting on behalf of or investing the assets of a governmental, church or non-U.S. plan that is subject to Similar Law, unless in each case such person's acquisition, holding and disposition of the Equity Shares will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a non-exempt violation of any Similar Law, in the case of a plan subject to Similar Law.

11. Each purchaser or transferee of Equity Shares or any interest therein that is using assets of a benefit plan investor subject to ERISA or to Section 4975 of the Code (a "benefit plan"), including any fiduciary purchasing Equity Shares on behalf of a benefit plan ("**Plan Fiduciary**"), will be deemed to have represented by its acquisition of the Equity Shares that:

(a) none of the Company, the Book Running Lead Managers, agents, dealers and similar parties, or any of their respective affiliated entities (the "**Transaction Parties**"), has provided or will provide advice with respect to the acquisition of Equity Shares by the benefit plan, other than to the Plan Fiduciary which is independent of the Transaction Parties, and the Plan Fiduciary either: (a) is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the "**Advisers Act**"), or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (b) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a benefit plan; (c) is an investment adviser registered under the Advisers Act, or, if not registered an as investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (d) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (e) has, and at all times that the benefit plan is invested in Equity Shares will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (e) shall not be satisfied if the Plan Fiduciary is either (i) the owner or a relative of the owner of an investing individual retirement account or (ii) a participant or beneficiary of the benefit plan investing in Equity Shares in such capacity);

(b) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the benefit plan of Equity Shares;

(c) the Plan Fiduciary is a "fiduciary" with respect to the benefit plan within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the benefit plan's acquisition of Equity Shares;

(d) none of the Transaction Parties has exercised any authority to cause the benefit plan to invest in Equity Shares or to negotiate the terms of the benefit plan's investment in Equity Shares; and

(e) the Plan Fiduciary has been informed by the Transaction Parties: (a) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity, and that no such entity has given investment advice or otherwise made a recommendation, in connection with the benefit plan's acquisition of Equity Shares; and (b) of the existence and nature of the Transaction Parties financial interests in the benefit plan's acquisition of Equity Shares.

The above representations are intended to comply with the DOL's Reg. Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997). If these regulations are revoked, repealed or no longer effective, these representations shall be deemed to be no longer in effect.

None of the Transaction Parties is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any Equity Shares by any benefit plan.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "**SEBI Act**"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to among other things, suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule decision of the stock exchange's governing body and withdraw recognition of a recognised stock exchange.

Minimum Level of Public Shareholding

All listed companies are required to ensure a minimum public shareholding at 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement. Our Company is in compliance with this minimum public shareholding requirement. Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) were required to maintain a minimum public shareholding of 25%. However, pursuant to a subsequent amendment to the SCRR, a public company, including public sector undertakings, seeking to get a particular class or kind of securities listed shall offer and allot to the public (i) at least 25% of such class or kind of securities issued by the company, if the post issue capital is less than or equal to ₹160,00,000,000, (ii) at least such percentage of such class or kind of securities issued by the company equivalent to ₹4,000,000,000, if the post issue capital of the company is more than ₹16,000,000,000 but less than or equal to ₹40,000,000,000 or (iii) at least 10% of such class or kind of securities issued by the company, if the post issue capital of the company is above ₹40,000,000,000. In case of (ii) and (iii) above, the public shareholding is required to be increased to 25% within a period of three years from the date of listing of the securities.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the S&P CNX NIFTY of NSE, whichever is breached earlier.

With effect from October 1, 2013, the stock exchanges, shall on a daily basis translate the 10%, 15% and 20% circuit breaker limits of market wide index variation based on the previous days' closing level of the index.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, BSE is the oldest stock exchange in India. On August 31, 1957, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to BSE (Corporatisation and Demutualisation) Scheme 2005 of the SEBI, with effect from August 19, 2005, BSE was incorporated and is now a company under the Companies Act, 2013.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE. Internet trading is possible on both the "equities" and the "derivatives" segments of NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading (or "BOLT") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "NEAT"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The SEBI Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf or on behalf of any other person, in the securities of a listed company or a company proposed to be listed when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for promoters, employees and directors, with respect to their shareholding in our company, and the changes therein. An insider is, inter alia, prohibited from trading in securities of a listed or proposed to be listed company when in possession of unpublished price sensitive information and to provide access to any person including other insiders to the above referred unpublished price sensitive information except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. Unpublished price sensitive information shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, the Companies Act, 2013. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company is ₹ 1,900 million, consisting of 700,000,000 Equity Shares of ₹ 2 each and 5,000,000 redeemable Preference Shares of ₹ 100 each. For further information, see "***Capital Structure***" on page 67.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, 2013 unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013 no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous fiscal year(s) arrived at as laid down by the Companies Act, 2013. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of Directors may from time to time pay to the members interim dividend, subject to the requirements of the Companies Act, 2013.

Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of a company of the same class must receive equal dividend treatment. These distributions and payments are required to be deposited into a separate bank account within five days of the declaration of such dividend and paid to shareholders within 30 days of the AGM where the resolution for declaration of dividends is approved.

The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period is to be transferred to a special bank account. Any money that remains unclaimed for seven years from the date of the transfer is to be transferred by our Company to a fund, called the Investor Education and Protection Fund, created by the GoI. Under the Companies Act, 2013 final dividends payable can be paid only in cash or by cheque, or by warrant, or in any other electronic mode to the registered shareholder at a record date fixed prior to the relevant AGM, or to his order or to the order of his banker. The Equity Shares issued pursuant to this Placement Document shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account to its shareholders, in the form of fully paid up bonus shares, which are similar to stock dividend. These bonus ordinary shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by our Board of Directors. No issue of bonus shares shall be made by capitalizing reserves created by revaluation of assets. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act, 2013.

As per the Articles of Association, subject to the provisions of the Companies Act, 2013, the Board of Directors of the Company may distribute by way of bonus amongst the staff of our Company a share or shares in the profits of our Company, and to give to any director, officer or other person employed by our Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of our Company.

Share Capital

Subject to the provisions of the Companies Act, 2013 our Company may increase its share capital by issuing new shares on such terms and with such rights and privileges as it, by action of its shareholders in a general meeting may determine. According to Section 62 of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the Board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

General Meetings of shareholders

There are two types of general meetings of the shareholders:

(i) AGM; and

(ii) EGM.

Under the provisions of the Companies Act, 2013 a Company must hold its AGM within six months after the expiry of each fiscal year provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at Company's request for any special reason for a period not exceeding three months. Every annual general meeting shall be called for at a time during business hours i.e. between 9:00 am and 6:00 pm on any day that is not a national holiday and shall be held either at the registered office of our Company or at some other place within the city or town or village in which the registered office of our Company is situated. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's issued paid up capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. Unless, the Articles of Association provide for a larger number, (i) five shareholders present in person, if the number of shareholders as on the date of meeting is not more than 1,000; (ii) 15 shareholders present in person, if the number of shareholders as on the date of the meeting is more than 1,000 but up to 5,000; and (iii) 30 shareholders present in person, if the number of shareholders as on the date of meeting exceeds 5,000, shall constitute a quorum for a general meeting of our Company, whether AGM or EGM. The quorum requirements applicable to shareholder meetings under the Companies Act, 2013 have to be physically complied with.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares on a show of hands, every member present in person shall have one vote; and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of our Company.

Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, prescribe that in respect of certain items of business to be transacted by certain specified companies, the approval of members is required to be sought only by means of a postal ballot.

Ordinary resolutions may be passed by simple majority of those present and voting and those voting electronically. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of our Company not later than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not later than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Companies Act, 2013. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in the system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The record of the transfers/ transmission of shares of our Company is kept by the Share Transfer Agents.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. However, during the intervening period on account of delay in transfer above, our Company shall provide all benefits, which have accrued, to the holder of securities in terms of provisions of Section 126 of Companies Act, 2013, and Section 27 of the SCRA. The Equity Shares shall be freely transferable, subject to applicable laws.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

Liquidation Rights

Under the provisons of the Companies Act, 2013, if a Company is wound-up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide amongst the contributories, *in specie* or in kind, the whole or any part of the assets of our Company and may, with the same sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

STATEMENT OF TAX BENEFITS

The Board of Directors
Mahindra & Mahindra Financial Services Limited
Mahindra Towers
4th Floor, Dr. G. M. Bhosale Marg
P. K. Kurne Chowk, Worli
MUMBAI 400 018

30 November 2017

Dear Sirs,

Subject: Statement of possible tax benefits ('statement') available to Mahindra & Mahindra Financial Services Limited ('the Company') and its shareholders prepared in accordance with the requirements under Schedule XVIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended ('SEBI Regulations')

1. We hereby report that the enclosed statement prepared by the Company, states the possible tax benefits available to the Company and its shareholders under the Income tax Act, 1961 ('the Act'), presently in force in India.

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

3. The benefits discussed in the enclosed statement are not exhaustive. Further, the preparation of the statement and its contents is the responsibility of management of the Company. We are informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue of equity shares by the Company. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

4. We do not express any opinion or provide any assurance as to whether:

   i) the Company or its shareholders will continue to obtain these benefits in the future; or

   ii) the conditions prescribed for availing of the benefits have been/would be met.

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

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

6. The enclosed statement is intended solely for your information and for inclusion in the Preliminary Placement Document and this Placement Document (together the "Placement Documents") in connection with the proposed issue of equity shares by the Company under the Companies Act 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended and is not to be used, referred to or distributed for any other purpose without our prior written consent.

7. We hereby consent to the inclusion of the enclosed statement being used in the Placement Documents of the Company in connection with the said issue of equity shares by the Company to be filed by the Company with the Stock Exchanges, the Securities and Exchange Board of India, and the Registrar of Companies, and any other authority in relation to the Issue and such other documents as may be prepared in connection with the Issue.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
30 November 2017

CERTAIN TAX CONSIDERATIONS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS EQUITY SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961, ("the ACT") PRESENTLY IN FORCE IN INDIA

1. This statement sets out below the possible tax benefits available to our Equity shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of our shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the shareholders may or may not choose to fulfill;

2. This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Equity shares. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile;

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO TAX IMPLICATIONS IN INDIA AS WELL AS IN THE RESPECTIVE COUNTRY OF RESIDENCE CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

I. UNDER THE INCOME-TAX ACT, 1961

1. <u>SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT</u>

1.1. The Company, being a Non-Banking Financial Company (NBFC), is entitled for accelerated deduction of bad and doubtful debts in terms of provision for bad and doubtful debts up to a specified limit under section 36(1)(viia) of the Act in computing its income under the head "Profits and gains of business or profession".

The said deduction is available to the extent of five per cent of the adjusted total income, computed before considering any deduction under the aforesaid section and Chapter VI-A.

However, subsequent claim of deduction of actual bad-debts under section 36(1)(vii) shall be reduced to the extent of deduction already allowed under section 36(1)(viia).

2. <u>GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT</u>

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

2.1. Benefits on distributed income

2.1.1 Section 10(34) of the Act – Income by way of dividends referred to in section 115-O

Dividend income received by the Company referred to in section 115-O of the Act, from a domestic company is exempt from tax under section 10(34) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of liability under the minimum alternate tax ('MAT') provisions.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares is claimed as exempt from tax.

2.1.2 Section 10(35) of the Act – Income from specified units

The following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units mentioned therein):

a) Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;

b) Income received in respect of units from the Administrator of the specified undertaking as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;

c) Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such dividend income which is exempt shall not be tax deductible.

Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchased within a period of three months prior to the record date and sold/ transferred within three months after such date, will be disallowed to the extent of dividend income on such shares is claimed as exempt from tax.

Further, as per the provisions of section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus units and is allotted bonus units without any payment on the basis of the original holding on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as the cost of acquisition of the bonus units.

2.1.3 Section 10(34A) of the Act - Income from buy back of shares

Income arising to the Company, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act. Such income is also exempt from tax while computing book profits for the purpose of determination of MAT liability. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cess) on distributed income being difference between consideration and the amount received by the company for issue of shares, determined in the manner as may be prescribed.

2.2. Benefits while computing Profits and Gains of Business or Profession

2.2.1 Section 32 of the Act – Allowance of depreciation

The Company is entitled to claim depreciation on specified tangible and intangible assets owned and used by it for the purpose of its business as per provisions of section 32 of the IT Act.

2.2.2 Section 35D of the Act – Amortisation of preliminary expenses

The Company will be entitled for deduction of specified preliminary expenditure (i.e. preparation of preliminary feasibility/ project reports, conducting market survey, legal charges, etc.) incurred before the commencement of the business or in connection with the extension of the undertaking or in connection with the setting up a new unit under section 35D of the Act, in five equal instalments beginning with the previous year in which such business commences/ undertaking is extended/ new unit is setup. However, such allowance is capped at 5% of the cost of the project or capital employed, as the case may be.

2.2.3 Section 35DDA of the Act - Expenditure under Voluntary Retirement Scheme ('VRS').

The Company will be eligible for deduction of any expenditure on voluntary retirement of its employees on payment basis, subject to the satisfaction of prescribed conditions under section 35DDA of the Act. Such expenditure will be allowed as deduction in five equal instalments from the year in which such expenditure has been incurred.

2.2.4 Section 36(1)(vii) of the Act – Allowance of bad debts written off

Under section 36(1)(vii), any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as a deduction for computing the income under the head "Profits and gains of business or profession". The allowance under section 36(1)(vii) shall be allowed on the fulfillment of the conditions prescribed in section 36(2) of the Act.

However, such allowance is to be reduced to the extent of provision for bad and doubtful debts already allowed as deduction under section 36(1)(viia) of the Act.

2.2.5 Section 80JJAA – Deduction of additional employee cost

Incentive deduction amounting to 30% of additional employee cost incurred in a year is allowable for a period of 3 consecutive years from the year in which the additional employee is employed, subject to the satisfaction of prescribed conditions under section 80JJAA of the Act while computing total income of the Company.

2.2.6 Other Deductions

A deduction equal to 100% or 50%, as the case may be, on sums paid as donations to certain specified entities is allowable as per section 80G of the Act while computing the total income of the Company.

A deduction amounting to 100% of any sum contributed to a political party or an electoral trust, otherwise than by way of cash, is allowable under section 80GGB of the Act while computing total income of the Company.

2.2.7 Carry forward and set-off of Business loss and unabsorbed depreciation

Section 71 of the Act provides for set-off of business loss (other than speculative loss), if any, arising during a previous year against the income under any other head of income. Balance business loss, if any, can be carried forward and set-off against business profits for eight consecutive subsequent years as per the provisions of section 72 of the Act.

Unabsorbed depreciation under section 32(2) of the Act can be carried forward and set-off against any source of income in subsequent years subject to provisions of section 72(2) of the Act.

2.3. Capital gains

- As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond will be considered short term capital asset, if the period of holding of such share, unit or security is twelve (12) months or less.

  Similarly, shares of a company (other than those listed on a recognised stock exchange) and immovable property being land or building or both will be considered short term capital assets, if the period of holding of such shares, land or building or both is twenty four (24) months or less.

- If the period of holding of the abovementioned assets is more than 12 months or 24 months respectively, it will be considered a long term capital asset as per section 2(29A) of the Act. In respect of other assets including unlisted securities (other than shares) and a unit of a mutual fund other than equity oriented mutual fund, the determinative period of holding is thirty six (36) months instead of 12 months.

- Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

  However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

- Section 10(38) of the Act – Income on transfer of long term listed equity share or mutual fund unit or unit of business trust

  Income arising to the Company on transfer of equity shares or units of an equity oriented fund or units of a business trust held by the Company will be exempt under section 10(38) of the Act, if the said asset is a long-term capital asset and such transaction is chargeable to securities transaction tax (STT). These assets turn long term if they are held for more than 12 months.

  As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after 1 October 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5 June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.

  The said exemption will not be available to the Company while computing the book profits liable for minimum alternate tax under section 115JB of the Act.

- As per section 54EC of the Act, capital gains upto Rs. 50 lakhs per annum, arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in bonds issued by National Highway Authority of India ('NHAI') or Rural Electrification Corporation Limited ('REC') or other specified bonds as may be prescribed. However, in case the long term specified bond is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

- Under Section 54EE of the Act and subject to the conditions specified therein, long- term capital gains arising on the transfer of long term capital assets would be exempt from tax if such capital gain is invested within six months from the date of such transfer in specified assets being units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs. 50 lakhs in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Long term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as maybe notified by the Central Government in this behalf. However, in case the long term specified unit is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

- Gains arising on transfer of short term capital assets are chargeable in the hands of the Company at the rate of 30 percent (plus applicable surcharge and cess). However, as per section 111A of the Act, short term capital gains from sale of an equity share, a unit of an equity oriented fund or a unit of a business trust transacted through a recognized stock exchange, where such transaction is chargeable to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess).

- Gains arising on the transfer of long term asset are chargeable to tax (other than those exempt under section 10(38) of the Act) in the hands of the Company at the rate of 20% (plus applicable surcharge and cess). As per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than a unit) or zero coupon bond shall be restricted at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

- As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

  As per section 70 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

  As per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

  Long term capital loss arising on sale of equity shares or units of equity oriented fund, which are subject to STT, may not be allowed to be set-off and carried forward.

2.4. Section 115-O of the Act - Tax on distributed profits of domestic companies

As per section 115-O of the Act, domestic companies are liable to pay additional tax at the rate of 15% (plus applicable surcharge and education cess) on distribution of profits. As per sub -section (1A) to section 115-O, the domestic company, for computing the dividend distribution tax (DDT), will be allowed to set-off the dividend received from its subsidiary company during the financial year ('FY') against the dividend distributed by it if:

a) the dividend is received from its domestic subsidiary company and the subsidiary company has paid the DDT payable on such dividend; or
b) the dividend is received from a foreign subsidiary and is subject to payment of tax under section 115BBD of the Act.

However, the same amount of dividend shall not be taken into account for reduction more than once.

Section 115-O, with effect from 1 October 2014, provides that the amount of dividend declared by the domestic company (as reduced by the amount referred in sub-section (1A) to section 115-O) would be required to be grossed up for the purpose of computing the DDT such that after reduction of the tax on such increased amount at the rate of 15%, the amount is equal to the net distributed profits.

2.5. Section 115JAA of the Act - Credit of MAT paid

Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay MAT at an effective rate of 18.5% (plus applicable surcharge and cess) of the book profits.

MAT paid shall however be available as credit against the normal income tax liability in subsequent years to the extent and as per the provisions of section 115JAA of the Act. Such credit can be carried forward for set off up to 15 subsequent consecutive years.

3. GENERAL TAX BENEFITS AVAILABLE TO SHAREHOLDERS OF THE COMPANY UNDER THE ACT

For resident shareholders:

3.1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

However, as per Section 115BBDA of the Act, if the aggregate of dividend income during the year is in excess of 1 million rupees, then such excess dividend shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). Provisions of section 115BBDA are not applicable to a domestic company, a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub clause(vi) or sub-clause (via) of section 10(23C) or a trust/institution registered under section 12A or section 12AA of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the income exempt under section 10(34) will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.2. Income arising on transfer of shares of the Company, if held as investments, will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to STT. These assets turn long term if they are held for more than 12 months.

As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after October 1, 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5th June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of Acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of Long Term Capital Gains, ("LTCG") (other than those exempt under section 10(38) of the Act) arising from the transfer of shares of an Indian company held for a period exceeding twelve months immediately preceding the date of transfer, the second proviso to Section 48 of the IT Act, permits substitution of cost of acquisition/ improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time.

3.3. As per section 112 of the Act and other relevant provisions of the Act, the long-term capital gains arising to the shareholders of the Company from the transfer of shares of the Company held as investments (other than those exempt under section 10(38) of the Act) shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) of the capital gains computed after indexing the cost of acquisition/improvement or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.

3.4. In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the maximum amount which is not chargeable to income-tax, then such long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

3.5. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the maximum amount which is not chargeable to income-tax, then such short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

3.6. In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) above shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of bonds issued by NHAI or REC or other long-term specified bonds as may be notified. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. However, in case the long term specified bonds is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

3.7. Under Section 54EE of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) shall be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in specified assets in units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs. 50 lakhs in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Long term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as maybe notified by the Central Government in this behalf. However, in case the long term specified unit is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

3.8. In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) held by an individual or HUF shall be exempt from capital gains tax if the net sale consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sale consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.9. Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. However, Long Term Capital Loss computed for the given year is allowed to be set-off only against the Long Term Capital Gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years‘ short term as well as long term gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.10. Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head “Profits and Gains from Business or Profession” and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3.11. As per section 115JB of the Act, income received by way of dividend (whether interim of final) which is exempt under section 10(34) of the Act, by a foreign company to which section 115JB is applicable, will be reduced while computing book profits. Further, any LTCG exempt under section 10(38) will be subject to book profits i.e. it will not be reduced while computing book profits.

3.12. As per section 115JAA(1A) of the Act, credit is allowed in respect of tax paid under section 115JB of the Act for any assessment year commencing on or after April 1, 2006. MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for upto fifteen assessment years immediately succeeding the assessment year in which the MAT credit becomes allowable under section 115JAA(1A) of the Act. MAT credit can be set off in a year when tax is payable under the normal provisions of the Act. MAT credit to be allowed for set off shall be the difference between MAT payable and the tax computed as per the normal provisions of the Act for that assessment year.

For non-resident shareholders other than Foreign Portfolio Investors (FPI's)

3.13. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.14. Under the first proviso to Section 48 of the Act, in case of a non-resident shareholder, in computing the capital gains arising from transfer of shares of our company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided for fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares and reconverting the gains so arrived into Indian currency.

3.15. Income arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. These shares turn long term if they are held for more than 12 months.

As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after October 1, 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5th June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.

3.16. The long-term capital gains arising to the shareholders of the Company from the transfer of equity shares of the Company held as investments (other than those exempt under section 10(38) of the Act)shall be taxable as follows:

- Where the equity shares of the Company are acquired in convertible foreign exchange, the same shall be taxable at the rate of 10% (plus applicable surcharge and education cess) on the amount of capital gains computed (other than those exempt under section 10(38) of the Act)
- Where the equity shares of the Company are acquired in INR, the same shall be taxable at the rate of 20% (plus applicable surcharge and cess) on the amount of capital gains computed after considering the indexation benefit provided under second proviso to section 48 of the Act or at the rate of 10% (plus applicable surcharge and education cess) on the amount of capital gains computed before indexing the cost of acquisition/ improvement, whichever is lower.

3.17. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.18. In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) shall be exempt from capital gains tax if the gains are invested within 6 months from the date of transfer in the purchase of bonds issued by NHAI or REC or other long-term specified bonds as may be notified. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. However, in case the long term specified bond is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

3.19. Under Section 54EE of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of the shares of the Company (other than those exempt under section 10(38) of the Act)shall be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in specified assets in units of a specified fund. The maximum investment in the units of the specified fund cannot exceed Rs. 50 lakhs in the year of transfer and in the subsequent financial year. Where only a part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. Long term specified asset means a unit or units, issued before the 1st day of April 2019 of such fund as maybe notified by the Central Government in this behalf. However, in case the long term specified unit is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

3.20. In accordance with, and subject to the conditions including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company (other than those exempt under section 10(38) of the Act) held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis.

3.21. Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the long term capital gains of subsequent eight assessment years.

3.22 Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3.23. Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of tax residence of the non-resident and the provisions of the Act shall apply to the extent they are more beneficial to the assessee. However, the non-resident investor will have to furnish a certificate (containing the prescribed particulars) of his being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

With effect from 1 April 2017, the benefit of the DTAA will not be available to a non-resident investor if the Tax department declares any arrangement to be an impermissible avoidance arrangement under the General Anti-Avoidance Rules ("GAAR") under Chapter X-A of the IT Act. Investments prior to 1 April

2017 have been grandfathered and are outside the purview of the provisions of GAAR.

3.24. Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a) Under section 115E of the Act, NRIs will be taxed at 10% (plus applicable surcharge and cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and (other than those exempt under section 10(38) of the Act). The benefit of indexation of cost would not be available.

b) Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange (other than those exempt under section 10(38) of the Act) above shall be exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis. The amount so exempted shall be chargeable to tax subsequently under the head Capital Gains relating to Capital Assets other than Short Term Capital assets, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided adequate tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

d) In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are transferred or converted into money.

e) As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.25.1 MAT provisions under Section 115JB of the Act are not applicable to a foreign company if

- such company is a resident of a country or a specified territory with which India has an DTAA and such company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
- such company is a resident of a country with which India does not have a DTAA and such company is not required to seek registration under any law for the time being in force relating to companies.

3.25.2 In respect of foreign companies which are not exempt from MAT provisions (other than those exempt under point 3.24.f), following specified incomes will not be subject to MAT under section 115JB of the Act:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

For shareholders who are Foreign Portfolio Investors (FPIs):

3.26. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be tax deductible expenditure.

3.27. As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

3.28. Transfer of any shares/ securities being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

3.29. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transaction is chargeable to securities transaction tax. These assets turn long term if they are held for more than 12 months.

As per the third proviso to section 10(38) of the Act inserted by the Finance Act, 2017, the exemption under section 10(38) would not be available to the cases of purchases after October 1, 2004 which are not subject to STT unless such cases are notified by the Government. The rationale for the aforesaid amendment is to \ avoid the said section being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. However, to protect the exemption for genuine cases where STT could not have been paid like acquisition of share in Initial Public Offering (IPO), Follow-on Public Offer (FPO), bonus or right issue by a listed company acquisition by non-resident in accordance with Foreign Direct Investment (FDI) policy of the Government etc., the Central Board of Direct Taxes (CBDT) on 5th June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017.

3.30. Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company (other than those exempt under section 10(38) of the Act) will be chargeable to tax at the rate of 10% (plus applicable surcharge and cess). The benefit of indexation of cost and of foreign fluctuations are not available to FPI's.

3.31. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

3.32. Under section 115AD(1)(b)(ii) of the Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under section 111A of the Act will be chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

3.33. Under the provisions of section 90(2) of the Act, an FPI will be governed by the provisions of the DTAA between India and the country of residence of the FPI and the provisions of the Act apply to the extent they are more beneficial to the assessee. However, the FPI investor will have to furnish a certificate (containing the prescribed particulars) of his being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

With effect from 1 April 2017, the benefit of the DTAA will not be available to a non-resident investor if the Tax department declares any arrangement to be an impermissible avoidance arrangement under the GAAR under Chapter X-A of the IT Act. Investments prior to 1 April 2017 have been grandfathered and are outside the purview of the provisions of GAAR.

3.34. Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. However, long term capital loss computed for the given year is allowed to be set-off only against the long term capital gains computed for the said year. Further, as per Section 71 of the Act, short term capital loss or long term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per Section 74 of the Act, the balance short term capital loss, which is not set off under the provisions of Section 70 of the Act, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' Short Term as well as Long Term Gains. However, the balance long term capital loss of any year is allowed to be set off only against the Long Term Capital Gains of subsequent eight assessment years.

3.35. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising to an FPI, from the transfer of shares, payable to FPI.

3.36. MAT provisions under Section 115JB of the Act are not applicable to a foreign company if

- such company is a resident of a country or a specified territory with which India has an DTAA and such company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or
- such company is a resident of a country with which India does not have an DTAA and such company is not required to seek registration under any law for the time being in force, relating to companies.

3.37. In respect of foreign companies which are not exempt from MAT provisions as per point 3.35 above, following specified incomes will not be subject to MAT under section 115JB of the Act:

- Capital gains (whether long term or short term) arising on transactions in securities;
- Interest, royalty or fees for technical services chargeable to tax;

if such income is credited to Profit and Loss account and tax payable on such capital gains income under normal provisions is less than the MAT rate of 18.5%. Consequently, corresponding expenses shall also be excluded while computing MAT.

For shareholders who are Mutual Funds:

3.38. Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

3.39. As per section 196 of the Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

For shareholders who are Venture Capital Companies/ Funds:

3.40. Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I and a sub-category II Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

3.41. As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

3.42. As per section 197A(1F) of the Act, no tax is to be deducted from any income payable to sub-category I and a sub-category II Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992.

Provident Fund and Pension Fund:

3.43. Under section 10(25) of the Act, any income received by trustees on behalf of a recognized provident fund and a recognized superannuation fund is exempt from tax.

Multi-Lateral and Bilateral Development Financial Institutions:

3.44. Generally, Multilateral and bilateral development financial institutions may be exempt from taxation in India on the capital gains arising on the sale of shares of the Company depending on the applicable Statute and Acts passed in India. For e.g., World Bank, IBRD, IFC, etc. In case they are not specifically exempt from tax where they are registered with SEBI as FPI then the provisions as applicable for capital gains to a non-resident FPI should apply to these institutions.

Benefits available under the Wealth Tax Act, 1957:

3.45. Wealth tax is not leviable in respect of any Assessment Year on or after April 1, 2016.

Benefits available under Gift Tax Act, 1958:

3.46. Gift tax is not leviable in respect of any gift made on or after October 1, 1998. Therefore any gift of share of a company will not attract gift tax.

Income Tax on Gifts:

3.47. Under Section 56(2)(x) of the Act and subject to exception provided therein, where an any person receives from any person any property, including, inter alia, shares of a company without consideration or for a consideration lower than the fair market value, and the value of such benefit exceeds Rs.50,000, such benefit is taxable in the hands of the recipient as deemed income includible in computing his taxable income. Such fair market value is to be computed as per the prescribed rules.

II. TAX DEDUCTION AT SOURCE

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents other than Long Term Capital Gains exempt under section 10(38) of the Act] may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the Double Taxation Avoidance Agreement (DTAA), whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non -resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of Act.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act. The provision of section 206AA will not apply if the non-resident shareholder furnishes prescribed documents to the payer. Additionally, as per the provisions of section 196D of the Act, no tax is to be withheld in respect of gains earned by an FPI.

Notes:

1. Summarized below are the provisions relevant for determination of residential status of a tax payer:
    a. As per the provisions of the Act, an individual is considered to be a resident in India during any financial year ('FY') if he or she is present in India for:
        i. a period or periods aggregating to 182 days or more in that FY; or
        ii. for a period or periods aggregating to 365 days or more within the four preceding FY's and a period or periods aggregating to 60 days or more in that FY and.
    b. In case of an Indian citizen or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any FY, the limit of 60 days under point (ii) above, shall be read as 182 days.
    c. A Company is resident in India if it is an Indian Company or its place of effective management, in that year, is in India.
    d. A Hindu Undivided Family ('HUF'), firm (including Limited Liability Partnership) or other association of persons is resident in India, except when the control and management of its affairs is situated wholly outside India during the relevant FY.
    e. A person who is not a resident in India would be regarded as 'Non-Resident'. Subject to qualifying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.
2. As per the Finance Act ('FA'), surcharge is to be levied on individuals, HUF, AOP, body of individuals and artificial juridical person at the rate of 10% where the total income exceeds Rs. 5 million but not exceeding Rs. 10 million. Where the total income exceeds Rs 10 million, surcharge shall be levied at the rate of 15%.

    In the case of firm, co-operative society and local authorities at the rate of 12% where the total income exceeds Rs. 10 million.

    In the case of domestic companies, surcharge would be levied at the rate of 7% where the total income exceeds Rs. 10 million but not exceeding Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge shall be levied at the rate of 12%.

    In the case of foreign companies, surcharge would be levied at the rate of 2% where the total income exceeds Rs. 10 million but not exceeding Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge shall be levied at the rate of 5%.

    In other cases (including sections 115-O, 115QA) the surcharge shall be levied at the rate of 12%.
3. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
4. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.
5. The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.
6. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
7. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
9. This statement of possible direct tax benefits enumerated above is as per the Act as amended till the Finance Act, 2017. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
10. This statement does not cover applicability of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules.
11. The above statement covers only certain relevant Direct Tax Law benefits and does not cover any Indirect Tax Law benefits or benefits under any other law.

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain material U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares acquired pursuant to this Issue. This summary does not address any aspect of U.S. federal non-income tax laws, such as U.S. federal estate and gift tax laws, or state, local or non-U.S. tax laws, and does not purport to be a comprehensive description of all of the U.S. tax considerations that may be relevant to a particular person's decision to acquire Equity Shares.

YOU SHOULD CONSULT YOUR TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The discussion applies to you only if you do not currently own Equity Shares, acquire the Equity Shares in this Issue and you hold the Equity Shares as capital assets for U.S. federal income tax purposes (generally, for investment). This section does not apply to you if you are a member of a special class of holders subject to special tax rules, including:

- a broker;
- a dealer in securities, commodities or non-U.S. currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank or other financial institution;
- a tax-exempt organization;
- an insurance company;
- a regulated investment company;
- an investor who is a U.S. expatriate, former U.S. citizen or former long term resident of the United States;
- a controlled foreign corporation;
- a passive foreign investment company;
- a mutual fund;
- an individual retirement or other tax-deferred account;
- a holder liable for alternative minimum tax;
- a holder that actually or constructively owns 10% or more, by voting power, of our Company's voting stock;
- a partnership or other pass-through entity for U.S. federal income tax purposes;
- a holder that holds Equity Shares as part of a straddle, hedging, constructive sale, conversion or other integrated transaction for U.S. federal income tax purposes; or
- a U.S. holder (as defined below) whose functional currency is not the U.S. Dollar.

This section is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed income tax regulations issued under the Code, legislative history, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing are subject to change at any time, and any change could be retroactive and could affect the accuracy of this discussion. In addition, the application and interpretation of certain aspects of the passive foreign investment company ("**PFIC**") rules, referred to below, require the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these regulations will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. This discussion is not binding on the U.S. Internal Revenue Service ("**IRS**") or the courts. No ruling has been or will be sought from the IRS with respect to the positions and issues discussed herein, and there can be no assurance that the IRS or a court will not take a different position concerning the U.S. federal income tax consequences of an investment in the Equity Shares or that any such position would not be sustained.

You are a "**U.S. holder**" if you are a beneficial owner of Equity Shares that acquired the shares pursuant to this Issue and you are:

- a citizen or resident of the United States;
- a U.S. domestic corporation, or other entity treated as a domestic corporation for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorised to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

In addition, this discussion is limited to U.S. holders who are not resident in India for purposes of the Income Tax Treaty between the United States and India.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a partnership and partners in such a partnership should consult their tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares.

A "**non-U.S. holder**" is a beneficial owner of Equity Shares that acquired the shares pursuant to this Issue and that is neither a U.S. holder nor a partnership for U.S. federal income tax purposes.

Taxation of Dividends

U.S. Holders. Subject to the PFIC rules described below under "PFIC Considerations", if you are a U.S. holder you must include in your gross income the gross amount of any distributions of cash or property (other than certain pro rata distributions of Equity Shares) with respect to Equity Shares, to the extent the distribution is paid by our Company out of its current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend as ordinary income at the time of actual or constructive receipt. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Equity Shares and thereafter as capital gain from the sale or exchange of such Equity Shares. Notwithstanding the foregoing, our Company does not intend to maintain calculations of its earnings and profits as determined for U.S. federal income tax purposes. Consequently, distributions generally will be reported as dividend income for U.S. information reporting purposes.

You should not include the amount of any Indian tax paid by our Company with respect to the dividend payment, as that tax is, under Indian law, a liability of our Company and not the shareholders, unless you are a U.S. corporation that owns 10% or more of the voting stock of our Company and also claims a foreign tax credit against your U.S. tax liability for your share of income taxes paid by our Company. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Subject to the PFIC rules described below, dividends paid by a non-U.S. corporation generally will be taxed at the preferential tax rates applicable to long-term capital gain of non-corporate taxpayers if (a) such non-U.S. corporation is eligible for the benefits of certain U.S. treaties or the dividend is paid by such non-U.S. corporation with respect to stock that is readily tradable on an established securities market in the United States, (b) the U.S. holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on shares that have been held by such U.S. holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date." If the requirements of the immediately preceding sentence are not satisfied, a dividend paid by a non-U.S. corporation to a U.S. holder, including a U.S. holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. holder should consult its tax advisor regarding the dividend rules.

Dividends received generally will be income from non-U.S. sources, which may be relevant in calculating your U.S. foreign tax credit limitation. Such non-U.S. source income generally will be "passive category income", or in certain cases "general category income", which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. holder's particular circumstances. You should consult your tax advisor to determine the foreign tax credit implications of owning the Equity Shares.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. Dollar value of the Indian Rupee payments made, determined at the spot Indian Rupee/U.S. Dollar exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. Dollars will be treated as ordinary income or loss. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Non-U.S. Holders. Dividends paid to non-U.S. holders generally will not be subject to U.S. income tax unless the dividends are "effectively connected" with your conduct of a trade or business within the United States, and the dividends are attributable to a permanent establishment (or in the case of an individual, a fixed place of business) that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis. In such cases you generally will be taxed in the same manner as a U.S. holder (other than with respect to the Medicare Tax described below). If you are a corporate non-U.S. holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Taxation of Sale, Exchange or Other Taxable Disposition of Equity Shares

U.S. Holders. Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell, exchange or otherwise dispose of your Equity Shares in a taxable disposition, you generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount realized and your tax basis, determined in U.S. Dollars, in your Equity Shares. Gain or loss recognised on such a sale, exchange or other disposition of Equity Shares generally will be long-term capital gain if the U.S. holder has held the Equity Shares for more than one year. Long-term capital gains of U.S. holders who are individuals (as well as certain trusts and estates) are generally taxed at preferential rates (currently at a maximum rate of 20%). The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes, unless it is attributable to an office or other fixed place of business outside the United States and certain other conditions are met. Your ability to deduct capital losses is subject to limitations.

Non-U.S. Holders. If you are a non-U.S. holder, you will not be subject to U.S. federal income tax on gain recognised on the sale, exchange or other taxable disposition of your Equity Shares unless:

- the gain is "effectively connected" with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment (or in the case of an individual, a fixed place of business) that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis; or

- you are an individual, you are present in the United States for 183 or more days in the taxable year of such sale, exchange or other disposition and certain other conditions are met.

In the first case, the non-U.S. holder will be taxed in the same manner as a U.S. holder (other than with respect to the Medicare Tax described below). In the second case, the non-U.S. holder will be subject to U.S. federal income tax at a rate of 30% on the amount by which such non-U.S. holder's U.S.-source capital gains exceed such non-U.S.-source capital losses.

If you are a corporate non-U.S. holder, "effectively connected" gains that you recognise may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Medicare Tax

Certain U.S. holders who are individuals, estates or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income", which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. Prospective investors should consult their tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.

PFIC Considerations

The Code provides special rules regarding certain distributions received by U.S. persons with respect to, and sales, exchanges and other dispositions, including pledges, of, shares of stock in a PFIC. A non-U.S. corporation will be treated as a PFIC for any taxable year in which either: (i) at least 75 percent of its gross income is "passive income" or (ii) at least 50 percent of its gross assets during the taxable year (based on the average of the fair market values of the assets determined at the end of each quarterly period) are "passive assets," which generally means that they produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. Although there is no authority directly addressing the issue and therefore the matter is uncertain, our Company believes that income earned in the active conduct of a financing business by a non-U.S. corporation should not be treated as passive income. Among other requirements, a non-U.S. corporation must derive more than 70% of its gross income from the active and regular conduct of a lending or finance business (e.g., making loans) from transactions with customers which are not related to the non-U.S. corporation. In addition, a non-U.S. corporation must derive more than 30% of such gross income from transactions with customers located in the non-U.S. corporation's home country. In determining whether a non-U.S. corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Although there is no authority directly addressing the issue and therefore the matter is uncertain, based upon our Company's current and projected composition of our income and assets, as well as active conduct of our financing business, our Company does not believe that it should be treated as, and does not expect to become, a PFIC for U.S. federal income tax purposes during its current taxable year and future taxable years. However, no assurance can be given that our Company will not be considered a PFIC in the current or future years. Our Company's possible status as a PFIC must be determined for each year and cannot be determined until the end of each taxable year. Because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond our Company's control, including the amount and nature of our Company's income, as well as on the market valuation of our Company's assets, and because certain aspects of the PFIC rules are not entirely certain, including whether income earned in the active conduct of a financing business is passive income, there can be no assurance that our Company is not a PFIC and will not become a PFIC or that the IRS will agree with our conclusion regarding our PFIC status. If our Company was currently or were to become a PFIC, U.S. holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Code.

A U.S. holder that holds stock in a non-U.S. corporation during any taxable year in which the corporation qualifies as a PFIC is subject to special tax rules with respect to (a) any gain realized on the sale, exchange or other disposition of the stock and (b) any "excess distribution" by the corporation to the holder, unless the holder elects to treat the PFIC as a "qualified electing fund" ("**QEF**") or makes a "mark-to-market" election, each as discussed below. An "excess distribution" is that portion of a distribution with respect to PFIC stock that exceeds 125% of the average of such distributions over the preceding three-year period or, if shorter, the U.S. holder's holding period for its shares. Excess distributions and gains on the sale, exchange or other disposition of stock of a corporation which was a PFIC at any time during the U.S. holder's holding period are allocated ratably to each day of the U.S. holder's holding period. Amounts allocated to the taxable year in which the disposition occurs and amounts allocated to any period in the shareholder's holding period before the first day of the first taxable year that the corporation was a PFIC will be taxed as ordinary income (rather than capital gain) earned in the taxable year of the disposition. Amounts allocated to each of the other taxable years in the U.S. holder's holding period are not included in gross income for the year of the disposition, but are subject to a special tax (equal to the highest ordinary income tax rates in effect for those years, and increased by an interest charge at the rate applicable to income tax deficiencies) that is added to the tax otherwise due for the taxable year in which the disposition occurs. The tax liability for amounts allocated to years before the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Equity Shares cannot be treated as capital, even if a U.S. holder held such Equity Shares as capital assets. The preferential U.S. federal income tax rates for dividends and long-term capital gain of individual U.S. holders (as well as certain trusts and estates) would not apply, and special rates would apply for calculating the amount of the foreign tax credit with respect to excess distributions.

If a corporation is a PFIC for any taxable year during which a U.S. holder holds shares in the corporation, then the corporation generally will continue to be treated as a PFIC with respect to the holder's shares, even if the corporation no longer satisfies either the passive income or passive asset tests described above, unless the U.S. holder terminates this deemed PFIC status by electing to recognise gain, which will be taxed under the excess distribution rules as if such shares had been sold on the last day of the last taxable year for which the corporation was a PFIC.

The excess distribution rules may be avoided if a U.S. holder makes a QEF election effective beginning with the first taxable year in the holder's holding period in which the corporation is a PFIC. A U.S. holder that makes a QEF election is required to include in income its pro rata share of the PFIC's ordinary earnings and net capital gain as ordinary income and long-term capital gain, respectively, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. A U.S. holder whose QEF election is effective after the first taxable year during the holder's holding period in which the corporation is a PFIC will continue to be subject to the excess distribution rules for years beginning with such first taxable year for which the QEF election is effective.

In general, a U.S. holder makes a QEF election by attaching a completed IRS Form 8621 to a timely filed (taking into account any extensions) U.S. federal income tax return for the year beginning with which the QEF election is to be effective. In certain circumstances, a U.S. holder may be able to make a retroactive QEF election. A QEF election can be revoked only with the consent of the IRS. In order for a U.S. holder to make a valid QEF election, the corporation must annually provide or make available to the holder certain information. Our Company does not intend to provide to U.S. holders the information required to make a valid QEF election and our Company currently makes no undertaking to provide such information. Accordingly, it is currently anticipated that a U.S. holder will not be able to avoid the special tax rules described above by making the QEF election.

As an alternative to making a QEF election, a U.S. holder may make a "mark-to-market" election with respect to its PFIC shares if the shares meet certain minimum trading requirements. If a U.S. holder makes a valid mark-to-market election for the first tax year in which such holder holds (or is deemed to hold) stock in a corporation and for which such corporation is determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above in respect of its stock. Instead, a U.S. holder that makes a mark-to-market election will be required to include in income each year an amount equal to the excess, if any, of the fair market value of the shares that the holder owns as of the close of the taxable year over the holder's adjusted tax basis in the shares. The U.S. holder will be entitled to a deduction for the excess, if any, of the holder's adjusted tax basis in the shares over the fair market value of the shares as of the close of the taxable year; provided, however, that the deduction will be limited to the extent of any net mark-to-market gains with respect to the shares included by the U.S. holder under the election for prior taxable years. The U.S. holder's basis in the shares will be adjusted to reflect the amounts included or deducted pursuant to the election. Amounts included in income pursuant to a mark-to-market election, as well as gain on the sale, exchange or other taxable disposition of the shares, will be treated as ordinary income. The deductible portion of any mark-to-market loss, as well as loss on a sale, exchange or other disposition of shares to the extent that the amount of such loss does not exceed net mark-to-market gains previously included in income, will be treated as ordinary loss.

The mark-to-market election applies to the taxable year for which the election is made and all subsequent taxable years, unless the shares cease to meet applicable trading requirements (described below) or the IRS consents to its revocation. The excess distribution rules generally do not apply to a U.S. holder for tax years for which a mark-to-market election is in effect. However, if a U.S. holder makes a mark-to-market election for PFIC stock after the beginning of the holder's holding period for the stock, a coordination rule applies to ensure that the holder does not avoid the tax and interest charge with respect to amounts attributable to periods before the election.

A mark-to-market election is available only if the shares are considered "marketable" for these purposes. Shares will be marketable if they are regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission or on a non-U.S. exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. For these purposes, shares will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. Each U.S. holder should ask its tax advisor whether a mark-to-market election is available or desirable.

A U.S. holder of PFIC stock must generally file an IRS Form 8621 annually. A U.S. holder must also provide such other information as may be required by the U.S. Treasury Department if the U.S. holder (i) receives certain direct or indirect distributions from a PFIC, (ii) recognises gain on a direct or indirect disposition of PFIC stock, or (iii) makes certain elections (including a QEF election or a mark-to-market election) reportable on IRS Form 8621.

U.S. holders are urged to consult their tax advisors as to our Company's status as a PFIC, and, if our Company is treated as a PFIC, as to the effect on them of, and the reporting requirements with respect to, the PFIC rules and the desirability of making, and the availability of, either a QEF election or a mark-to-market election with respect to our ordinary shares. Our Company provides no advice on taxation matters.

Information with Respect to Foreign Financial Assets

In addition, a U.S. holder that is an individual (and, to the extent provided in future regulations, an entity), may be subject to certain reporting obligations with respect to Equity Shares if the aggregate value of these and certain other "specified foreign financial assets" exceeds $50,000. If required, this disclosure is made by filing Form 8938 with the U.S. Internal Revenue Service. Significant penalties can apply if U.S. holders are required to make this disclosure and fail to do so. In addition, a U.S. holder should consider the possible obligation for online filing of a FinCEN Report 114—Foreign Bank and Financial Accounts Report as a result of holding Equity Shares. U.S. holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of Equity Shares.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to distributions made on our Equity Shares within the U.S. to a non-corporate U.S. holder and to the proceeds from the sale, exchange, redemption or other disposition of Equity Shares by a non-corporate U.S. holder to or through a U.S. office of a broker. Payments made (and sales or other dispositions effected at an office) outside the U.S. will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (or otherwise establishes, in the manner provided by law, an exemption from backup withholding) or to report dividends required to be shown on the U.S. holder's U.S. federal income tax returns.

Backup withholding is not an additional income tax, and the amount of any backup withholding from a payment to a U.S. holder will be allowed as credit against the U.S. holder's U.S. federal income tax liability provided that the appropriate returns are filed.

A non-U.S. holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its non-U.S. status to the payor, under penalties of perjury, on IRS Form W-8BEN or W-8BEN-E, as applicable. You should consult your tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining the exemption.

The foregoing does not purport to be a complete analysis of the potential tax considerations relating to the Placement, and is not tax advice. Prospective investors should consult their tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of the Equity Shares, including the applicability of the U.S. federal, state and local tax laws or non-tax laws, non-U.S. tax laws, and any changes in applicable tax laws and any pending or proposed legislation or regulations.

LEGAL PROCEEDINGS

Our Company is involved in various legal proceedings from time to time, mostly arising in the ordinary course of its business. These legal proceedings are initiated by us and also by customers, past employees and other parties. These legal proceedings are primarily in the nature of (a) consumer complaints, (b) tax disputes, (c) petitions pending before appellate authorities, (d) criminal complaints, and (e) civil suits. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India.

Save as disclosed below, there are no:

1. *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter of our Company during the last three years immediately preceding the year of the issue of this Placement Document and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;*

2. *defaults in repayment of statutory dues as of the date of this Placement Document;*

3. *material frauds committed against us in the last three years. Additionally, our Company and its Subsidiaries, in their ordinary course of businesses, are involved in a number of proceedings under the Negotiable Instruments Act, 1881;*

4. *inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last three years immediately preceding the year of issue of this Placement Document against our Company and our Subsidiary. Also, there were no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document for our Company and its Subsidiaries; and*

5. *There are no legal proceedings against our Company which involve an amount exceeding 5% of the consolidated profit of the Company for Fiscal 2017 after minority interest i.e. ₹255.82 million.*

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiaries, Directors or the Promoter shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or any of its Subsidiaries or Directors or Promoter, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Litigations against our Company

Criminal

1. Various customers of our Company have filed 253 separate criminal complaints against our Company alleging inter alia (i) fraud for wrongfully proceeding against guarantors; (ii) forgery of loan documentation; (iii) trespass over hypothecated assets; (iv) failure to provide insurance; and (v) registration certificate and for illegal repossession of hypothecated assets. These mostly include customers of our Company who have availed vehicle loans from our Company and have defaulted in repayment of outstanding amount of the loan. These matters are presently pending before various forums at various stages of adjudication.

2. Three customers have filed criminal complaint for defamation against our Company and certain of its employees alleging *inter alia* insults and use on unparliamentary language by employees of our Company with such customers while taking repossession of hypothecated assets due to default in repayment of outstanding loan amount. These matters are pending before different forums at different stages of adjudication.
3. Various customers of our Company, who have availed loans from our Company, have filed 10 separate first information reports before various police stations against certain employees of our Company alleging *inter alia* forgery, cheating and criminal conspiracy for illegal repossession of hypothecated assets. Our Company has filed applications for quashing of these first information reports before appropriate forums. These matters are presently pending at various stages of investigation/ adjudication.

Civil

There are various civil proceedings instituted against our Company from time to time, mostly arising in the ordinary course of its business. None of the pending civil proceedings against our Company involve an amount more than ₹ 255.82 million.

Litigations against our Promoter

Details of litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action, as on date of this Placement Document:

1. Our Promoter received a show cause notice dated July 13, 2015 from the Deputy Chief Inspector of Factories, Hyderabad (Rural) directing our Promoter to explain as to why no action should be taken for non-compliance of various provisions of the Factories Act, 1948, primarily pertaining to maintenance of health and safety in the factory and working hours of the workers (the "**SCN**"). Our Promoter has filed a reply dated August 12, 2015 to the SCN. No further communication has been received in this matter.

2. Our Promoter received a show cause notice dated October 13, 2014 from the Legal Metrology Inspector, Amroha, Uttar Pradesh directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning the unit 'inch' for the size of alloy wheels and infotainment screen, which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated November 24, 2014 to the SCN. No further communication has been received in this matter.

3. Our Promoter received a show cause notice dated April 30, 2015 from the Inspector of Legal Metrology, Shahjanpur directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning the mileage of a particular vehicle manufactured by our Promoter as 'KM/L', which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated May 7, 2015 to the SCN. No further communication has been received in this matter.

4. Our Promoter received a show cause notice dated April 30, 2015 from the Legal Metrology Inspector, Lucknow directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning the mileage of a particular vehicle manufactured by our Promoter as 'KMPL' instead of km/l or km/L and, size of touch screen and alloy wheels as 'CM' instead of cm, and also for wrongly mentioning 'INCH', which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated August 14, 2015 to the SCN seeking compounding of the aforesaid violations. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.12 million on September 4, 2015.

5. Our Promoter received a notice dated February 17, 2014 from the Chief Agricultural Officer, Ferozepur alleging misbranding of insecticides manufactured by Acme Organic Private Limited (which also carried a label indicating our Promoter as the marketers of such insecticides), there by violation provisions of the Insecticides Act, 1968 (the "**Notice**"). Our Promoter has filed a reply dated March 20, 2014 to the Notice. No further communication has been received in this matter.

6. Our Promoter received a notice dated March 16, 2015 from the Chief Agricultural Officer, Punjab alleging misbranding of insecticides manufactured by Acme Organic Private Limited (which also carried a label indicating our Promoter as the marketer of such insecticides), there by violation provisions of the Insecticides Act, 1968 (the "**Notice**"). The matter is currently pending.

7. Our Promoter received a notice dated June 1, 2015 from the Chief Agricultural Officer, Ludhiana alleging that the Sulphur content in the insecticides manufactured by Mitul Industries Limited was not as per the packaging label of the insecticides (which also indicated that insecticide is marketed by our Promoter) (the "**Notice**"). Our Promoter has filed a reply dated June 18, 2015 to the Notice. The matter is currently pending.

8. Our Promoter received a show cause notice dated December 7, 2015 from the Deputy Director (LC & PP) - cum - Licensing Authority, Chandigarh (the "**Deputy Director**") alleging that the active ingredient content in certain insecticide manufactured by B R Agrotech Limited Samba and marketed by our Promoter, was 4.22% against 4.9%. the "**Notice**"). Our Promoter has filed a reply dated December 23, 2015 to the Notice and further requested for re-testing of the insecticide. However, the Deputy Director by its order dated April 6, 2016 had cancelled the license of our Promoter, which was subsequently reinstated by the Joint Director of Agriculture by its order dated May 24, 2016.

9. Our Promoter received a show cause notice dated September 23, 2015 from the Legal Metrology Inspector, Mahanagar Lucknow, Uttar Pradesh directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning top speed of a particular vehicle manufactured by our Promoter by using the unit 'KMPH' instead of 'km/h', which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated December 7, 2015 to the SCN seeking compounding of the aforesaid violation. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.11 million on December 19, 2015.

10. Our Promoter received a notice dated February 5, 2015 from the Legal Metrology Inspector, Warangal, Telangana alleging that stating that certain retail packages of swaraj parts did not bear the name and address of the manufacturer, name of commodity contained in the packages, the retail sale price, the month and year of the packages and the consumer care telephone number of the contact person or the office, thereby violating certain provisions of the Metrology Act, 2009 (the "**Notice**"). Our Promoter filed a reply dated April 11, 2015 to the Notice. No further communication has been received in this matter.

11. Our Promoter received a show cause notice dated August 20, 2015 from the Legal Metrology Inspector, Aligarh, Uttar Pradesh directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning the non-metric unit 'foot', which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply to the SCN seeking compounding of the aforesaid violations. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.12 million.

12. Our Promoter received a show cause notice dated January 16, 2015 from the Inspector of Legal Metrology, Nakodar, Punjab directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a television channel mentioning the unit 'inch' for the size of alloy wheels, which is non-standard, thereby violating certain provisions of the Legal Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated January 23, 2015 to the SCN. The matter is currently pending.

13. Our Promoter received a summon dated June 03, 2015 ("**Summon**") from the Metropolitan Magistrate, Hyderabad at Kukatpally ("**Magistrate**"). The Summon alleged that our Promoter has been in violation of provisions relation to declarations on pre-packaged commodities and selling non-standard packages under Metrology Act, 2009. The matter has been compounded by an order of the Magistrate dated January 27, 2016 and our Promoter has paid a compounding amount of ₹ 0.04 million.

14. Our Promoter received a show cause notice dated October 29, 2015 from the Legal Metrology Inspector, Shahjanpur, Uttar Pradesh directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning mileage as 'LTR/HR', which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated January 11, 2016 to the SCN seeking compounding of the aforesaid violations. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.11 million.

15. Our Promoter received a notice dated April 06, 2015 from the Inspector of Legal Metrology, Jorhat, Assam alleging that certain packages of Mahindra spares (bush rubber upper arm) seized from the trading premises of M/s. Vintage Automobile had 'MRP' mentioned on it by putting an additional yellow sticker over the original declaration, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated June 22, 2015 to the SCN seeking compounding of the aforesaid violations. The matter is currently pending.

16. Our Promoter received notices dated January 05, 2016 and May 23, 2016 from the Assistant Controller of Legal Metrology Flying squad-2, Bangalore alleging that retail sale price marked on certain seized packages was not as per the of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed replies dated January 08, 2016, March 31, 2016 and May 30, 2016 to the SCN. The matter is currently pending.

17. Our Promoter received a notice dated December 08, 2015 from the Inspector of Legal Metrology, Khamgaon, District Buldana (M.S) alleging that declaration of retail sale price was not mentioned on the packages of piston for thinner rings and pin assy cbs manufactured by our Promoter and further, there was no mention of term 'inclusive of all taxes' on such packages, thereby violating certain provisions of the Metrology Act, 2009. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.30 million.

18. Our Promoter received a notice dated March 23, 2015 from the Inspector of Legal Metrology, Bengaluru alleging that maximum retail price, date of packing and consumer care number were not declared on certain pre-packaged pushpin, thereby violating certain provisions of the Legal Metrology Act, 2009 (the "**Notice**"). Our Promoter has filed a reply dated April 15, 2015 to the Notice. The matter is currently pending.

19. Our Promoter received a notice dated August 03, 2015 from the Inspector of Legal Metrology, Margaon, Goa (the "**Inspector**") alleging that certain seized packages of Mahindra spares and Mahindra screens ("**Packages**") did not bear the maximum retail price and the month and year of manufacturing, thereby violating certain provisions of the Legal Metrology Act, 2009. Further, our Promoter received a notice dated November 09, 2015 from the Controller, Legal Metrology, Goa ("**Controller**") stating that our Promoter has violated certain provisions of the Legal Metrology Act, 2009 and directing to compound the said violation by paying ₹ 0.06 million, failing which it may institute legal proceedings in a court of law (the "**Order**"). Our Promoter has filed an appeal before the Secretary, Metrology, Government of Goa against the Order. Meanwhile, the Inspector has filed a criminal complaint before the Judicial Magistrate of First Class, Margaon ("**Complaint**"). Our Promoter has also filed a petition before the Bombay High Court for quashing of the Complaint (the "**Petition**"). By its order dated October 4, 2016, the Bombay High Court has granted interim stay on the proceedings of the Complaint. Further, by its order dated September 19, 2017, the Bombay High Court had dismissed the Petition for default, against which our Promoter has filed a restoration application. The matter is currently pending.

20. Our Promoter received a show cause notice dated March 27, 2015 from the Agricultural Officer, Rajkot alleging that certain samples of sarvodaya seeds manufactured by Acme Organics Private Limited and is marketed by our Promoter, contains 32.90% of Profenophos instead of 40%, thereby violating the provisions of the Insecticide Act, 1968 for misbranding, and seeking explanation as to why no action should be taken in this regard (the "**SCN**"). Our Promoter has replied to the SCN. No further communication has been received in this matter. The matter is currently pending.

21. Shamsher Kataria had filed certain information before the Competition Commission of India ("**CCI**") against 17 automobile manufacturers, including our Promoter for alleged non-availability of automobile spare parts in open market. The CCI by its order dated August 25, 2014 imposed a penalty of ₹ 29,22.50 million on our Promoter (the "**CCI Order**"). Our Promoter has filed a writ petition before the Delhi High Court against the CCI Order. The Delhi High Court by its order dated September 26, 2014 has granted stay over the CCI Order. The matter is currently pending.

22. Our Promoter received a show cause notice dated October 4, 2014 from the Legal Metrology Inspector, Ghaziabad directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning the non-metric unit 'inch', which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated March 11, 2015 to the SCN seeking compounding of the aforesaid violations. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.12 million on March 11, 2015.

23. A notification dated December 9, 2011 was issued by the Government of Maharashtra prohibiting employment of contract labor for cleaning, maintenance, gardening, material supply, electrical maintenance, fabrication, internal transport, security, machine repairing and other technical works in the tractor division

of our Promoter, Nagpur Plant (the "**Notification**"). Our Promoter by a petition before the Bombay High Court (Nagpur Bench) (the "**High Court**") challenged the Notification. The High Court by an order dated December 24, 2013 dismissed the Notification and directed the Contract Labor Advisory Board (the "**Advisory Board**") to decide the matter. Subsequently, the Government of Maharashtra passed an order dated September 18, 2014 withdrawing the notification for one year, subject to submission of an undertaking from our Promoter. Accordingly, our Promoter submitted an undertaking dated November 14, 2014 to the Advisory Board for, inter alia, (i) ensuring that if the contractor changes, the laborers will not be changed; (ii) enhancing wages of the laborers and improve their service conditions through wage agreements; (iii) giving preference to contract labor in case of vacancy in permanent workmen.

24. Our Promoter received a notice dated March 17, 2016 from the Legal Metrology Inspector, Shimoga alleging that declaration of retail sale price was not mentioned on four packages of Mahindra tank units manufactured by our Promoter, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.05 million.

25. Our Promoter received a show cause notice dated March 22, 2017 from the Legal Metrology Inspector, Lucknow directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning the lifting capacity as 1640 'kgs', which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.11 million.

26. Our Promoter received a show cause notice dated January 30, 2017 from the Legal Metrology Inspector, Wani (Yavatmal), Maharashtra alleging that certain spares seized did not have the declaration "inclusive of all taxes" printed alongside the maximum retail price, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). Our Promoter filed a reply dated April 6, 2017 to the SCN seeking compounding of the aforesaid violation. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.18 million.

27. Our Promoter received a show cause notice dated May 20, 2017 from the Legal Metrology Inspector, Chamarajanagar, Mysore, alleging that the retail sales price was declared without the currency symbol on the three seized pre-packages of Mahindra Suction Filter (40 Micron)-HII, thereby violating certain provisions of the Metrology Act, 2009 (the "SCN"). Our Promoter filed a reply dated June 8, 2017 to the SCN seeking compounding of the aforesaid violation. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.31 million.

28. Our Promoter received a show cause notice dated August 10, 2016 from the Inspector, Security Guard Board alleging non-compliance of certain provisions of the Private Security Guards (Regulation of Employment and Welfare) Scheme, 2002 pertaining to payment of wages to registered security guards and maintenance of records (the "**SCN**"). Our Promoter filed a reply dated September 15, 2016 to the SCN. The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.11 million.

29. Our Promoter received a show cause notice dated June 20, 2017 from the Legal Metrology Inspector, Kanpur directing our Promoter to explain as to why no action should be taken for an advertisement published by our Promoter in a newspaper mentioning the rear tyres as 13.6" x 28", which is non-standard, thereby violating certain provisions of the Metrology Act, 2009 (the "**SCN**"). The matter has been compounded and our Promoter has paid a compounding amount of ₹ 0.11 million.

30. Mahindra Agri Solutions Limited ("**MASL**"), which was earlier a division of our Promoter and was subsequently demerged, received a letter dated July 12, 2017 from the Plant Protection Officer, Farukabad, which was also marked to our Promoter, stating that certain insecticide manufactured by our Promoter was misbranded as the active ingredient content Chlorpyrifos 20% EC was found at 14.89% against 20% as was stated in the label of the insecticide. MASL filed a reply dated September 5, 2016. MASL has not received any reply from the authorities as on date.

31. Mahindra Agri Solutions Limited ("**MASL**"), which was earlier a division of our Promoter and was subsequently demerged, received a letter dated September 3, 2016 from the Divisional Quality Control

Inspector, Pune and a copy of the same was marked to our Promoter stating that sample of certain insecticide manufactured by Mitul Industries and marketed by MASL and our Promoter does not conform to the relevant CIB/BIS specifications and accordingly is misbranded. MASL filed a reply dated September 12, 2016. MASL has not received any reply from the authorities as on date.

32. Mahindra Agri Solutions Limited ("**MASL**"), which was earlier a division of our Promoter and was subsequently demerged, received a letter dated January 7, 2017 from the Plant Protection Officer, Farukabad, and a copy of the same was marked to our Promoter stating that certain insecticide manufactured by our Promoter and marketed by MASL was misbranded since the active ingredient content of Alphacypemethrin 10% E.C was found at 7.56% E.C. MASL filed a reply dated February 17, 2017. MASL has not received any reply from the authorities as on date.

33. Our Promoter received a show cause notice dated September 13, 2017 bearing no. 37 ("**SCN**") from the Senior Inspector of Legal Metrology, Department of Weights and Measurements, Government of Uttar Pradesh -Varanasi alleging that on September 11, 2017 in an advertisement ("**Advertisement**") of the Mahindra Supro Mini Truck published in the 'Hindustan' on page number 15, the length of the deck of the Mahindra Supro Mini Truck was wrongly calculated and mentioned as 2280mm (7.5 feet) instead of 7.6 feet thereby violating the provisions of section 11 of the Legal Metrology Act, 2009 and punishable under sections 29 and 49 of the Legal Metrology Act, 2009. On September 25, 2017, our Promoter filed a reply to the SCN explaining how we arrived at the calculation and that the correct figure would be 7.5 feet as given in the Advertisement. On October 5, 2017, the Promotor received a reply from the Senior Inspector of Legal Metrology stating that any sort of approximation of a value is wrong and only the exact corresponding value, upon conversion, should be mentioned. Our Promoter filed a reply dated October 27, 2017 to the Legal Metrology Officer. No further communication from the Legal Metrology Officer has been received in this matter.

Details of inquiries, inspections or investigations initiated or conducted under the Companies Act, 1956 or the Companies Act, 2013 against our Company and its Subsidiaries in the last three years along with section wise details of prosecutions filed (whether pending or not), fines imposed or compounding of offences against our Company and its Subsidiaries in the last three years.

Nil

Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company.

There have been instances of fraud, which are inherent in the nature of the business of our Company. However, there is no material fraud committed against our Company in the last three Fiscals.The total amount involved in all acts of fraud committed against our Company in the last three Fiscals is set forth below:

Fiscal 2017	Fiscal 2016	Fiscal 2015
176 cases of frauds aggregating to ₹ 39.71 million	150 cases of frauds aggregating to ₹ 55.99 million	119 cases of frauds aggregating to ₹ 35.40 million

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon.

As of date of this Placement Document, there is no outstanding default in undisputed statutory payments, repayment of debentures and interest thereon, repayment of deposits and interest thereon, and repayment of loan from any bank or financial institution and interest thereon.

Summary of reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of circulation of this Placement Document and of their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.

Nil

INDEPENDENT AUDITORS

The Condensed Interim Audited Consolidated Financial Statements of the Company included in this Placement Document, have been audited by B S R & Co. LLP, independent auditors, as stated in their report appearing herein. The audit report covering the Condensed Interim Audited Consolidated Financial Statements of the Company as of and for the half year ended September 30, 2017 contains an other matters paragraph that states that B S R & Co. LLP did not audit the condensed interim financial statements of three subsidiaries, included in the Condensed Interim Audited Consolidated Financial Statements. These condensed interim financial statements of three subsidiaries have been audited by other auditors whose reports have been furnished to B S R & Co. LLP, and the opinion on the Condensed Interim Audited Consolidated Financial Statements, to the extent they have been derived from such condensed interim financial statements of three subsidiaries is based solely on the report of such other auditors. B S R & Co. LLP did not audit the condensed interim financial statements of the joint venture included in the Condensed Interim Audited Consolidated Financial Statements. The amounts included in respect of this joint venture are based solely on such condensed interim financial statements of the joint venture certified by management.

The condensed interim standalone financial statements of the Company as of and for the half year ended September 30, 2017, have been audited by B S R & Co. LLP, independent auditors, as stated in their report. The audit report covering the condensed interim standalone financial statements of the Company as of and for the half year ended September 30, 2017 contains an other matters paragraph to draw attention to the fact that corresponding figures for the half year ended September 30, 2016 is unaudited and the corresponding figures for the year ended March 31, 2017 were audited by other auditors who expressed an unmodified opinion.

The condensed interim standalone financial statements of Mahindra Rural Housing Finance Limited as of and for the half year ended September 30, 2017 have been audited by B S R & Co. LLP, independent auditors, as stated in their report. The audit report covering the condensed interim standalone financial statements of Mahindra Rural Housing Finance Limited as of and for the half year ended September 30, 2017 contains an other matters paragraph to draw attention to the fact that corresponding figures for the half year ended September 30, 2016 is unaudited and the corresponding figures for the year ended March 31, 2017 were audited by other auditors who expressed an unmodified opinion.

The Audited Consolidated Financial Statements of the Company included in this Placement Document, have been audited by B. K. Khare & Co, Chartered Accountants, who were the statutory auditors of our Company till July 24, 2017.

GENERAL INFORMATION

- Our Company was incorporated at Mumbai as Maxi Motors Financial Services Limited on January 1, 1991 as a public limited company under the Companies Act, 1956, as amended with registration no. 11-059642 and was granted a certificate of incorporation by the RoC. Subsequently, the name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992. Our Company is registered as a deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. The Corporate Identity Number of our Company is L65921MH1991PLC059642.

- Equity Shares of our Company with a face value of ₹ 2. The Equity Shares are listed on NSE and BSE.

- The Issue was authorized and approved by the Board of Directors on November 1, 2017 and approved by the shareholders at an extra-ordinary general meeting held on November 29, 2017.

- Our Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE on November 30, 2017 and November 30, 2017, respectively.

- Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

- There has been no material change in the financial or trading position of our Company since September 30, 2017, the date of the Audited Financial Statements prepared in accordance with Indian GAAP included in this Placement Document, except as disclosed in this Placement Document.

- Except as disclosed in this Placement Document, there are no outstanding legal or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which is material in terms of Policy for Determination of Materiality for Disclosure of Events/Information, as adopted by the Board. For further details, see section "***Legal Proceedings***" beginning on page 209.

- Copies of the Memorandum of Association and Articles of Association of our Company will be available for inspection between 11.00 A.M. to 1.00 P.M. any weekday (except Saturdays and public holidays) during the Bid/Issue Period at the Registered Office.

- Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations.

- The Floor Price for the Equity Shares under the Issue is ₹ 439.63 per Equity Share which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations.

- Details of the Compliance Officer:

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

FINANCIAL STATEMENTS

Index to Financial Statements

Independent Auditor's Report

To the Board of Directors of
Mahindra & Mahindra Financial Services Limited

Report on the condensed interim consolidated financial statements

We have audited the accompanying condensed interim consolidated financial statements of Mahindra & Mahindra Financial Services Ltd (the 'Company') and its subsidiaries and joint venture (hereinafter collectively referred to as the 'Group'), which comprise the condensed interim consolidated balance sheet as at 30 September 2017, the condensed interim consolidated statement of profit and loss and condensed interim consolidated cash flow statement for the half year then ended and a summary of selected explanatory notes.

Management's responsibility for the condensed interim consolidated financial statements

The Company's Board of Directors is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with the recognition and measurement principles of Accounting Standard 25 ('AS–25'), Interim Financial Reporting as specified under section 133 of the Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (the "Rules"), circulars and guidelines issued by the Reserve Bank of India (the 'RBI') from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India.

The respective board of directors of the Company, its subsidiary companies and joint venture included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed interim consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these condensed interim consolidated financial statements based on our audit. We conducted our audit of the condensed interim consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed consolidated interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the condensed interim consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed interim consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the condensed interim consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Group has in place an adequate internal financials controls system over financial reporting and the effectiveness of such control.

Auditor's responsibility ***(Continued)***

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the condensed interim consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the condensed interim consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid condensed interim consolidated financial statements of the Group have been prepared in all material respects in accordance with the recognition and measurement principles of AS-25, Interim Financial Reporting, as specified under section 133 of the Act, read with Rule 7 of the Rules, circulars and guidelines issued by the RBI from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India, to the extent applicable to the condensed interim consolidated financial statements.

Other matter

We did not audit the condensed interim financial statements of three subsidiaries included in the condensed interim consolidated financial statements, whose condensed interim financial statements reflect total assets of Rs.38,626.16 lakhs as at 30 September 2017, total revenue of Rs.10,392.03 lakhs and net cash inflows amounting to Rs. 411.10 lakhs for the half year then ended. These condensed interim financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the condensed interim consolidated financial statements, to the extent they have been derived from such condensed interim financial statements is based solely on the report of such other auditors.

We did not audit the condensed interim financial statements of the joint venture included in the condensed interim consolidated financial statements, whose condensed interim financial statements reflect total assets of Rs.3,19,882.17 lakhs as at 30 September 2017, total revenue of Rs.8,563.61 lakhs and net cash inflows amounting to Rs. 16.91 lakhs for the half year then ended. These condensed interim financial statements have been furnished to us by management and our report on the condensed interim consolidated financial statements in so far as it relates to the amounts included in respect of this joint venture is based solely on such condensed interim financial statements certified by management. Our opinion is not modified in respect of the said matter.

Attention is drawn to the fact that the corresponding figures for the half year ended 30 September 2016 as reported in the condensed interim consolidated financial statements are unaudited and the corresponding figures for the year ended 31 March 2017 as reported in the condensed interim consolidated financial statements were audited by other auditors who expressed an unmodified opinion on the annual financial statements for the year ended 31 March 2017 dated 25 April 2017.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
25 November 2017

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Condensed Interim Consolidated Balance Sheet as at 30 September 2017

Rs. in Lakhs

	Particulars	Note no.	As at 30 September 2017	As at 31 March 2017
			(Audited)	**(Audited)**
A.	**EQUITY & LIABILITIES**			
1)	**Shareholders' funds**			
	a) Share capital	2	11,301.96	11,300.83
	b) Reserves and surplus	3	6,82,990.40	6,84,714.72
			6,94,292.36	6,96,015.55
2)	MINORITY INTEREST		10,479.71	9,980.11
3)	**Non-current liabilities**			
	a) Long-term borrowings	4	27,71,116.11	24,98,492.31
	b) Other long-term liabilities	5	54,870.29	42,741.10
	c) Long-term provisions	6	90,889.40	62,168.69
			29,16,875.80	26,03,402.10
3)	**Current liabilities**			
	a) Short-term borrowings	7	8,18,166.52	7,21,762.80
	b) Trade payables	8		
	(i) Micro and small enterprises		-	-
	(ii) Other than micro and small enterprises		69,203.26	69,442.05
	c) Other current liabilities	9	10,34,678.05	10,68,206.83
	d) Short-term provisions	10	1,96,558.82	1,71,847.71
			21,18,606.65	20,31,259.39
	TOTAL EQUITY & LIABILITIES		**57,40,254.52**	**53,40,657.15**
B.	**ASSETS**			
1)	**Non-current assets**			
	a) Property, plant and equipment	11		
	i) Tangible assets		12,218.41	12,931.37
	ii) Intangible assets		789.06	403.76
	iii) Capital work-in-progress		45.71	55.67
	iv) Goodwill on consolidation		4.05	4.05
	v) Intangible assets under development		84.68	58.21
	b) Non-current investments	12	76,072.83	79,794.03
	c) Deferred tax assets (net)		79,903.24	75,717.77
	d) Long-term loans and advances	13	29,87,061.21	28,17,526.07
	e) Other non-current assets	14	13,182.71	11,283.88
			31,69,361.90	29,97,774.81
2)	**Current assets**			
	a) Current investments	15	36,806.04	59,239.85
	b) Trade receivables	16	4,044.58	2,295.93
	c) Cash and bank balances	17	44,671.82	60,387.54
	d) Short-term loans and advances	18	24,81,610.13	22,17,662.88
	e) Other current assets	19	3,760.05	3,296.14
			25,70,892.62	23,42,882.34
	TOTAL ASSETS		**57,40,254.52**	**53,40,657.15**

The selected explanatory notes form an integral part of the condensed interim consolidated financial statements.
As per our report of even date attached.

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

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Venkataramanan Vishwanath
Partner
Membership No.113156

Ramesh Iyer
Vice-Chairman &
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Mumbai, November 25, 2017

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Condensed Interim Consolidated Statement of Profit and Loss for the half year ended 30 September 2017

Rs. in Lakhs

	Particulars	Note No.	For the half year ended 30 September 2017 (Audited)	For the half year ended 30 September 2016 (Unaudited)
1	Revenue from operations	20	3,85,367.83	3,28,855.73
2	Other income	21	1,797.54	3,125.55
3	**Total revenue (1+2)**		**3,87,165.37**	**3,31,981.28**
4	**Expenses:**			
	a) Employee benefits expense	22	51,813.13	43,274.76
	b) Finance costs	23	1,68,322.59	1,55,332.18
	c) Depreciation and amortization expenses	24	2,626.26	2,466.93
	d) Loan provisions and write offs	25	94,272.52	56,913.26
	e) Other expenses	26	43,524.84	37,789.16
	Total expenses		**3,60,559.34**	**2,95,776.29**
5	**Profit before tax (3 - 4)**		**26,606.03**	**36,204.99**
6	**Tax expense:**			
	Current tax		14,078.71	19,016.67
	Deferred tax		(4,178.87)	(5,582.41)
			9,899.84	**13,434.26**
7	**Profit after tax for the period (5 - 6)**		**16,706.19**	**22,770.73**
8	Minority Interest		**795.71**	**601.56**
9	**Profit for the period after tax and minority interest (7-8)**		**15,910.48**	**22,169.17**
10	Earnings per equity share (Rupees) :	27		
	(Face value - Rs.2/- per share)			
	(1) Basic		2.82	3.93
	(2) Diluted		2.81	3.90

The selected explanatory notes form an integral part of the condensed interim consolidated financial statements.
As per our report of even date attached.

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

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Venkataramanan Vishwanath
Partner
Membership No.113156

Ramesh Iyer
Vice-Chairman &
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Mumbai, November 25, 2017

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Condensed Interim Consolidated Cash flow statement for the half year ended 30 September 2017

Rs. in Lakhs

	Particulars	For the half year ended 30 September 2017	For the half year ended 30 September 2016
		(Audited)	(Unaudited)
A.	Net cash used in operating activities	(4,23,310.74)	(3,94,139.29)
B.	Net cash generated from investing activities	33,987.17	22,536.45
C.	Net cash generated from financing activities	3,78,144.64	3,64,671.14
	Net decrease in cash and cash equivalents (A+B+C)	(11,178.93)	(6,931.70)
	Cash and cash equivalents at the beginning of the period	43,726.44	23,567.44
	Cash and cash equivalents at the end of the period (refer note no. 17 (a))	32,547.51	16,635.74

Note : The above Condensed Interim consolidated Cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

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

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Venkataramanan Vishwanath
Partner
Membership No.113156

Ramesh Iyer
Vice-Chairman &
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Mumbai, November 25, 2017

I. Selected explanatory notes to Condensed Interim Consolidated Financial Statements for the half period ended 30 September 2017

Background

Mahindra & Mahindra Financial Services Limited ("Company") is registered as a Non-Banking Financial company (Systemically Important Deposit Accepting) ("NBFC") with Reserve Bank of India with effect from 4 September 1998. The Company is a subsidiary of Mahindra & Mahindra Limited.

1) Summary of Significant Accounting Policies

A. Basis of preparation of condensed interim consolidated financial statements

The condensed Interim consolidated financial statements comprise of condensed financial statements of the Company and its subsidiaries and joint venture (herein collectively referred to as the 'Group').

The accompanying condensed interim consolidated financial statements have been prepared and presented under the historical cost convention as a going concern and on the accrual basis of accounting and comply with Accounting Standard 21 (AS 21) – 'Consolidated Financial Statements', Accounting Standard 27 (AS 27) – 'Financial Reporting of Interests in Joint Ventures' and Accounting Standard (AS 25) - 'Interim Financial Reporting' and other accounting standards to the extent applicable to the condensed interim financial statements, referred under section 133 of the companies act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, circulars and guidelines issued by the Reserve Bank of India (the 'RBI') from time to time as applicable to Non-Banking Finance Companies and other accounting principles generally accepted in India ("Indian GAAP").

The accounting policies followed in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of Annual Consolidated Financial Statements of the Company for the year ended 31 March 2017. The condensed interim financial statements should be read in conjunction with Annual Consolidated Financial Statements for the year ended 31 March 2017.

B. Use of Estimates

The preparation of condensed interim consolidated financial statements in conformity with Indian GAAP requires management of the Group to make certain estimates and assumptions that affect the reported balance of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the condensed interim consolidated financial statements and reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying condensed interim consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the condensed interim consolidated financial statements. Management believes that the estimates used in preparation of the condensed interim consolidated financial statements are prudent and reasonable. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

C. Taxation

Income tax expense is recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial period. Deferred tax assets are recognized if there is a reasonable certainty that there will be a sufficient future taxable income available to realize such assets based on the future estimate of the profits

2) Share Capital

Rs. in Lakhs

Particulars	As at 30 September 2017 (Audited)	As at 31 March 2017 (Audited)
Authorised capital :		
70,00,00,000 equity shares of Rs.2/- each (31 March 2017: 70,00,00,000 equity shares of Rs.2/- each)	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each (31 March 2017: 50,00,000 equity shares of Rs.2/- each)	5,000.00	5,000.00
Issued capital :		
56,87,64,960 equity shares of Rs.2/- each (31 March 2017: 56,87,64,960 equity shares of Rs.2/- each)	11,375.30	11,375.30
Subscribed and paid-up capital :		
56,87,64,960 equity shares of Rs.2/- each fully paid up (31 March 2017: 56,87,64,960 equity shares of Rs.2/- each)	11,375.30	11,375.30
Less : Shares issued to ESOS trust but not allotted by it to employees	73.34	74.47
(36,66,843 equity shares of Rs.2/- each (31 March 2017 : 37,23,298 equity shares of Rs.2/- each))		
Total	**11,301.96**	**11,300.83**

3) Reserves and Surplus

Rs. in Lakhs

Particulars	As at 30 September 2017 (Audited)	As at 31 March 2017 (Audited)
Capital redemption reserve :		
Balance as at the beginning of the period	5,000.00	5,000.00
Balance as at the end of the period	**5,000.00**	**5,000.00**
Securities premium reserve:		
Balance as at the beginning of the period	2,02,627.99	2,03,252.40
Add : Additions during the period on account of -		
i) Exercise of employee stock options	127.29	1,029.01
	2,02,755.28	2,04,281.41
Less : Deductions during the period in respect of expenses related to public issue of Non-convertible Debentures	1,999.60	1,653.42
Balance as at the end of the period	2,00,755.68	2,02,627.99
Less : Shares issued to ESOP trust but not allotted to employees	64.39	64.39
Net balance as at the end of the period	**2,00,691.29**	**2,02,563.60**

Reserves and Surplus (contd …)

Rs. In Lakhs

Particulars	**As at 30 September 2017**	**As at 31 March 2017**
	(Audited)	**(Audited)**
Debenture redemption reserve (DRR):		
Balance as at the beginning of the period	2,649.86	-
Add : Transfers during the period representing creation of DRR at the rate of 25% on a proportionate basis over the tenor of debentures issued to public	-	2,649.86
Balance as at the end of the period	**2,649.86**	**2,649.86**
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987:		
Balance as at the beginning of the period	1,27,679.93	1,16,765.56
Add : Transfers from Surplus in the Statement of profit and loss	-	10,914.37
Balance as at the end of the period	**1,27,679.93**	**1,27,679.93**
General reserve :		
Balance as at the beginning of the period	57,087.20	53,084.20
Add : Transfers from Surplus in the Statement of profit and loss	-	4,003.00
Balance as at the end of the period	**57,087.20**	**57,087.20**
Foreign exchange fluctuation reserve :		
Balance as at the beginning of the period	2,226.81	2,922.18
Add : Additions during the period	263.11	(695.37)
Balance as at the end of the period	**2,489.92**	**2,226.81**
Employees stock options outstanding :		
A) Employee Stock Option Outstanding:		
Balance as at the beginning of the period	4,114.58	4,435.68
Add : Fresh grant of options	-	771.99
	4,114.58	5,207.67
Less : Transfers / reversals during the period		
i) Transfers to securities premium reserve on exercise of options	127.29	1,029.01
ii) Reversals for options lapsed	16.52	64.08
Balance as at the end of the period (A)	**3,970.77**	**4,114.58**
Less :		
B) Deferred Employee Compensation:		
Balance as at the beginning of the period	1,652.76	1,994.35
Add : Fresh grant of options	-	771.99
	1,652.76	2,766.34
Less : Amortisation during the period		
i) Transfer to employee benefit expenses	531.25	1,049.50
ii) Reversals for options lapsed	16.52	64.08
Balance as at the end of the period (B)	**1,104.99**	**1,652.76**
Balance as at the end of the period (A-B)	**2,865.78**	**2,461.82**

Reserves and Surplus (contd …)

Rs. In Lakhs

Particulars	**As at 30 September 2017**	**As at 31 March 2017**
	(Audited)	**(Audited)**
Surplus in Statement of profit and loss :		
Balance as at the beginning of the period	2,85,045.50	2,52,246.47
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at April 01, 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India	-	514.68
	2,85,045.50	2,51,731.79
Less: Corporate dividend and dividend distribution tax accounted on approval by the shareholders	16,429.56	-
Add : Profit for the period transferred from the Statement of profit and loss	15,910.48	51,163.67
	2,84,526.42	302895.46
Less : Appropriations :		
General reserve	-	4,003.00
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987 *	-	10,914.37
Debenture Redemption Reserve	-	2,649.86
Corporate dividend tax on equity shares	-	282.73
	-	17,849.96
Balance as at the end of the period	**2,84,526.42**	**2,85,045.50**
Total	**6,82,990.40**	**6,84,714.72**

* As per Section 45-IC of Reserve Bank of India Act 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank of India within twenty one days from the date of such withdrawal. The said amount will be transferred at the end of the financial year.

In case of Mahindra Rural Housing Finance Limited, as per Section 29C of National Housing Bank Act, 1987, every housing finance company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the Statement of profit and loss and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the housing finance company except for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within twenty one days from the date of such withdrawal. The said amount will be transferred at the end of the financial year.

4) Long-term borrowings

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Non-convertible debentures (secured)	13,69,430.00	12,23,680.00
Unsecured bonds (Subordinate debts)	3,49,583.13	2,25,030.00
Term loans from banks (secured)	7,07,312.70	6,56,336.84
Term loans from others (secured)	5,467.39	8,394.19
Foreign currency loans from banks (secured)	39,026.04	47,460.87
Foreign currency loans from others (secured)	1,24,438.89	1,18,296.56
Fixed deposits (unsecured)	1,75,857.96	2,19,293.85
Total	**27,71,116.11**	**24,98,492.31**

5) Other long-term liabilities :

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Deposits/advances received against loan agreements	3,506.20	3,932.57
Interest accrued but not due on borrowings	44,030.57	33,437.36
Deferred subvention income	2,345.12	2,535.73
Unrealised gains on loan transfers under securitisation transactions	3,057.49	2,471.88
Cash profit on loan transfers under assignment transactions pending recognition	0.96	1.34
Derivative contract payables	558.65	361.22
Other long term liabilities	1.00	1.00
Deferred premium payable to bank under forward exchange contracts on foreign currency loans	1,370.30	-
Total	**54,870.29**	**42,741.10**

6) Long-term provisions :

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Provisions for employee benefits	3,428.89	2,836.21
Others -		
- Provisions for Non-performing assets	76,909.91	48,927.17
- Contingent provisions for standard assets	10,550.60	10,394.98
- Higher provisions on restructured standard advances	-	7.30
- Provisions for diminution in the fair value of restructured advances	-	3.03
Total	**90,889.40**	**62,168.69**

7) Short term borrowings

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Loans repayable on demand :		
- Cash credit facilities with banks (secured)	43,287.48	78,069.35
Loans and advances from related parties :		
- Inter corporate deposits (unsecured)	35,000.00	65,000.00
Deposits :		
- Fixed deposits (unsecured)	21,877.68	24,311.71
Other loans and advances :		
- Term loan from banks		
- Secured	1,05,600.00	81,050.00
- Unsecured	47,700.00	7,400.00
- Commercial Papers (unsecured)	4,75,000.00	3,85,500.00
- Foreign currency loans from others (secured)	89,701.36	80,431.74
Total	**8,18,166.52**	**7,21,762.80**

8) Trade payables :

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
(i) Micro and Small Enterprises	-	-
(ii) Other than Micro and Small Enterprises	69,203.26	69,442.05
Total	**69,203.26**	**69,442.05**

9) Other current liabilities :

Rs. in Lakhs

Particulars	As at	
	30 September 2017	31 March 2017
	(Audited)	(Audited)
Current maturities of long-term debt		
Non-convertible debentures (secured)	3,98,130.00	2,43,380.00
- Unsecured bonds (subordinate debts)	-	6,880.00
- Term loans from banks (secured)	1,97,775.27	3,08,157.78
- Term loans from others (secured)	4,808.23	5,311.81
- Foreign currency loans from banks (secured)	51,864.85	52,099.08
- Foreign currency loans from others (secured)	65,719.29	62,270.65
- Fixed deposits (unsecured)	1,49,653.89	1,82,750.58
	8,67,951.53	8,60,849.90
Interest accrued but not due on borrowings	98,425.45	96,457.81
Deferred subvention income	2,019.37	2,076.62
Unclaimed dividends	65.93	52.66

Other Current Liabilities (contd …)

Rs. in Lakhs

Particulars	**As at**	
	30 September 2017	**31 March 2017**
	(Audited)	**(Audited)**
Unpaid matured deposits and interest accrued thereon	429.00	376.37
Unpaid interest on subordinated debentures (retail issue)	3.04	0.05
Other payables :		
- Deposits / advances received against loan agreements	4,682.95	5,209.69
- Amount Received in advance from ESOS Trust	137.73	138.86
- Credit balances in current accounts with banks as per books	14,019.24	61,833.73
- Unrealised gains on loan transfers under securitisation transactions	12,875.08	17,300.26
- Cash profit on loan transfers under assignment transactions pending recognition	2.16	3.32
- Insurance premium payable	3,140.80	4,222.56
- Payables under assignment / securitisation transactions	3,843.43	3,305.85
- Statutory dues payable	1,827.28	3,506.52
- Derivative contract payables	1,315.00	259.45
- Deferred premium payable to bank under forward exchange contracts on FCNR loans	1,039.28	2,286.21
- Provision for expenses	12,219.77	-
- Others	10,681.01	10,326.97
Total	**10,34,678.05**	**10,68,206.83**

10) Short-term provisions :

Rs. in Lakhs

Particulars	**As at**	
	30 September 2017	**31 March 2017**
	(Audited)	**(Audited)**
Provisions for employee benefits	7,554.09	7238.06
Others -		
- Provisions for Non-performing assets	1,80,946.26	1,57,008.62
- Contingent provisions for standard assets	8,058.47	7,579.78
- Higher provisions on restructured standard advances	-	15.01
- Provisions for diminution in the fair value of restructured advances	-	6.24
Total	**1,96,558.82**	**1,71,847.71**

11) Property, Plant and Equipment

As at 30 September, 2017 (Audited) Rs.in Lakhs

	GROSS BLOCK AT COST				DEPRECIATION AND AMORTISATION				NET BLOCK	
Asset Description	**Balance as at 01 April, 2017**	**Additions**	**Deductions / Adjustments**	**As at 30 September, 2017**	**Balance as at 01 April, 2017**	**Additions**	**Deductions / Adjustments**	**As at 30 September, 2017**	**As at 30 September, 2017**	**As at 31 March, 2017**
i) Tangible Assets:										
Land	0.00	81.40	0.00	81.40	0.00	0.00	0.00	0.00	81.40	0.00
Premises	132.04	0.00	0.00	132.04	23.58	1.10	0.00	24.68	107.36	108.46
Computers	8025.07	609.33	23.06	8611.34	5546.32	693.57	22.50	6217.39	2393.95	2478.75
Furniture and Fixtures	8163.96	233.72	43.24	8354.44	4564.19	414.69	38.89	4939.99	3414.45	3599.77
Vehicles	7131.89	485.16	236.79	7380.26	4079.48	613.71	194.66	4498.53	2881.73	3052.41
Office Equipment	9358.96	326.85	51.71	9634.10	5666.98	684.51	49.64	6301.85	3332.25	3691.98
Vehicles/assets on operating lease	0.00	7.28	0.00	7.28	0.00	0.01	0.00	0.01	7.27	0.00
Total (i)	**32811.92**	**1743.74**	**354.80**	**34200.86**	**19880.55**	**2407.59**	**305.69**	**21982.45**	**12218.41**	**12931.37**
ii) Intangible Assets:										
Computer software	3015.78	603.98	0.00	3619.76	2612.02	218.68	0.00	2830.70	789.06	403.76
Total (ii)	**3015.78**	**603.98**	**0.00**	**3619.76**	**2612.02**	**218.68**	**0.00**	**2830.70**	**789.06**	**403.76**
iii) Capital Work in progress									45.71	55.67
Total (iii)									**45.71**	**55.67**
iv) Goodwill on consolidation	4.05	0.00	0.00	4.05	0.00	0.00	0.00	0.00	4.05	4.05
Total (iv)	**4.05**	**0.00**	**0.00**	**4.05**	**0.00**	**0.00**	**0.00**	**0.00**	**4.05**	**4.05**
v) Intangible assets under development									84.68	58.21
Total (v)									**84.68**	**58.21**
Total (i to v)	**35831.75**	**2347.72**	**354.80**	**37824.67**	**22492.57**	**2626.27**	**305.69**	**24813.15**	**13141.91**	**13453.06**

As at 31 March, 2017 (Audited) Rs.in Lakhs

Asset Description	GROSS BLOCK AT COST				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Balance as at 01 April, 2016	**Additions**	**Deductions / Adjustments**	**As at 31 March, 2017**	**Balance as at 01 April, 2016**	**Additions**	**Deductions / Adjustments**	**As at 31 March, 2017**	**As at 31 March, 2017**	**As at 31 March, 2016**
i) Tangible Assets:										
Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Premises	132.04	0.00	0.00	132.04	21.37	2.21	0.00	23.58	108.46	110.67
Computers	6478.90	1810.16	263.99	8025.07	4574.66	1234.44	262.78	5546.32	2478.75	1904.24
Furniture and Fixtures	7644.46	598.75	79.25	8163.96	3740.72	881.20	57.73	4564.19	3599.77	3903.74
Vehicles	6510.15	1403.18	781.44	7131.89	3643.14	1139.84	703.50	4079.48	3052.41	2867.01
Office Equipment	8104.88	1483.01	228.93	9358.96	4544.60	1343.14	220.76	5666.98	3691.98	3560.28
Total (i)	**28870.43**	**5295.10**	**1353.61**	**32811.92**	**16524.49**	**4600.83**	**1244.77**	**19880.55**	**12931.37**	**12345.94**
ii) Intangible Assets:										
Computer software	2395.82	619.96	0.00	3015.78	1840.52	771.50	0.00	2612.02	403.76	555.30
Total (ii)	**2395.82**	**619.96**	**0.00**	**3015.78**	**1840.52**	**771.50**	**0.00**	**2612.02**	**403.76**	**555.30**
iii) Capital Work in progress									55.67	1.85
Total (iii)									**55.67**	**1.85**
iv) Goodwill on consolidation	4.05	0.00	0.00	4.05	0.00	0.00	0.00	0.00	4.05	4.05
Total (iv)	**4.05**	**0.00**	**0.00**	**4.05**	**0.00**	**0.00**	**0.00**	**0.00**	**4.05**	**4.05**
v) Intangible assets under development									58.21	0.00
Total (v)									**58.21**	**0.00**
Total (i to v)	**31270.30**	**5915.06**	**1353.61**	**35831.75**	**18365.01**	**5372.33**	**1244.77**	**22492.57**	**13453.06**	**12907.14**

12) Non-current investments :

Rs. in Lakhs

Particulars	As at 30 September 2017	As at 31 March 2017
	(Audited)	(Audited)
A) Quoted (at cost) :		
Trade:		
Government securities	70,334.33	70,418.03
Secured redeemable non-convertible debentures (Non-current portion of long term investments in secured redeemable non-convertible debentures)	5,287.50	8,975.00
Non-trade :		
Units of mutual funds	450.00	400.00
(A)	76,071.83	79,793.03
B) Unquoted (at cost) : (Non-trade)		
Equity investment in other entities :		
New Democratic Electoral Trust - Fully paid-up : 10,000 equity shares of Rs.10/- each fully paid up (March 2017:10,000 equity shares of Rs.10/- each fully paid up)	1.00	1.00
(B)	1.00	1.00
Total (A + B)	**76,072.83**	**79,794.03**

13) Long-term loans and advances :

Rs. in Lakhs

Particulars	As at 30 September 2017	As at 31 March 2017
	(Audited)	(Audited)
Capital advances (Unsecured, considered good)	1,001.84	394.94
Security Deposits (Unsecured, considered good)	2,943.31	2,486.78
Loans and advances to related parties :		
Inter corporate deposits (unsecured, considered doubtful)	100.00	-
Other loans and advances :		
- Secured, considered good		
- Loans against assets	27,45,344.12	26,86,417.75
- Retained interest in Pass Through Certificates under securitization transactions	15.33	40.85
- Retained interest under assignment transactions	145.18	145.90
- Unsecured, considered good		
- Interest only strips under securitization transactions	3,057.49	2,471.88
- Advance payment of taxes (net of provisions)	31,060.57	17,386.48
- Other Loans and advances (including overdue loans)	7,742.17	5,128.88
- Considered non-performing		
- Loans against assets (Secured)	1,95,166.92	1,02,637.13
- Other Loans and advances (including overdue loans) (Unsecured)	484.28	415.48
Total	**29,87,061.21**	**28,17,526.07**

14) Other non-current assets :

Rs. in Lakhs

Particulars	**As at 30 September 2017**	**As at 31 March 2017**
	(Audited)	**(Audited)**
Others :		
Term deposits with banks		
- Free	8,159.10	294.00
- Under lien	4,047.31	10,989.88
Exchange gain receivable on forward contracts on FCNR loans	296.39	-
Deferred premium on FCNR loan forward contracts	679.91	-
Total	**13,182.71**	**11,283.88**

15) Current investments :

Rs. in Lakhs

Particulars	**As at 30 September 2017**	**As at 31 March 2017**
	(Audited)	**(Audited)**
i) Quoted :		
Units of mutual funds	831.04	28,964.84
Secured redeemable non-convertible debentures (Current portion of long term investments in secured redeemable non-convertible debentures)	6,975.00	7,775.01
	7,806.04	36,739.85
ii) Unquoted (at cost) -		
Commercial Papers (CPs)	29,000.00	22,500.00
	29,000.00	22,500.00
Total	**36,806.04**	**59,239.85**

16) Trade receivables

Rs. in Lakhs

Particulars	As at 30 September 2017 (Audited)	As at 31 March 2017 (Audited)
Trade receivable :		
- Secured, considered non-performing (on hire purchase transactions) (outstanding for a period exceeding six months from the date they are due for payment)	374.19	374.19
- Unsecured, considered good (Debts outstanding for a period not exceeding six months from the date they are due for payment)	3,575.22	1,859.20
- Unsecured (Debts outstanding for a period exceeding six months from the date they are due for payment)		
- considered good	65.17	18.95
- considered doubtful	30.00	43.59
Total	**4,044.58**	**2,295.93**

17) Cash and bank balances

Rs. in Lakhs

Particulars	As at 30 September 2017 (Audited)	As at 31 March 2017 (Audited)
a) Cash and cash equivalents :		
- Cash on hand	2,696.59	2,426.02
- Cheques and drafts on hand	1,740.19	1,258.49
- Bank balance in current accounts	28,110.73	40,041.93
	32,547.51	43,726.44
b) Bank balances other than Cash and cash equivalents		
Earmarked balances with banks -		
- Unclaimed dividend accounts	67.18	53.98
Deposits with maturity less than 12 months -		
- Free	7,393.77	1862.00
- Under lien	4,663.36	14,745.12
	12,124.31	16,661.10
Total	**44,671.82**	**60,387.54**

18) Short-term loans and advances :

Rs. in Lakhs

Particulars	**As at 30 September 2017**	**As at 31 March 2017**
	(Audited)	**(Audited)**
Loans and advances to related parties :		
Inter corporate deposits (unsecured, considered doubtful)	-	100.00
Other loans and advances :		
- Secured, considered good		
- Loans against assets	16,90,720.12	17,17,981.76
- Retained interest in Pass Through Certificates under securitization transactions	58.54	110.98
- Retained interest under assignment transactions	5.39	15.31
- Unsecured, considered good		
- Interest only strips under securitization transactions	12,875.08	17,300.26
- Other Loans and advances (including overdue loans)	3,06,023.26	1,41,467.27
- Bills of exchange	47,663.18	38,851.72
- Security deposits (Unsecured, considered good)	408.72	445.88
- Other short term advances	4,959.34	4,768.72
- Considered non-performing		
- Loans against assets (Secured)	4,08,584.11	2,92,410.35
- Other Loans and advances (including overdue loans) (Unsecured)	10,312.39	4,210.63
Total	**24,81,610.13**	**22,17,662.88**

19) Other Current Assets :

Rs. in Lakhs

Particulars	**As at 30 September 2017**	**As at 31 March 2017**
	(Audited)	**(Audited)**
Interest accrued on -		
Investments	1,422.20	1,394.60
Others deposits	1,524.22	1,206.76
Exchange gains receivable on forward contracts on FCNR loans	-	190.40
Deferred premium on FCNR loan forward contracts	813.63	504.38
Total	**3,760.05**	**3,296.14**

20) Revenue from operations

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
a) Interest		
Income from loans	3,46,628.06	2,97,122.17
Income from hire purchase	3.85	5.10
Interest on term deposits / Inter-corporate deposits / Bonds etc	3,419.52	3,400.80
Interest on retained interest in PTCs under securitization transactions	2.28	8.15
Interest on government securities :		
- Long term	2,876.00	2,610.24
(a)	3,52,929.71	3,03,146.46
b) Other financial services		
Income from insurance business / services	7,857.99	5,423.45
Income from mutual fund business	661.30	34.91
Service charges and other fees on loan transactions	14,675.99	13,027.52
Income from hire purchase	0.05	0.09
Income from bill discounting	2,548.14	2,091.12
Income from lease	0.05	-
Income from assignment / securitisation transactions	6,694.60	5,132.18
(b)	32,438.12	25,709.27
Total	**3,85,367.83**	**3,28,855.73**

21) Other Income

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Dividend income on :		
- mutual fund units	118.69	80.95
Profit/premium on sale/redemption of current investments	86.97	203.12
Other non-operating income -		
Profit on sale / retirement of owned assets (net)	24.57	1.61
Income from shared services	856.03	1,446.06
Others	711.28	1,393.81
Total	**1,797.54**	**3,125.55**

22) Employee benefits expense

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Salary, bonus and incentives	46,387.47	37,910.09
Contribution to provident funds and other funds	3,341.37	3,424.87
Employee stock compensation costs	555.62	513.10
Staff welfare expenses	1,528.67	1,426.70
Total	**51,813.13**	**43,274.76**

23) Finance costs

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Interest expense	1,66,967.09	1,54,114.20
Other borrowing costs	1,355.50	1,217.98
Total	**1,68,322.59**	**1,55,332.18**

24) Depreciation and amortization expense

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Depreciation on tangible assets	2,407.58	2,207.01
Amortization of intangible assets	218.68	259.92
Total	**2,626.26**	**2,466.93**

25) Loan provisions and write offs

Rs. in Lakhs

Particulars	For the half year ended	
	30 September 2017	30 September 2016
	(Audited)	(Unaudited)
Bad debts and write offs	41,759.16	23,428.83
Provision for Non performing assets (Net)	51,888.32	32,605.84
General provision for standard assets	634.31	878.89
Provision for diminution in the fair value of restructured advances	(9.27)	(0.30)
Total	**94,272.52**	**56,913.26**

26) Other Expenses

Rs. in Lakhs

Particulars	**For the half year ended 30 September 2017**	**30 September 2016**
	(Audited)	**(Unaudited)**
Electricity charges	1,319.16	1,217.55
Rent	3,914.87	3,791.14
Repairs -		
- Buildings	223.17	225.21
- Others	119.37	195.77
Insurance	1,281.40	1,075.91
Rates and taxes, excluding taxes on income	268.72	312.02
Directors' sitting fees and commission	43.95	38.73
Commission and brokerage	10,835.40	9,711.88
Legal and professional charges	6,439.23	5,744.26
Manpower Outsourcing Cost	821.51	202.38
Payments to the auditor -		
- Audit fees	39.41	29.95
- Taxation matters	2.00	0.75
- Other services	23.75	17.16
- Reimbursement of expenses	0.70	1.00
Corporate Social Responsibility donations and expenses	401.89	588.13
General and administrative expenses	17,790.31	14,637.32
Total	**43,524.84**	**37,789.16**

27) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	**30 September 2017**	**30 September 2016**
Net profit after tax (Rs. in Lakhs)	15,910.48	22,169.17
Weighted average number of equity shares of Rs.2/- each – Basic	565065961	564617005
Weighted Average number of equity shares of Rs.2/- each – Diluted	566167917	568751132
Basic Earnings Per Share (Rs.)	2.82	3.93
Diluted Earnings Per Share (Rs.)	2.81	3.90

28) Contingent liabilities and commitments (to the extent not provided for)

Rs. in lakhs

Particulars	As at	
	30 September 2017	**31 March 2017**
i) Contingent liabilities		
a) Claims against the Company not acknowledged as debts	15,449.68	15,868.83
b) Guarantees	21,209.72	21,037.84
	36,659.40	**36,906.67**
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	627.21	716.72
	627.21	**716.72**
Total	**37,286.61**	**37,623.39**

29) Segment reporting as per Accounting Standard 17:

Primary segment (Business segment) -

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, results, assets and capital employed.

Segment Report for the period ended 30 September 2017 :

(Rs. in Lakhs)

	Particulars	Half year ended	
		30 September 2017	**30 September 2016**
		(Audited)	**(Unaudited)**
(a)	**Segment Revenue**		
	- Financing Activities	3,80,663.87	3,28,125.95
	- Others	10,392.03	7,714.06
	Total	**3,91,055.90**	**3,35,840.01**
	Less : Inter-segment revenue	3,890.53	3,858.73
	Net Revenue	**3,87,165.37**	**3,31,981.28**
(b)	**Segment Results (Profit before tax) :**		
	- Financing Activities	24,992.24	34,022.50
	- Others	1,613.79	2,182.49
	Total	**26,606.03**	**36,204.99**
	Add : Other unallocable income net of unallocable expenditure	-	-
	Net Profit before tax	**26,606.03**	**36,204.99**

		As at	
	Particulars	**30 September 2017**	**31 March 2017**
		(Audited)	**(Audited)**
(c)	**Segment Assets :**		
	- Financing Activities	56,23,021.69	52,42,386.18
	- Others	6,269.02	5,166.72
	- Other unallocable assets	1,10,963.81	93,104.25
	Total	**57,40,254.52**	**53,40,657.15**
(d)	**Segment Liabilities :**		
	- Financing Activities	50,31,330.36	46,31,965.16
	- Others	4,152.09	2,696.33
	- Other unallocable liabilities	-	-
	Total	**50,35,482.45**	**46,34,661.49**

Note :
The Management of the Company has identified the above reportable segments.

30) The Company's operations are not seasonal in nature.

31) The Members at the Annual General Meeting held on 24 July 2017 have approved the final dividend of Rs.2.40 per equity share recommended by the Board of Directors for the financial year ended 31 March 2017 amounting to Rs. 16097.31 lakhs (including tax thereon), out of which Rs.5.07 Lakhs remained unclaimed as on 30 September 2017.

32) NPA provisioning :

a) The Company has complied with the prudential guidelines issued by the Reserve Bank of India in respect of Income Recognition and Provision for Non-Performing Assets (NPAs) and has also been making accelerated provision on a prudential basis.

b) The Company, with effect from half year ended 30 September 2016, had started considering the estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which were 24 months overdue which had resulted in lower provision of Rs.16,934.32 lakhs for the half year ended 30 September 2016 with a consequent impact on the profit before tax. In the half year ended 30 September 2017, the Company has made additional provision of Rs. 8,336.91 Lakhs against the above mentioned 100% provision cases.

c) RBI vide its notification no. DNBR/011/CGM (CDS-2015) dated 27 March 2015, has revised the asset classification norms for Non-Performing assets (NPA's) applicable to NBFCs in a phased manner commencing from Financial Year ended 31 March 2016. In line with the above notification, the company has revised asset classification norms as at 30 September 2017 for NPAs pursuant to which loans outstanding for a period of three months and above are classified as NPAs as compared to four months and above followed until 31 March 2017. This has resulted in an increase in provision by Rs.24,696.91 lakhs (including income de-recognition) as at 30 September 2017.

33) During the half year ended 30 September 2017, the Company has raised an amount of Rs.1,15,053.13 lakhs by way of Public Issuance of Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 24 July 2017 and listed on BSE Limited on 26 July 2017. The entire amount of proceeds of the issue were used for the purposes as stated in its 'Placement Document' and there is no unutilised amount pertaining to this issuance. The NCDs issue expenses of Rs.1,999.60 lakhs has been adjusted against securities premium reserve.

34) All secured Non-convertible debentures issued by the Company are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured Non-convertible debentures.

35) During the half year ended 30 September 2017, the Company has made following investments:

i) Rs. 1,259.15 Lakhs equivalent to US $ 1.96 million in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (year ended 31 March 2017: Rs.3,111.84 Lakhs equivalent to US $ 4.64 million).There is no consequent change in the Company's shareholding pattern.

ii) Rs.1,000.00 Lakhs in Mahindra Asset Management Company Private Limited, its wholly owned subsidiary, by subscription to 1,00,00,000 Equity shares of Face Value of Rs.10/- each for cash at par fully paid up on a rights basis (year ended 31 March 2017: Rs.3,045.00 Lakhs).

36) Tax expense for the half year ended 30 September 2017 is net of Rs.572.22 lakhs on account of adjustment towards excess provision for earlier year.

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

For and on behalf of the Board of Directors
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Venkataramanan Vishwanath
Partner
Membership No.113156

Ramesh Iyer
Vice-Chairman &
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Mumbai, November 25, 2017

Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of **Mahindra & Mahindra Financial Services Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are referred to as "the Group"), comprising the consolidated balance sheet as at March 31, 2017, and the consolidated statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been use for the purpose of the preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to paragraph 9 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, and its consolidated profit and consolidated cash flows for the period from April 1, 2016 to March 31, 2017.

OTHER MATTERS

9. We did not audit the financial statements of the joint venture entity whose financial statements reflect total assets of Rs. 296,452.77 lakhs as at March 31, 2017, total revenues of Rs. 14,822.81 lakhs, and net cash Outflows amounting to Rs 46.61 lakhs, respectively for the year then ended as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid joint venture and our report in so far as it relates to the aforesaid joint venture, is based solely on such unaudited financial statements / financial information. Our opinion is not modified in respect of the above matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

b. In our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;

c. The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiaries and the operating effectiveness of such controls, refer our separate report in Annexure I.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice – Refer Note 49 to the consolidated financial statements.

ii. The Group did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the auditor's report of the Indian subsidiary there were no amounts which were required to be transferred to the said fund.

iv. The Company has provided requisite disclosures in its consolidated financial statements as to Group's holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 47 to the consolidated financial statements.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker

Place : Mumbai
Date : April 25, 2017

Partner
Membership No. 044784

Annexure I to our report

of even date on the Consolidated Financial Statements of Mahindra & Mahindra Financial Services Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of **Mahindra & Mahindra Financial Services Limited** for the period from April 1, 2016 to March 31, 2017 we have audited the internal financial controls over financial reporting of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as "the Holding Company") and its four subsidiary companies incorporated in India ("Indian Subsidiary Companies"), as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company and its Indian Subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on internal financial controls over financial reporting based on our audit for the Group Companies in India. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Group Companies in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and Group Companies in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Group Companies in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Consolidated Balance Sheet

as at March 31, 2017

Rs. in Lakhs

Particulars		Note No.	As at March 31 2017	As at March 31 2016
I.	**EQUITY & LIABILITIES**			
1)	**Shareholders' funds**			
	a) Share capital	1	11,300.83	11,292.03
	b) Reserves and surplus	2	6,84,714.72	6,35,647.75
			6,96,015.55	**6,46,939.78**
	Minority Interest		**9,980.11**	**6,752.75**
2)	**Non-current liabilities**			
	a) Long-term borrowings	3	24,98,492.31	20,34,120.59
	b) Other Long-term liabilities	4	42,741.10	43,263.99
	c) Long term provisions	5	62,168.69	49,171.91
			26,03,402.10	**21,26,556.49**
3)	**Current liabilities**			
	a) Short-term borrowings	6	7,21,762.80	5,21,753.28
	b) Trade payables	7		
	(i) Micro and Small Enterprises		-	-
	(ii) Other than Micro and Small Enterprises		69,442.05	49,638.93
	c) Other current liabilities	8	10,68,206.83	992,112.79
	d) Short-term provisions	9	171,847.71	156,930.35
			20,31,259.39	**17,20,435.35**
	Total		**53,40,657.15**	**45,00,684.37**
II.	**ASSETS**			
1)	**Non-current assets**			
	a) Fixed assets	10		
	(i) Tangible assets		12,931.37	12,345.94
	(ii) Intangible assets		407.81	559.35
	(iii) Capital work-in-progress		55.67	1.85
	(iv) Intangible assets under development		58.21	-
	b) Non-current investments	11	79,794.03	65,220.87
	c) Deferred tax assets (net)	12	75,717.77	59,923.93
	d) Long-term loans and advances	13	28,17,526.07	22,94,643.63
	e) Other non-current assets	14	11,283.88	5,236.44
			29,97,774.81	**24,37,932.01**
2)	**Current assets**			
	a) Current investments	15	59,239.85	54,670.33
	b) Trade receivables	16	2,295.93	2,000.45
	c) Cash and bank balances	17	60,387.54	60,593.65
	d) Short-term loans and advances	18	22,17,662.88	19,36,636.73
	e) Other current assets	19	3,296.14	8,851.20
			23,42,882.34	**20,62,752.36**
	Total		**53,40,657.15**	**45,00,684.37**
	Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

C.B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017

Rs. in Lakhs

Particulars		Note No.	Year ended March 31 2017	2016
I.	Revenue from operations	20	7,14,620.43	6,55,386.74
II.	Other income	21	5,444.65	4,358.25
III.	**Total Revenue (I + II)**		**7,20,065.08**	**6,59,744.99**
IV.	**Expenses**			
	Employee benefits expense	22	88,663.96	70,409.22
	Finance costs	23	3,18,617.44	2,86,834.73
	Depreciation and amortization expense	24	5,372.32	4,569.78
	Loan provisions and write offs	25	1,38,955.10	1,09,819.07
	Other expenses	26	84,680.81	65,700.21
	Total Expenses		**6,36,289.63**	**5,37,333.01**
V.	**Profit before exceptional items and taxes (III - IV)**		**83,775.45**	**1,22,411.98**
VI.	**Exceptional items (net) - income / (expense)**		-	-
VII.	**Profit before extraordinary items and tax (V - VI)**		**83,775.45**	**1,22,411.98**
VIII.	**Extraordinary Items**		-	-
IX.	**Profit before tax (VII- VIII)**		**83,775.45**	**1,22,411.98**
X.	**Tax expense:**			
	(1) Current tax		46,353.48	61,439.94
	(2) Deferred tax		(15,548.01)	(17,768.11)
			30,805.47	**43,671.83**
XI.	**Profit /(Loss) for the period from continuing operations (IX - X)**		**52,969.98**	**78,740.15**
XII.	**Minority Interest**		1,806.31	1,510.79
XIII.	**Profit /(Loss) for the period (XI - XII)**		**51,163.67**	**77,229.36**
XIV.	**Earnings per equity share (Rupees) :**	32		
	(Face value - Rs.2/- per share)			
	(1) Basic		9.06	13.69
	(2) Diluted		9.00	13.58
	Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Statement of Profit and Loss.
This is the Statement of Profit and Loss referred in our report of even date.

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
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Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2017

Rs. in Lakhs

	Particulars		As at March 31	
			2017	**2016**
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before taxes and contingencies and exceptional items		83,775.45	1,22,411.98
	Add/(Less):			
	Non Cash Expenses :			
	Depreciation and amortisation expense		5,372.32	4,569.78
	Exchange Fluctuation		(695.38)	1,022.95
	Provision for non-performing assets (net)		49,904.87	56,064.16
	Bad Debts & Write offs		86,325.81	51,978.52
	General provision for Standard assets		2,725.36	1,775.75
	Higher provision & provision for diminution in the fair value of restructured advances		(0.94)	0.64
	Employee stock compensation costs		879.82	1,431.06
	Add/(Less):		**1,44,511.86**	**1,16,842.86**
	Income considered separately :			
	Income from investing activities		(6,481.81)	(5,218.58)
	(Profit)/Loss on sale of assets		(9.76)	(100.34)
	(Profit)/Loss on sale of Investment		(308.35)	-
	Income from Assignment / Securitisation transactions		(11,936.72)	(20,633.45)
			(18,736.64)	**(25,952.37)**
	Operating profit before working capital changes	**(I)**	2,09,550.67	2,13,302.47
	Less:			
	(Increase)/Decrease in interest accrued on investment/others		5,087.29	901.85
	(Increase)/Decrease in Trade receivables		483.14	(86.84)
	(Increase)/Decrease in Loans & Advances		(8,97,050.39)	(6,93,673.76)
			(8,91,479.96)	**(6,92,858.75)**
	Add: Increase in Current liabilities		82,278.51	49,400.74
		(II)	**(8,09,201.45)**	**(6,43,458.01)**
	Cash generated from operations	(I+II)	(5,99,650.78)	(4,30,155.54)
	Advance taxes paid		(53,144.24)	(65,547.73)
			(6,52,795.02)	**(4,95,703.27)**
	Net Cash Generated from / (used in) operating activities (A)		**(6,52,795.02)**	**(4,95,703.27)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets / Software		(6,283.46)	(5,538.04)
	Sale of fixed assets		118.61	236.85
	Purchase of Investments		(5,33,709.69)	(2,34,599.19)
	Investments in / maturity of term deposits with banks		12,452.00	10,913.77
	Sale of Investments		5,10,175.36	1,80,074.80
	Income received from investing activities		7,153.08	4,920.43
	(Increase) / Decrease in Earmarked balances with banks		(0.53)	5.56
	Net Cash Generated from / (Used In) Investing Activities (B)		**(10,094.63)**	**(43,985.82)**

Rs. in Lakhs

Particulars	As at March 31 2017	2016
C CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	137.06	796.64
Increase/(Decrease) in Bank borrowings (net)	(1,07,685.09)	(1,22,402.47)
Increase/(Decrease) in long term borrowings (net)	6,63,697.27	5,85,673.70
Increase/(Decrease) in short term borrowings (net)	1,48,738.94	1,334.43
Increase/(Decrease) in Fixed Deposits (net)	(38,680.21)	6,777.96
Proceeds from Assignment / Securitisation transactions	45,708.90	99,463.75
Dividend paid (including tax on dividend)	(28,868.21)	(28,590.94)
Net cash generated from / (used in) financing activities (C)	**6,83,048.66**	**5,43,053.07**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**20,159.01**	**3,363.98**
Cash and cash equivalents at the beginning of the year	**23,567.43**	**20,203.45**
Cash and cash equivalents at the end of the year (Refer Note No. 17)	**43,726.44**	**23,567.43**

COMPONENTS OF CASH AND CASH EQUIVALENTS

Rs. in Lakhs

	As at March 31 2017	2016
Cash and cash equivalents at the end of the year		
- Cash on hand	2,426.02	2,390.69
- Cheques and drafts on hand	1,258.49	544.49
- Balances with banks in current accounts	40,041.93	20,632.25
	43,726.44	**23,567.43**

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

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Dhananjay Mungale
Chairman

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Vice-Chairman &
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Dr. Anish Shah
Director

V. Ravi
Executive Director &
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Place : Mumbai
Date : April 25, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time of making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:

i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are:

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest (*)
Mahindra Insurance Brokers Limited (MIBL)	India	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Asset Management Company Pvt. Ltd. (MAMCL)	India	100.00%
Mahindra Trustee Company Pvt. Ltd. (MTCPL)	India	100.00%
Mahindra Finance USA, LLC (MFUSA)	USA	49.00%

* There is no change in the proportion of ownership interest as compared to the previous year.

2) Basis for preparation of financial statements:

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

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by Mahindra Rural Housing Finance Limited, one of the Subsidiaries, follows similar norms prescribed by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 34 of notes to the financial statements).

The joint venture (MFUSA) records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

3) Use of estimates:

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

4) Revenue recognition:

i. **General :**

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

ii. **Income from loans:**

a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

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

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

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

e) In respect of MRHFL, Income on business assets classified as Non-performing Assets, is recognised on realisation in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

f) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

g) The joint venture's (MFUSA) interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late payment charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on a cash basis after a receivable is put on non-accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

iii. **Subvention income:**
Subvention received from dealers/ manufacturers on vehicles financed is booked over the period of the contract.

iv. **Brokerage and handling charges Income:**
Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of service tax.

v. **Insurance consultancy fees:**
Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

vi. **Income from assignment / securitisation transactions:**

A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012:

i. In case of receivables assigned/ securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of Profit and Loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012:

i. Securitisation transactions:

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

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

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

ii. Assignment transactions:

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 4 and 8).

vii. Income from investments:

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accrued on time proportion basis.

5) Fixed assets, depreciation and amortization:

a) Tangible assets:

i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

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

b) Depreciation on Tangible assets:

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets:

a) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

b) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

c) In respect of MMFSL, Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's 'Tangible assets' in note no.10.

d) Residual value of the assets considered as nil reflecting the realisable value at the end of the useful life of an asset.

c) Intangible assets:

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

d) Amortization of Intangible assets:

Intangible assets comprise of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months based on estimates of useful life.

6) Foreign exchange transactions and translations:

i. Initial recognition:

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

ii. Conversion:

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

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

c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

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

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

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

iv. **Forward exchange contracts entered in to hedge foreign currency risk of an existing assets/liabilities**

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

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

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

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

7) Investments:

In respect of the Company (MMFSL), in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

8) Loans against assets:

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

9) Employee benefits:

(a) Contribution to provident fund -

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

(b) Gratuity -

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

(c) Superannuation -

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

(d) Leave encashment / compensated absences -

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

10) Borrowing costs:

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

11) Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

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

12) Securities issue expenses:

Expenses incurred in connection with fresh issue of Share capital and public issue of debt securities are adjusted against Securities premium reserve as per the provisions of section 52 of the Companies Act, 2013.

13) Impairment of assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

14) Provisions and contingent liabilities:

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

15) Employee stock compensation costs:

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

16) Lease:

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

17) Earnings Per Share:

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

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 1 SHARE CAPITAL		
Authorised capital :		
70,00,00,000 equity shares of Rs.2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital :		
56,87,64,960 equity shares of Rs.2/- each	11,375.30	11,375.30
Subscribed and paid-up capital :		
56,87,64,960 equity shares of Rs.2/- each fully paid up	11,375.30	11,375.30
Less : Shares issued to ESOS trust but not allotted by it to employees	74.47	83.27
(37,23,298 equity shares of Rs.2/- each (March 31, 2016 : 41,63,582 equity shares of Rs.2/- each))		
Total	**11,300.83**	**11,292.03**

	As at March 31			
	2017		**2016**	
	Number of shares	**Rs. in Lakhs**	**Number of shares**	**Rs. in Lakhs**
a) Reconciliation of number of equity shares -				
Balance at the beginning of the year	568764960	11,375.30	568764960	11,375.30
Add : Fresh allotment of shares	-	-	-	-
Balance at the end of the year	**568764960**	**11,375.30**	**568764960**	**11,375.30**
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding company : Mahindra & Mahindra Limited	291207660	5,824.15	291207660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Limited	291207660	5,824.15	291207660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) Terms / rights attached to equity shares

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

e) Shares issued to ESOS Trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 15.71 Lakhs (March 31, 2016 : Rs. 15.71 Lakhs) in respect of 785275 equity shares of face value of Rs.2/- each (March 31, 2016 : 785275 equity shares of face value of Rs.2/- each) and Securities premium reserve by Rs. 64.39 Lakhs (March 31, 2016 : Rs. 64.39 Lakhs) in respect of 785275 equity shares (March 31, 2016 : 785275 equity shares) pertaining to Employee Stock Option Scheme 2005 and reduced the Share capital by Rs. 58.76 Lakhs (March 31, 2016 : Rs. 67.56 Lakhs) in respect of 2938023 equity shares of face value of Rs.2/- each (March 31, 2016 : 3378307 equity shares of face value of Rs.2/- each) pertaining to Employee Stock Option Scheme 2010 held by the Trust, as at the year-end pending allotment of shares to eligible employees.

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 2 RESERVES AND SURPLUS		
Capital redemption reserve :		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfer during the year	-	-
	5,000.00	**5,000.00**
Less : Deductions during the year	-	-
Balance as at the end of the year	**5,000.00**	**5,000.00**
Securities premium reserve:		
Balance as at the beginning of the year	2,03,252.40	2,02,324.25
Add : Additions during the year on account of -		
i) Exercise of employee stock options	1,029.01	928.15
ii) Fresh issue of shares	-	-
	2,04,281.41	**2,03,252.40**
Less : Deductions during the year in respect of expenses related to public issue of Non-convertible Debentures (refer note no. 33)	1,653.42	-
Balance as at the end of the year	**2,02,627.99**	**2,03,252.40**
Less : Shares issued to ESOP trust but not allotted to employees	64.39	64.39
Net balance as at the end of the year	**2,02,563.60**	**2,03,188.01**
Debenture redemption reserve (DRR):		
Balance as at the beginning of the year	-	-
Add : Transfers during the year representing creation of DRR at the rate of 25% on a proportionate basis over the tenor of debentures issued to public (refer note no. 33)	2,649.86	-
	2,649.86	**-**
Less : Deductions during the year	-	-
Balance as at the end of the year	**2,649.86**	**-**
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987:		
Balance as at the beginning of the year	1,16,765.56	1,01,279.18
Add : Transfers from Surplus in the Statement of profit and loss	10,914.37	15,486.38
	1,27,679.93	**1,16,765.56**
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,27,679.93**	**1,16,765.56**
General reserve :		
Balance as at the beginning of the year	53,084.20	46,358.20
Add : Transfers from Surplus in the Statement of profit and loss	4,003.00	6,726.00
	57,087.20	**53,084.20**
Less : Deductions during the year	-	-
Balance as at the end of the year	**57,087.20**	**53,084.20**
Foreign exchange fluctuation reserve :		
Balance as at the beginning of the year	2,922.18	1,885.69
Add : Additions during the year	(695.37)	1,036.49
	2,226.81	**2,922.18**
Less : Deductions during the year	-	-
Balance as at the end of the year	**2,226.81**	**2,922.18**

Rs. in Lakhs

		As at March 31	
		2017	**2016**
Note 2 RESERVES AND SURPLUS			
Employees stock options outstanding :			
A) Employee Stock Option Outstanding:			
Balance as at the beginning of the year		4,435.68	5,241.45
Add : Fresh grant of options		771.99	139.10
		5,207.67	**5,380.55**
Less : Transfers / reversals during the year			
i) Transfers to securities premium reserve on exercise of options		1,029.01	928.15
ii) Reversals for options lapsed		64.08	16.72
Balance as at the end of the year	(A)	**4,114.58**	**4,435.68**
Less :			
B) Deferred Employee Compensation:			
Balance as at the beginning of the year		1,994.35	3,599.85
Add : Fresh grant of options		771.99	139.10
		2,766.34	**3,738.95**
Less : Amortisation during the year			
i) Transfer to employee benefits expense (refer note no. 22)		1,049.50	1,727.88
ii) Reversals for options lapsed		64.08	16.72
Balance as at the end of the year	(B)	**1,652.76**	**1,994.35**
Balance as at the end of the year	(A-B)	**2,461.82**	**2,441.33**
Surplus in Statement of profit and loss :			
Balance as at the beginning of the year		2,52,246.47	2,24,564.35
Less : Transitional charge in respect of Mark to market loss on derivative transactions outstanding as at April 01, 2016 as per Guidance note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India (refer note no. 40)		514.68	-
		2,51,731.79	**2,24,564.35**
Add : Profit for the year transferred from the Statement of profit and loss		51,163.67	77,229.36
		3,02,895.46	**3,01,793.71**
Less : Appropriations :			
General reserve		4,003.00	6,726.00
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934 and Section 29C of the National Housing Bank Act, 1987		10,914.37	15,486.38
Debenture Redemption Reserve		2,649.86	-
Proposed dividend on equity shares		-	22,750.60
Corporate dividend tax on equity shares		282.73	4,584.26
		17,849.96	**49,547.24**
Balance as at the end of the year		**2,85,045.50**	**2,52,246.47**
Total		**6,84,714.72**	**6,35,647.75**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 3 LONG-TERM BORROWINGS		
a) Secured - #		
Non-convertible debentures (refer note no. 52(i)(a)) $	12,23,680.00	7,30,390.00
Term loans :		
- from banks (refer note no. 52(ii)(a))	6,56,336.84	7,14,494.28
- from others (refer note no. 52(iii)(a))	8,394.19	15,186.00
Foreign currency loans		
- from banks (refer note no. 52(iv)(a))	47,460.87	53,227.83
- from others (refer note no. 52(v)(a))	1,18,296.56	1,08,561.47
Total	**20,54,168.46**	**16,21,859.58**
b) Unsecured		
Unsecured bonds (Subordinate debts) (refer note no. 53(i)(a)) $	2,25,030.00	1,24,410.00
Fixed deposits (refer note no. 53(iv)(b))	2,19,293.85	2,87,851.01
Total	**4,44,323.85**	**4,12,261.01**
Total (a+b)	**24,98,492.31**	**20,34,120.59**

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

$ The funds raised during the year by issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 4 OTHER LONG-TERM LIABILITIES		
Deposits/advances received against loan agreements (refer note no. 38)	3,932.57	2,338.12
Interest accrued but not due on borrowings	33,437.36	31,390.82
Deferred subvention income	2,535.73	2,296.12
Unrealised gains on loan transfers under securitisation transactions (refer note no. 41(c))	2,471.88	4,730.46
Cash profit on loan transfers under assignment transactions pending recognition	1.34	5.64
Derivative contract payables	361.22	-
Unmatured premium on forward exchange contracts	-	2,501.83
Other long term liabilities	1.00	1.00
Total	**42,741.10**	**43,263.99**

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 5 LONG-TERM PROVISIONS		
Provisions for employee benefits (refer note no. 39)	2,836.21	1,232.42
Others:		
Provisions for Non-performing assets	48,927.17	39,513.68
(refer note no. 34(a), 35 and 36)		
Contingent provisions for standard assets	10,394.98	8,413.39
(refer note no. 34(b) and 35)		
Higher provisions on restructured standard advances	7.30	8.52
Provisions for diminution in the fair value of restructured advances	3.03	3.90
Total	**62,168.69**	**49,171.91**

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 6 SHORT TERM BORROWINGS		
a) Secured - #		
Term loans from banks (refer note no. 54(i))	81,050.00	41,400.00
Cash credit facilities with banks (refer note no. 54(i))	78,069.35	82,929.05
Foreign currency loans (refer note no. 54(ii))	80,431.74	55,269.55
Total	**2,39,551.09**	**1,79,598.60**
b) Unsecured -		
Term loan from banks (refer note no. 53(ii))	7,400.00	-
Loans and advances from related parties (ICDs) (refer note no. 53(iii))	65,000.00	30,000.00
Fixed deposits (refer note no. 53(iv)(a))	24,311.71	16,154.68
Commercial Papers (CPs) (refer note no. 54(iii))	3,85,500.00	2,96,000.00
Total	**4,82,211.71**	**3,42,154.68**
Total (a+b)	**7,21,762.80**	**5,21,753.28**

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

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 7 TRADE PAYABLES		
a) Micro and Small Enterprises (refer note no. 51)		
- Finance	-	-
- Expenses	-	-
b) Other than Micro and Small Enterprises		
- Finance	47,958.15	33,708.78
- Expenses	21,483.90	15,930.15
Total	**69,442.05**	**49,638.93**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) Secured - #		
Non-convertible debentures (refer note no. 52(i)(b)) $	2,43,380.00	2,34,470.00
Term loans		
- from banks (refer note no. 52(ii)(b))	3,08,157.78	3,57,386.09
- from others (refer note no. 52(iii)(b))	5,311.81	6,109.49
Foreign currency loans		
- from banks (refer note no. 52(iv)(b))	52,099.08	26,932.51
- from others (refer note no. 52(v)(b))	62,270.65	52,566.87
	6,71,219.32	**6,77,464.96**
b) Unsecured -		
Unsecured bonds (subordinate debts) (refer note no. 53(i)(b))	6,880.00	-
Fixed deposits (refer note no. 53(iv)(c))	1,82,750.58	1,61,030.66
Term loan from banks (refer note no. 53(ii)(b))	-	10,000.00
	1,89,630.58	**1,71,030.66**
Interest accrued but not due on borrowings	96,457.81	57,784.61
Unclaimed dividends ^	52.66	52.14
Unpaid matured deposits and interest accrued thereon ^	376.37	382.63
Unpaid matured debentures and interest accrued thereon ^	0.05	-
Deposits/advances received against loan agreements (refer note no. 38)	5,209.69	1,581.54
Amount Received in advance from ESOS Trust	138.86	147.66
Credit balances in current accounts with banks as per books	61,833.73	43,682.72
Deferred subvention income	2,076.62	2,108.73
Unrealised gains on loan transfers under securitisation transactions (refer note no. 41(c))	17,300.26	20,665.25
Cash profit on loan transfers under assignment transactions pending recognition	3.32	17.93
Insurance premium payable	4,222.56	4,033.90
Payables under assignment / securitisation transactions	3,305.85	1,871.91
Taxes deducted at Source	3,506.52	3,352.08
Derivative contract payables	259.45	-
Deferred premium payable to bank under forward exchange contracts on FCNR loans	2,286.21	2,181.64
Others	10,326.97	5,754.43
Total	**10,68,206.83**	**9,92,112.79**

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

^ Investor Education and Protection Fund shall be credited with the unclaimed amount as and when due for transfer.

$ The funds raised by the Company (MMFSL) during the year by issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 9 (a) SHORT-TERM PROVISIONS		
Provisions for employee benefits (refer note no. 39)	7,238.06	6,405.99
Others:		
Provisions for Non-performing assets	1,57,008.62	1,16,541.39
(refer note no. 34(a), 35 and 36)		
Contingent provisions for standard assets	7,579.78	6,836.01
(refer note no. 34(b) and 35)		
Higher provisions on restructured standard advances	15.01	13.79
Provisions for diminution in the fair value of restructured advances	6.24	6.30
Proposed dividend on equity shares #	-	22,750.60
Corporate dividend tax #	-	4,376.27
Total	**1,71,847.71**	**1,56,930.35**

(b) Board of Directors have proposed a dividend of 120% at Rs.2.40 per share on equity share of Rs.2/- each (March 2016 : 200% at Rs.4.00 per equity share of face value of Rs.2.00 each) for the current financial year subject to approval of the members of the Company at the forthcoming Annual General Meeting. If approved by the members of the Company, the dividend will absorb a sum of Rs.16,097.30 Lakhs (March 2016 : Rs. 27,126.87 Lakhs) including dividend distribution tax.

In terms of the revised Accounting Standard (AS) - 4 'Contingencies and Events occurring after Balance Sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated March 30, 2016, the Company has not accounted for proposed dividend for the current financial year as liability as at March 31, 2017. However, the proposed dividend was accounted for as liability as at March 31, 2016 in accordance with the then existing Accounting Standard. The Company has however adjusted the amount of proposed dividend for determining capital funds for computation of Capital Adequacy ratio as at March 31, 2017.

Note 10 FIXED ASSETS

As at March 31, 2017

Rs. in Lakhs

Asset Description	Gross Block at Cost				Depreciation and Amortisation				Net Block	
	Balance as at April 01, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	Balance as at April 01, 2016	Additions	Deductions / Adjustments	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
i) Tangibe Assets :										
Premises	132.04	-	-	132.04	21.37	2.21	-	23.58	108.46	110.67
Computers	6,478.90	1,810.16	263.99	8,025.07	4,574.66	1,234.44	262.78	5,546.32	2,478.75	1,904.24
Furniture and Fixtures	7,644.46	598.75	79.25	8,163.96	3,740.72	881.20	57.73	4,564.19	3,599.77	3,903.74
Vehicles	6,510.15	1,403.18	781.44	7,131.89	3,643.14	1,139.84	703.50	4,079.48	3,052.41	2,867.01
Office Equipment	8,104.88	1,483.01	228.93	9,358.96	4,544.60	1,343.14	220.76	5,666.98	3,691.98	3,560.28
Total (i)	**28,870.43**	**5,295.10**	**1,353.61**	**32,811.92**	**16,524.49**	**4,600.83**	**1,244.77**	**19,880.55**	**12,931.37**	**12,345.94**
ii) Intangible Assets:										
Computer software	2,395.82	619.96	-	3,015.78	1,840.52	771.50	-	2,612.02	403.76	555.30
Goodwill*	4.05	-	-	4.05	-	-	-	-	4.05	4.05
Total (ii)	2,399.87	619.96	-	3,019.83	1,840.52	771.50	-	2,612.02	407.81	559.35
Total (i+ii)	**31,270.30**	**5,915.06**	**1,353.61**	**35,831.75**	**18,365.01**	**5,372.33**	**1,244.77**	**22,492.57**	**13,339.18**	**12,905.29**

* Goodwill arising on consolidation

As at March 31, 2016

Rs. in Lakhs

Asset Description	Gross Block at Cost				Depreciation and Amortisation				Net Block	
	Balance as at 1st April 2015	Additions	Deductions / Adjustments	As at 31st March 2016	Balance as at 1st April 2015	Additions	Deductions / Adjustments	As at 31st March 2016	As at 31st March 2016	As at 31st March 2015
i) Tangibe Assets :										
Premises	108.92	23.12	-	132.04	19.41	1.96	-	21.37	110.67	89.51
Computers	5,534.78	1,225.36	281.24	6,478.90	3,902.62	952.69	280.60	4,574.71	1,904.19	1,632.16
Furniture and Fixtures	6,976.96	735.98	68.47	7,644.47	2,932.55	867.19	59.01	3,740.73	3,903.74	4,044.41
Vehicles	5,701.87	1,275.39	467.11	6,510.15	3,012.51	982.32	351.69	3,643.14	2,867.01	2,689.36
Office Equipment	6,505.03	1,938.19	338.33	8,104.89	3,544.53	1,327.35	327.32	4,544.56	3,560.33	2,960.50
Total (i)	**24,827.56**	**5,198.04**	**1,155.17**	**28,870.43**	**13,411.62**	**4,131.51**	**1,018.64**	**16,524.49**	**12,345.94**	**11,415.94**
ii) Intangible Assets:										
Computer software	1,868.29	527.53	-	2,395.82	1,402.25	438.27	-	1,840.52	555.30	466.04
Goodwill*	4.05	-	-	4.05	-	-	-	0.00	4.05	4.05
Total (ii)	**1,872.34**	**527.53**	**-**	**2,399.87**	**1,402.25**	**438.27**	**-**	**1,840.52**	**559.35**	**470.09**
Total (i+ii)	**26,699.90**	**5,725.57**	**1,155.17**	**31,270.30**	**14,813.87**	**4,569.78**	**1,018.64**	**18,365.01**	**12,905.29**	**11,886.03**

* Goodwill arising on consolidation

Rs. in Lakhs

		As at March 31	
		2017	**2016**
Note 11 NON-CURRENT INVESTMENTS			
i) Quoted (at cost) :			
Trade:			
Government securities (refer note no.11 (i))		70,418.03	63,220.81
Secured redeemable non-convertible debentures (refer note no. 11(ii)		8,975.00	2,000.01
(Non-current portion of long term investments in secured redeemable non-convertible debentures)			
Non-trade :			
Units of mutual funds (refer note no.11 (iii))		400.00	-
	(A)	**79,793.03**	**65,220.82**
ii) Unquoted (at cost) : (Non-trade)			
Equity investment in other entities :			
New Democratic Electoral Trust		1.00	0.05
Fully paid-up : 10,000 equity shares of Rs.10/- each fully paid up			
(March 2016 : 500 equity shares of Rs.10/- each fully paid up)			
	(B)	**1.00**	**0.05**
Total	**(A+B)**	**79,794.03**	**65,220.87**
Additional Information			
Aggregate amount of quoted investments and market value -			
i) Aggregate amount		79,793.03	65,220.82
ii) Market value		85,018.06	67,928.16
Aggregate amount of unquoted investments		**1.00**	**0.05**

i) Details of quoted Long-term investments in Government stock: As at March 31, 2017

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
Govt Stock 6.90%-13/07/2019	100	1000000	947.79	1,009.88
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50	1,514.81
Govt Stock 6.90%-13/07/2019	100	1000000	932.55	1,009.88
Govt Stock 6.35%-02/01/2020	100	1000000	885.25	996.12
Govt Stock 7.80%-03/05/2020	100	500000	488.65	515.25
Govt Stock 10.25%-30/05/2021	100	1000000	1,057.01	1,123.26
Govt Stock 8.20%-15/02/2022	100	1000000	1,004.37	1,055.24
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.28	1,055.24
Govt Stock 8.13%-21/09/2022	100	1500000	1,505.17	1,586.44
Govt Stock 8.13%-21/09/2022	100	500000	490.95	528.81
Govt Stock 8.13%-21/09/2022	100	500000	490.71	528.81
Govt Stock 8.13%-21/09/2022	100	1000000	955.80	1,057.63
Govt Stock 7.16%-20/5/2023	100	1000000	900.55	1,004.32
Govt Stock 7.16%-20/5/2023	100	1000000	904.70	1,004.32
Govt Stock 8.83%-25/11/2023	100	2000000	2,026.85	2,175.50
Govt Stock 9.15%-14/11/2024	100	2500000	2,631.47	2,766.26
Govt Stock 9.15%-14/11/2024	100	1000000	1,088.37	1,106.50
MP SDL 8.15%-13/11/2025	100	2500000	2,500.91	2,601.97
MP SDL 8.15%-13/11/2025	100	1100000	1,171.29	1,144.87
MP SDL 8.15%-13/11/2025	100	1200000	1,277.77	1,248.95
TN SDL 8.27%-23/12/2025	100	1000000	1,001.79	1,031.17

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
Maharashtra SDL 8.26% 23/12/2025	100	2000000	2,137.26	2,128.34
Rajasthan SDL 8.30% 13/01/2026	100	2500000	2,719.85	2,748.14
UP SDL 8.39% 27/01/2026	100	500000	500.59	500.67
AP SDL 8.39% 27/01/2026	100	1000000	1,001.18	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,056.05	2,141.26
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,125.20
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,062.60
Govt Stock 8.24%-15/02/2027	100	1000000	1,015.21	1,062.60
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,606.50
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,142.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,142.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,071.00
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.12	2,142.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,024.59	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,025.76	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	514.42	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.20	1,123.86
Govt Stock 8.97%-05/12/2030	100	500000	523.19	561.93
Govt Stock 8.97%-05/12/2030	100	1000000	1,037.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,587.80	1,685.79
Govt Stock 8.97%-05/12/2030	100	1000000	1,097.36	1,123.86
Govt Stock 8.97%-05/12/2030	100	1000000	1,082.08	1,123.86
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,685.79
Govt Stock 8.97%-05/12/2030	100	2000000	2,178.73	2,247.73
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,677.91
Govt Stock 8.32%-02/08/2032	100	1000000	1,009.91	1,073.92
Govt Stock 8.32%-02/08/2032	100	1000000	1,029.93	1,073.92
Govt Stock 8.24%-10/11/2033	100	1000000	1,025.02	1,079.42
Govt Stock 8.33%-07/06/2036	100	1500000	1,547.36	1,635.00
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,628.22
Govt Stock 8.83%-12/12/2041	100	1000000	1,016.77	1,136.02
Govt Stock 8.83%-12/12/2041	100	1000000	1,021.87	1,136.02
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	1,704.02
Total		**70300000**	**70,418.03**	**75,632.25**

As at March 31, 2016

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
Govt Stock 6.90%-13/07/2019	100	1000000	947.79	982.50
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50	1,473.75
Govt Stock 6.90%-13/07/2019	100	1000000	932.55	982.50
Govt Stock 6.35%-02/01/2020	100	1000000	885.25	962.40
Govt Stock 7.80%-03/05/2020	100	500000	488.65	503.00
Govt Stock 10.25%-30/05/2021	100	1000000	1,070.70	1,101.48
Govt Stock 8.20%-15/02/2022	100	1000000	1,005.27	1,014.70
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.54	1,014.70
Govt Stock 8.13%-21/09/2022	100	1500000	1,506.11	1,520.23
Govt Stock 8.13%-21/09/2022	100	500000	490.95	506.74

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount	Market Value
Govt Stock 8.13%-21/09/2022	100	500000	490.71	506.74
Govt Stock 8.13%-21/09/2022	100	1000000	955.80	1,013.49
Govt Stock 7.16%-20/5/2023	100	1000000	900.55	966.80
Govt Stock 7.16%-20/5/2023	100	1000000	904.70	966.80
Govt Stock 8.83%-25/11/2023	100	2000000	2,030.88	2,117.00
Govt Stock 9.15%-14/11/2024	100	2500000	2,648.71	2,710.06
Govt Stock 9.15%-14/11/2024	100	1000000	1,099.95	1,084.02
MP SDL 8.15%-13/11/2025	100	2500000	2,501.01	2,498.96
TN SDL 8.27%-23/12/2025	100	1000000	1,002.00	1,011.09
UP SDL 8.39% 27/01/2026	100	500000	500.66	500.67
UP SDL 8.39% 27/01/2026	100	1000000	1,001.31	1,001.34
Govt Stock 8.33%-09/07/2026	100	2000000	2,062.09	2,028.40
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50	2,056.81
Govt Stock 8.24%-15/02/2027	100	1000000	959.15	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	956.33	1,028.40
Govt Stock 8.24%-15/02/2027	100	1000000	1,016.75	1,028.40
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	1,542.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	2,057.00
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	2,057.00
Govt Stock 8.28%-21/09/2027	100	1000000	932.65	1,028.50
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.33	2,057.00
Govt Stock 8.97%-05/12/2030	100	1000000	1,026.39	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,027.65	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	515.47	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.33	1,082.69
Govt Stock 8.97%-05/12/2030	100	500000	524.88	541.34
Govt Stock 8.97%-05/12/2030	100	1000000	1,040.09	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,594.21	1,624.03
Govt Stock 8.97%-05/12/2030	100	1000000	1,104.47	1,082.69
Govt Stock 8.97%-05/12/2030	100	1000000	1,088.07	1,082.69
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	1,624.03
Govt Stock 8.97%-05/12/2030	100	2000000	2,191.79	2,165.37
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	2,567.88
Govt Stock 8.32%-02/08/2032	100	1000000	1,010.56	1,032.15
Govt Stock 8.32%-02/08/2032	100	1000000	1,031.88	1,032.15
Govt Stock 8.24%-10/11/2033	100	1000000	1,026.53	1,028.50
Govt Stock 8.33%-07/06/2036	100	1500000	1,549.82	1,552.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	1,548.90
Govt Stock 8.83%-12/12/2041	100	1000000	1,017.45	1,092.05
Govt Stock 8.83%-12/12/2041	100	1000000	1,022.75	1,092.05
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	1,638.08
Total		**63500000**	**63,220.81**	**65,928.15**

In respect of MMFSL, quoted investments of Rs. 70,418.03 Lakhs (March 31, 2016: Rs. 63,220.81 Lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a “Trust Deed” with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii. Details of investments in Secured redeemable non-convertible debentures :

As at March 31, 2017

Rs. in Lakhs

Sr. No.	ISIN Description	Total Quantity	Face Value (Rs. In Lakhs)	(a) Non Current	(b) Current	Total
1	INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FV RS 416667	80	800	-	166.67	166.67
2	LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FV RS 10 LAC	75	750	-	156.25	156.25
3	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 LAC	75	750	-	156.25	156.25
4	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 LAC	80	800	-	166.67	166.67
5	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FV RS 10 LAC	300	3,000	-	625.00	625.00
6	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FV RS 10 LAC	200	2,000	-	416.67	416.67
7	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FV RS 2,50,000	150	1,500	-	312.50	312.50
8	UTKARSH MICROFINANCE LIMITED SR-F 10.50 XIRR NCD 28 JUNE 19 FV RS 10 LAC	800	8,000	5600.00	2400.00	8000.00
9	PUDHUAARU FINANCIAL SERVICES PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	750.00	750.00	1500.00
10	SMILE MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	750.00	750.00	1500.00
11	SAMASTA MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	750.00	750.00	1500.00
12	SVASTI MICROFINANCE PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	75	750	375.00	375.00	750.00
13	ZEN LEFIN PRIVATE LIMITED SR-F 11.40 XIRR NCD 7 MAR 19 FV RS 10 LAC	150	1,500	750.00	750.00	1500.00
	Total			**8975.00**	**7775.01**	**16750.01**

Note : Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

As at March 31, 2016

Rs. in Lakhs

Sr. No	ISIN Description	Total Quantity	Face Value (Rs. In Lakhs)	(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	100	1,000	-	416.67	416.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	100	1,000	-	416.67	416.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	150	1,500	-	625.00	625.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
8	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	100	1,000	-	250.00	250.00
9	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	200	2,000	-	833.33	833.33
10	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	150	1,500	-	375.00	375.00
11	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FV RS 10 Lakhs	150	1,500	-	625.00	625.00
12	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FV RS 10 Lakhs	75	750	-	187.50	187.50
13	INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FV RS 7,50,000	80	800	166.67	400.00	566.67
14	LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FV RS 10 Lakhs	75	750	156.25	375.00	531.25
15	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 Lakhs	75	750	156.25	375.00	531.25
16	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FV RS 10 Lakhs	80	800	166.67	400.00	566.67
17	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FV RS 10 Lakhs	300	3,000	625.00	1500.00	2125.00

Rs. in Lakhs

Sr. No	ISIN Description	Total Quantity	Face Value (Rs. In Lakhs)	(a) Non Current	(b) Current	Total
18	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FV RS 10 Lakhs	200	2,000	416.67	1000.00	1416.67
19	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FV RS 7,50,000	150	1,500	312.50	750.00	1062.50
	Total			**2000.01**	**9279.17**	**11279.18**

Note : Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of the issue.

iii) Details of mutual fund units:

As at March 31, 2017

Rs. in Lakhs

Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
MAHINDRA KAR BACHAT YOJNA	11.14	500000	50.00	55.69
MAHINDRA LIQUID FUND	1,052.64	5000	50.00	52.63
MAHINDRA DHAN SANCHAY YOJANA	10.29	500000	50.00	51.46
MAHINDRA ALP SAMAY BACHAT YOJANA	1,009.99	5000	50.00	50.50
HDFC CHARITY FUND FOR CANCER CURE	10.03	2000000	200.00	200.53
Total			**400.00**	**410.81**

As at March 31, 2016: Nil

Rs. in Lakhs

		As at March 31	
		2017	**2016**
Note 12 DEFERRED TAX ASSETS (NET)			
Deferred tax assets			
Provisions for non performing assets / loss and expenses on assignments		69,406.99	54,163.79
Provisions for standard assets		6,220.71	5,280.12
Other disallowances		1,812.80	1,479.98
Difference between written down value of asset as per books of account and Income Tax Act, 1961		1,407.46	1,006.12
	(a)	**78,847.96**	**61,930.01**
Deferred tax liabilities			
Difference between written down value of asset as per books of account and Income Tax Act, 1961		-	-
Special Reserve		3,130.19	2,006.08
	(b)	**3,130.19**	**2,006.08**
Net Deferred tax assets	(a) - (b)	**75,717.77**	**59,923.93**

Note: Deferred tax on provision for non performing assets is net of deduction allowed under Section 36(1)(viia) of the Income tax Act, 1961

Rs. in Lakhs

Note 13 LONG-TERM LOANS AND ADVANCES	As at March 31 2017	2016
Unsecured, considered good unless otherwise stated:		
Capital advances	394.94	152.97
Deposits for office premises / others	2,486.78	2,226.95
Other loans and advances	2,335.95	61.90
Loans against assets (secured, including overdue loans) #	27,89,054.88	22,72,274.36
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 41(e))	40.85	162.02
Retained interest under assignment transactions	145.90	150.75
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 41(c))	2,471.88	4,730.45
Loans and advances (including overdue loans) @	3,208.41	4,460.90
Advance payment of taxes (net of provisions)	17,386.48	10,423.33
# Includes non-performing assets of Rs. 1,02,637.13 Lakhs (March 2016 : 77,912.50 Lakhs) (refer note no. 5, 9 , 34(a), 35 and 36)		
@ Includes non-performing assets of Rs. 415.48 Lakhs (March 2016 : Rs.387.57 Lakhs) (refer note no. 5, 9, 34(a), 35 and 36)		
Total	**28,17,526.07**	**22,94,643.63**

Rs. in Lakhs

Note 14 OTHER NON-CURRENT ASSETS	As at March 31 2017	2016
Term deposits with banks with maturity greater than 12 months		
- Free	294.00	-
- Under lien (refer note no. 17)	10,989.88	3,370.23
Derivative contract receivables	-	459.52
Exchange gain receivable on forward contracts on FCNR loans	-	391.45
Deferred premium on FCNR loan forward contracts	-	1,015.24
Total	**11,283.88**	**5,236.44**

Rs. in Lakhs

Note 15 CURRENT INVESTMENTS	As at March 31 2017	2016
i) Quoted -		
Units of mutual funds (refer note no. 15(i))	28,964.84	5,569.66
Secured redeemable non-convertible debentures (refer note no. 11(ii)(b))	7,775.01	9,279.17
(Current portion of long term investments in secured redeemable non-convertible debentures)		
	36,739.85	**14,848.83**
ii) Unquoted (at cost) -		
Certificate of deposits with banks (refer note no. 15(ii))	-	24,821.50
Commercial Papers (CPs) (refer note no. 15(iii))	22,500.00	15,000.00
	22,500.00	**39,821.50**
Total	**59,239.85**	**54,670.33**

Additional Information:

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Aggregate amount of quoted investments and market value		
i) Aggregate amount	36,739.85	14,848.83
ii) Market Value *	36,756.28	14,913.02
Aggregate amount of unquoted investments	22,500.00	39,821.50

* Of the total quoted investments mentioned above, book value for secured redeemable non-convertible debentures is taken as market value as in the absence of trades market quotes are not available.

(i) Details of quoted current investments in Units of Mutual Fund

As at March 31, 2017

Rs. in Lakhs

Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
Mahindra Liquid Fund	1,052.64	48517.44	940.00	944.84
Mahindra Alp Samay Bachat Yojana	1,009.99	93549.17	507.78	510.71
Mahindra Liquid Fund	1,052.64	2375664.60	25,000.00	25,007.10
Mahindra Alp Samay Bachat Yojana	1,009.99	247640.16	2,500.00	2,501.16
Mahindra Liquid Fund	1,052.64	1659.00	17.06	17.46
Total			**28,964.84**	**28,981.27**

As at March 31, 2016

Rs. in Lakhs

Particulars	Net Asset Value (Rs.)	Units	Amount	Market Value
Kotak Mutual Fund	2,482.38	137613.67	3,379.67	3,416.09
ICICI Prudential Mutual Fund	223.85	410474.45	907.36	918.86
Reliance Mutual Fund	3,685.51	35243.43	1,282.63	1,298.90
Total			**5,569.66**	**5,633.85**

(ii) Details of unquoted current investments in certificate of deposits

As at March 31, 2017 : Nil

As at March 31, 2016

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount
IDBI Bank	1,00,000	5000	4,992.89
IDBI Bank	1,00,000	10000	9,982.22
Oriental Bank Of Commerce	1,00,000	10000	9,846.39
Total		**25000**	**24,821.50**

(iii) Details of unquoted current investment in Commercial Paper

As at March 31, 2017

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount
EASF Microfinance & Investment Private Limited	5,00,000	1500	7,500.00
IFMR Capital Finance Private Limited	5,00,000	1500	7,500.00
Five Star Business Finance Limited	5,00,000	500	2,500.00
Satin Creditcare Network Limited	5,00,000	1000	5,000.00
Total		**4500**	**22,500.00**

As at March 31, 2016

Rs. in Lakhs

Particulars	Face Value (Rs.)	Units	Amount
IFMR Capital Finance Private Limited	5,00,000	500	2,500.00
IFMR Capital Finance Private Limited	5,00,000	1000	5,000.00
Janalakshmi Financial Services Limited	5,00,000	1500	7,500.00
Total		**3000**	**15,000.00**

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 16 TRADE RECEIVABLES		
Secured, considered doubtful :		
Trade receivable on hire purchase transactions #	374.19	374.19
(outstanding for a period exceeding six months from		
the date they are due for payment)		
Unsecured, considered good unless otherwise stated :		
Debts outstanding for a period exceeding six months from the date they are due for payment #	62.54	65.02
Debts outstanding for a period not exceeding six months from the date they are due for payment #	1,859.20	1,561.24
# Includes non-performing assets of Rs. 417.78 Lakhs (March 2016 : Rs.413.21 Lakhs) (refer note no. 5, 9 and 34(a))		
Total	**2,295.93**	**2,000.45**

Rs. in Lakhs

	As at March 31 2017	As at March 31 2016
Note 17 CASH AND BANK BALANCES		
Cash and cash equivalents :		
Cash on hand	2,426.02	2,390.69
Cheques and drafts on hand	1,258.49	544.49
Bank balance in current accounts	40,041.93	20,632.25
	43,726.44	**23,567.43**
Other bank balances :		
Earmarked balances with banks -		
- Unclaimed dividend accounts with banks	53.98	53.45
Term deposits maturing within 12 months	1862.00	92.00
Term deposits under lien (refer note no. 17 (A))	14,745.12	36,880.77
	16,661.10	**37,026.22**
Total	**60,387.54**	**60,593.65**

A) Details of term deposits under lien:

Rs. in Lakhs

	As at March 31, 2017			As at March 31, 2016		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
Term deposits for SLR (i)	5,563.00	766.00	6,329.00	15,307.00	2,470.00	17,777.00
Collateral deposits for securitization transactions (ii)	8,766.12	10,047.88	18,814.00	21,380.77	513.23	21,894.00
Legal deposits (iii)	3.00	17.00	20.00	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv)	413.00	99.00	512.00	190.00	310.00	500.00
Under lien with IRDA for broking license (v)	-	60.00	60.00	-	60.00	60.00
Total	**14,745.12**	**10,989.88**	**25,735.00**	**36,880.77**	**3,370.23**	**40,251.00**

 # Term deposits with scheduled banks under lien include:

i) Rs. 6,329.00 Lakhs (March 31, 2016 : Rs. 17,777.00 Lakhs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Rs. 18,814.00 Lakhs (March 31, 2016 : 21,894.00 Lakhs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions.

iii) Rs. 20.00 Lakhs (March 2016 : Rs.20.00 Lakhs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs. 512.00 Lakhs (March 2016 : Rs. 500 Lakhs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

v) In respect of MIBL, term deposit with IRDA for broking licence Rs. 60 Lakhs (March 2016: 60.00 Lakhs).

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 18 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated:		
Loans against assets (secured, including overdue loans) #	20,10,392.11	17,53,294.32
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no.41(e))	110.98	310.32
Retained interest under assignment transactions	15.31	143.30
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 41(c))	17,300.26	20,665.26
Loans and advances (including overdue loans) @	24,098.56	12,684.31
Bills of Exchange	38,851.72	29,447.55
Trade Advances @	1,21,579.34	1,16,616.51
Inter corporate deposits given @	100.00	100.00
Deposits for office premises / others	445.88	387.06
Other Short term advances	4,768.72	2,988.10
# Includes non-performing assets of Rs. 2,92,410.35 Lakhs (March 2016 : Rs. 2,15,293.79 Lakhs) (refer note no. 5, 9, 34(a), 35 and 36)		
@ Includes non-performing assets of Rs. 4,210.63 Lakhs (March 2016 : Rs. 2,442.47 Lakhs) (refer note no.5, 9, 34(a), 35 and 36)		
Total	**22,17,662.88**	**19,36,636.73**

Rs. in Lakhs

	As at March 31	
	2017	**2016**
Note 19 OTHER CURRENT ASSETS		
Interest accrued on -		
a) Investments	1,394.60	1,232.70
b) Others deposits	1,206.76	3,389.16
Exchange gains receivable on forward contracts on FCNR loans	190.40	888.13
Deferred premium on FCNR loan forward contracts	504.38	3,341.21
Total	**3,296.14**	**8,851.20**

Rs. in Lakhs

	Year ended March 31 2017	Year ended March 31 2016
Note 20 REVENUE FROM OPERATIONS		
a) Interest		
Income from loans	6,43,312.10	5,82,766.20
Income from hire purchase	15.07	26.09
Interest on term deposits / Inter-corporate deposits / Bonds etc.	6,343.93	6,356.72
Interest on retained interest in PTCs under securitization transactions	12.59	43.55
Interest on government securities :		
- Long term	5,345.19	4,710.02
(a)	**6,55,028.88**	**5,93,902.58**
b) Other financial services		
Income from insurance business / services	12,733.27	11,043.64
Income from mutual fund business	354.14	-
Service charges and other fees on loan transactions	30,388.05	26,758.29
Income from hire purchase	0.14	0.13
Income from bill discounting	4,179.23	3,047.41
Income from lease	-	1.24
Income from assignment / securitisation transactions (refer note no. 41)	11,936.72	20,633.45
(b)	**59,591.55**	**61,484.16**
Total	**7,14,620.43**	**6,55,386.74**

Above incomes include following transactions in foreign currency:

Rs. in Lakhs

Revenue in Foreign Currency	Year ended March 31 2017	Year ended March 31 2016
Brokerage	77.16	114.36
Consultancy Fees	-	107.57
Total	**77.16**	**221.93**

Rs. in Lakhs

	Year ended March 31 2017	Year ended March 31 2016
Note 21 OTHER INCOME		
Dividend income on :		
- Current investments in mutual fund units	85.48	163.78
Profit/premium on sale/redemption of :		
- Current investments	308.35	1.16
Profit on sale / retirement of owned assets (net)	9.76	100.34
Income from shared services	3,891.40	3,027.53
Others	1,149.66	1,065.44
Total	**5,444.65**	**4,358.25**

Rs. in Lakhs

Note 22 EMPLOYEE BENEFITS EXPENSE	Year ended March 31 2017	2016
Salary, bonus and incentives	78,281.98	61,897.06
Contribution to provident funds and other funds	6,149.66	4,563.15
Employee stock compensation costs # (refer note no.31(g))	1,087.28	1,748.82
Staff welfare expenses	3,145.04	2,200.19
Total	**88,663.96**	**70,409.22**

Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 33.76 Lakhs (March 31, 2016 : Rs. 17.24 Lakhs)

Rs. in Lakhs

Note 23 FINANCE COSTS	Year ended March 31 2017	2016
Interest expense	3,16,075.05	2,84,204.58
Other borrowing costs	2,542.39	2,630.15
Total	**3,18,617.44**	**2,86,834.73**

Rs. in Lakhs

Note 24 DEPRECIATION AND AMORTIZATION EXPENSE	Year ended March 31 2017	2016
Depreciation on tangible assets	4,602.93	4,131.51
Amortization of intangible assets	769.39	438.27
Total	**5,372.32**	**4,569.78**

Rs. in Lakhs

Note 25 LOAN PROVISIONS AND WRITE OFFS	Year ended March 31 2017	2016
Bad debts and write offs (refer note no. 34(c))	86,325.81	51,978.52
Provision for Non performing assets (Net)	49,904.87	56,064.16
(refer note no. 34(a), 35 and 36)		
General provision for standard assets	2,725.36	1,775.75
(refer note no. 34(b) and 35)		
Provision for diminution in the fair value of restructured advances	(0.94)	0.64
Total	**1,38,955.10**	**1,09,819.07**

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Note 26 OTHER EXPENSES		
Electricity charges	2,171.52	1,953.43
Rent	7,488.54	6,902.19
Repairs -		
- Buildings	602.09	567.39
- Others	362.35	337.23
Insurance	2,234.46	1,842.01
Rates and taxes, excluding taxes on income	829.79	560.22
Directors' sitting fees and commission	348.11	337.59
Commission and brokerage	22,553.26	17,251.03
Legal and professional charges	11,861.11	8,734.92
Manpower Outsourcing Cost	706.49	184.73
Payments to the auditor -		
Audit fees	62.79	76.28
Taxation matters	22.54	16.07
Other services	44.65	43.21
Reimbursement of expenses	1.85	1.30
Corporate Social Responsibility donations and expenses (refer note no. 44)	3,362.57	3,135.74
General and administrative expenses	32,028.69	23,756.87
Total	**84,680.81**	**65,700.21**

Above expenses include following expenditure incurred in foreign currency :

Rs. in Lakhs

	Year ended March 31	
	2017	**2016**
Travelling expenses	37.53	33.02
Legal and professional fees	295.85	145.46
Other expenses	33.71	94.46

Note 27 The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest
Mahindra Finance USA, LLC	United States of America	49.00%

Note 28 The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

NOTE 29 The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. 17/05/2016 for next 3 years.

Note 30 Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

The Company has interest in the following jointly controlled entity.

	Name of the entity	Country of Incorporation	% Holding
i)	Mahindra Finance USA, LLC	United States of America	49.00%

ii) Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities

Rs. in Lakhs

Particulars	March 2017	March 2016
I. Assets		
1 Long-term loans and advances	2,26,440.34	1,94,461.94
2 Deferred tax assets	1,028.95	735.90
3 Cash and cash equivalents	577.88	624.49
4 Short-term loans and advances	69,080.41	47,929.25
II. Liabilities		
1 Long-term borrowings	1,18,296.56	1,08,561.47
2 Other Long-term liabilities	-	-
3 Long term provisions	775.45	727.01
4 Short term borrowings	80,431.74	55,269.45
5 Other current liabilities	69,333.16	56,052.27
6 Short term provisions	233.16	176.84
III. Income		
1 Revenue from operations	14,013.55	10,048.49
2 Other income	809.26	635.97
IV. Expenses		
1 Finance costs	5,656.00	3,918.39
2 Provisions and write-offs	912.31	973.53
3 Other expenses	4,013.33	2,913.69
4 Provision for current tax	1,884.27	1,294.04
5 Provision for deferred tax	(319.60)	(254.18)

Note 31 EMPLOYEE STOCK OPTION PLAN

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,45,54,477 equity shares to employees up to March 31, 2017 (March 31, 2016 : 1,41,14,193 equity shares), of which 4,40,284 equity shares (March 31, 2016 : 4,60,707 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under :

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	3 years from the date of each vesting
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) During the year, the Company has granted 2,17,400 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated January 5, 2017
No. of options granted	217400
Intrinsic value of shares based on latest available closing market price (Rs.)	355.10
Total amount to be amortized over the vesting period (Rs. in Lakhs)	771.99
Charge to Statement of profit and loss for the year (Rs. in Lakhs)	86.92
Compensation in respect of lapsed cases (Rs. in Lakhs)	10.70
Unamortized amount carried forward (Rs. in Lakhs)	674.37

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

Vesting date	Grant dated January 5, 2017	
	Expected Vesting	**Fair Value (Rs.) per share**
January 5, 2018	43482	337.36
January 5, 2019	43482	
January 5, 2020	43482	
January 5, 2021	43482	
January 5, 2022	43472	
	217400	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	**Grant dated January 5, 2017**
1) Risk free interest rate	6.67%
2) Expected life	4.70 years
3) Expected volatility	38.28%
4) Dividend yield	1.12%
5) Price of the underlying share in the market at the time of option grant (Rs.)	357.10

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

Summary of Stock Options	As at / Year ended March 31			
	2017		**2016**	
	No. of stock options	**Weighted average exercise price (Rs.)**	**No. of stock options**	**Weighted average exercise price (Rs.)**
Options outstanding at the beginning of the year	17,14,173	2.00	21,22,955	2.00
Options granted during the year	2,17,400	2.00	57,920	2.00
Options forfeited/lapsed during the year #	23,580	2.00	5,995	2.00
Options exercised during the year	4,40,284	2.00	4,60,707	2.00
Options outstanding at the end of the year	14,67,709	2.00	17,14,173	2.00
Options vested but not exercised at the end of the year	2,35,038	2.00	2,87,526	2.00

including 3014 options (March 31, 2016: Nil) forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding:

	As at March 31			
	2017		**2016**	
Grant date / Exercise price	**No. of stock options**	**Weighted average exercise price (Rs.)**	**No. of stock options**	**Weighted average exercise price (Rs.)**
Scheme 2010 :				
February 07, 2011 at Rs.2.00	35,090	21 months	1,44,188	34 months
January 25, 2012 at Rs.2.00	38,580	30 months	62,830	41 months
July 22, 2013 at Rs.2.00	19,020	44 months	28,878	52 months
October 21, 2013 at Rs.2.00	39,116	39 months	41,365	51 months
October 21, 2014 at Rs.2.00 #	10,75,448	52 months	13,78,992	59 months
October 21, 2015 at Rs.2.00	46,069	59 months	57,920	68 months
October 21, 2015 at Rs.2.00	2,14,386	70 months	-	-
Total	**14,67,709**		**17,14,173**	

net of 3014 options (March 2016: Nil) forfeited/lapsed out of the options granted during the year.

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
25-Apr-16	293.29
20-May-16	297.89
21-Jun-16	323.35
26-Jul-16	318.59
29-Aug-16	344.10
19-Sep-16	343.71
27-Oct-16	365.77
25-Nov-16	285.28
23-Dec-16	254.65
11-Jan-17	282.99
27-Jan-17	282.76
28-Feb-17	291.43
27-Mar-17	321.24

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options have been calculated using Black Scholes Options Pricing Model and the significant assumptions made in this regards are as follows:

Grants covered under Scheme 2005:

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014	21-Oct-2015	05-Jan-2017
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%	7.53%	6.67%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years	4.50 years	4.70 Years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%	37.37%	38.28%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%	1.65%	1.12%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80	242.15	357.10

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

Note 32 EARNINGS PER SHARE

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Net profit after tax (Rs. in Lakhs)	51,163.67	77,229.36	51,209.76	77,306.49
Weighted average number of equity shares of Rs.2/- each – Basic	56,47,23,582	56,42,78,639	56,47,23,582	56,42,78,639
Weighted Average number of equity shares of Rs.2/- each – Diluted	56,84,46,880	56,84,42,221	56,84,46,880	56,84,42,221
Basic Earnings Per Share (Rs.)	9.06	13.69	9.07	13.70
Diluted Earnings Per Share # (Rs.)	9.00	13.58	9.01	13.60

Dilution in Earnings per share is on account of 37,23,298 equity shares (March 2016 : 41,63,582 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 46.09 Lakhs (March 2016 : Rs. 77.13 Lakhs).

Note 33 During the year, the Company has raised an amount of Rs.1,00,000.00 Lakhs by way of Public Issuance Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of the face value of Rs.1,000 each. The NCDs were allotted on 6th June, 2016 and listed on BSE Limited on 8th June, 2016. The proceeds of the issue - have been used for the purposes as stated in its 'Placement Document'. The NCDs issue expenses of Rs. 1,653.42 Lakhs has been adjusted against securities premium reserve.

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with the Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs. 2,649.86 Lakhs out of the profits available for payment of dividend to Debenture Redemption Reserve (DRR) on a prorata basis to create adequate DRR over the tenor of the debentures.

Note 34 LOAN PROVISIONS AND WRITE OFFS

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made accerelated provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to

NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision.

The cumulative accelerated provision made by the Company as on March 31, 2017 is Rs.68,623.98 Lakhs (March 31, 2016 : Rs. 73,567.48 Lakhs).

b) (i) In accordance with the Master direction DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to increase the general provision on the Standard assets in a phased manner commencing from the financial year ended March 31, 2016 to 0.30%, to 0.35% by the financial year ended March 31,2017 and to 0.40% by the financial year ending March 31,2018, the Company has made a provision of Rs. 2,180.00 Lakhs (March 31, 2016: Rs. 1,353.00 Lakhs).

(ii) The total amount of provision on Standard assets of Rs.16,215.00 Lakhs (March 31, 2016: Rs.14,035.00 Lakhs) includes additional provision of 0.05% for Rs. 2,034.00 Lakhs as at March 31, 2017 (0.10% for Rs. 5,262.00 as at March 31, 2016).

(iii) During the year, the Company has reviewed the basis of estimating provision for non-performing assets and has considered estimated realisable value of underlying security (which conforms to the RBI norms) for loan assets to determine 100% provisioning for assets which are 24 months overdue resulting in a lower provision of Rs.8,336.91 Lakhs.

c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such loan assets on account of poor financial position of such customers.

d) In accordance with the Prudential norms for restructured advances, the Company has made provision of Rs. 254.65 Lakhs (March 31, 2016 : Rs. 32.51 Lakhs) as Higher / additional provisions and Provision for diminution in fair value on account of restructured advance.

Note 35 MRHFL HAS COMPLIED WITH NORMS PRESCRIBED UNDER HOUSING FINANCE COMPANIES (NHB) DIRECTIONS, 2010 FOR RECOGNIZING NON-PERFORMING ASSETS IN PREPARATION OF ACCOUNTS

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	March 2017	March 2016	**March 2017**	March 2016
Standard Assets				
a) Total Outstanding Amount	4,33,984.02	3,02,346.98	5,909.62	1,239.66
b) Provisions made	1,736.05	1,209.42	23.71	4.98
Sub-Standard Assets				
a) Total Outstanding Amount	28,442.88	14,346.37	22.35	1.82
b) Provisions made	4,891.47	2,554.84	3.70	0.27
Doubtful Assets - Category -I				
a) Total Outstanding Amount	10,887.42	5,382.39	0.23	-
b) Provisions made	3,161.04	1,556.53	0.06	-
Doubtful Assets - Category -II				
a) Total Outstanding Amount	6,863.88	3,706.45	-	-
b) Provisions made	2,964.21	1,538.43	-	-
Doubtful Assets - Category -III				
a) Total Outstanding Amount	296.11	117.18	3.15	-
b) Provisions made	296.11	117.18	3.15	-
Loss Assets				
a) Total Outstanding Amount	117.22	131.76	-	-
b) Provisions made	117.22	131.76	-	-
Total				
a) Total Outstanding Amount	4,80,591.53	3,26,031.13	5,935.35	1,241.48
b) Provisions made	13,166.10	7,108.17	30.62	5.25

Loan receivable includes Rs. 11,097.45 Lakhs outstanding towards financing of insurance as of March 31st 2017 and Rs. 7,720.20 Lakhs as of March 31st 2016.

MRHFL has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2017 is Rs. 1,216.22 Lakhs (March 2016: Rs. 612.67 Lakhs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the company has made a provision @ 0.40 % on outstanding Standard Assets.

Note 36 IN CASE OF MRHFL:

Concentration of Public Deposits, Advances, Exposures and NPAs

The company is non deposit accepting Housing Finance Company, hence there are no public deposits and hence the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

Concentration of Loans & Advances

Rs. in Lakhs

Particulars	March 2017	March 2016
Total Loans & Advances to twenty largest borrowers	591.44	564.28
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC	0.12%	0.17%

Concentration of all Exposure (Including off-balance sheet exposure)

Rs. in Lakhs

Particulars	March 2017	March 2016
Total Exposure to twenty largest borrowers / customers	633.50	591.50
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	0.12%	0.12%

Concentration of NPAs

Rs. in Lakhs

Particulars	March 2017	March 2016
Total Exposure to top ten NPA accounts	222.96	145.73

Sector – wise NPAs

Sl. No.	Particulars	Percentage of NPAs to Total Advances in that sector
A.	**Housing Loans:**	
	1 Individuals	9.70%
	2 Builders/Project Loans	Nil
	3 Corporates	Nil
	4 Others (specify)	Nil
B.	**Non-Housing Loans:**	
	1 Individuals	1.46%
	2 Builders/Project Loans	Nil
	3 Corporates	Nil
	4 Others (specify)	Nil

Movement of NPAs

Rs. in Lakhs

Particulars	March 2017	March 2016
(I) Net NPAs to Net Advances (%)	7.47%	5.55%
(II) Movement of NPAs (Gross)		
a) Opening Balance	23,685.97	12,265.28
b) Additions during the year	26,534.34	13,422.70
c) Reductions during the year	3,587.06	2,002.01
d) Closing Balance	46,633.25	23,685.97
(III) Movement of Net NPAs		
a) Opening Balance	17,786.95	9,478.90
b) Additions during the year	20,567.46	10,176.75
c) Reductions during the year	3,158.11	1,868.70
d) Closing Balance	35,196.30	17,786.95
(IV)Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	5,899.02	2,786.38
b) Provisions made during the year	5,966.88	3,245.95
c) Write-off of short provision/write-back of excess provisions	(428.95)	(133.31)
d) Closing Balance	11,436.95	5,899.02

Overseas Assets

The company does not own any overseas asset and hence the provisions of point no. 5.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

The Company does not have any of balance sheet SPVs sponsored and hence the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017 is not applicable to the Company.

Note 37 Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

Note 38 Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable/adjusted over the period of the contract.

Note 39 EMPLOYEE BENEFITS:

Defined benefit plans – as per actuarial valuation:

Leave Benefits (Non-funded)

Defined Benefit Plans -As per actuarial valuation on 31st March, 2017

Rs. in Lakhs

		As at March 31	
		2017	2016
I.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March		
	Current service cost	760.13	1,588.52
	Interest cost	138.57	129.98
	Expected return on plan assets	-	-
	Actuarial (Gains)/Losses	322.09	(1,208.52)
	Total expense	**1,220.79**	**509.98**

Rs. in Lakhs

		As at March 31	
		2017	**2016**
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	2,673.34	1732.12
	Fair value of plan assets as at 31st March	-	-
	Funded status [Surplus/(Deficit)]	(2,673.34)	(1732.12)
	Net asset/(liability) as at 31st March	**(2,673.34)**	**(1732.12)**
III.	Change in the obligations during the year ended 31st March		
	Present Value of Defined Benefit obligation at the beginning of the year	1,732.12	1,468.11
	Current service cost	760.13	1,585.60
	Interest cost	138.57	129.98
	Actuarial (Gains)/Losses	322.08	(1,208.52)
	Benefits paid	(279.56)	(243.05)
	Present Value of Defined Benefit obligation at the end of the period	**2,673.34**	**1,732.12**
IV.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	-	-
	Others		
V.	Actuarial Assumptions		
	Discount Rate (p.a.)	7.36%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Gratuity (funded): Defined Benefit Plans -As per actuarial valuation on 31st March, 2017

Rs. in Lakhs

		As at March 31	
		2017	**2016**
I.	Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March		
	Current service cost	480.91	1,238.45
	Interest cost	181.43	158.72
	Expected return on plan assets	(190.62)	(170.63)
	Actuarial (Gains)/Losses	795.27	(651.82)
	Funded amount to be transferred to Gratuity Fund	-	-
	Adjustment due to change in opening balance of plan assets	(139.57)	-
	Total expense	**1,127.42**	**574.72**
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	3,288.85	2,269.42
	Fair value of plan assets as at 31st March	2,628.97	2,249.59
	Funded status [Surplus/(Deficit)]	(659.88)	(19.83)
	Net asset/(liability) as at 31st March	**(659.88)**	**(19.83)**
III.	Change in the obligations during the year ended 31st March		
	Present Value of Defined Benefit obligation at the beginning of the year	2,267.44	1,771.78
	Transfer of Projected benefit obligation from MBCSPL	-	-
	Current service cost	480.91	1238.45
	Interest cost	181.43	158.72
	Actuarial (Gains)/Losses	617.76	(799.14)
	Benefits paid	(258.68)	(100.39)
	Present Value of Defined Benefit obligation at the end of the period	**3,288.86**	**2,269.42**

Rs. in Lakhs

		As at March 31	
		2017	**2016**
IV.	Change in the fair value of plan assets during the year ended 31st March		
	Fair value of plan assets at the beginning of the year	2,243.09	1,811.28
	Expected return on plan assets	190.75	170.76
	Contributions by employer	492.11	515.62
	Actuarial (Gains)/Losses	(177.86)	(147.68)
	Funded amount to be transferred to Gratuity Fund	-	-
	Adjustment due to change in opening balance of Plan assets	139.57	-
	Actual Benefits paid	(258.68)	(100.39)
	Fair value of plan assets at the end of the year	**2,628.98**	**2,249.59**
V.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
VI.	Actuarial Assumptions		
	Discount Rate (p.a.)	7.36%	8%
	Expected rate of return on plan assets (p.a.)	8%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	

Experience Adjustments (Gratuity)

	Year ending				Rs. in Lakhs
	31/03/2013	**31/03/2014**	**31/03/2015**	**31/03/2016**	**31/03/2017**
Defined Benefit obligation at the end of the year	1,046.46	1,371.09	1,771.78	2,269.42	3,300.68
Plan assets at the end of the year	967.88	1,320.08	1,811.28	2,249.59	2,628.97
Funded status Surplus / (Deficit)	(78.58)	(51.01)	39.50	(19.83)	(671.71)
Experience adjustments on plan liabilities (gain) / loss	(111.33)	(65.61)	(190.55)	(268.25)	392.49
Experience adjustments on plan assets gain / (loss)	(18.89)	(25.00)	(34.22)	(41.95)	(182.48)

Note 40 DISCLOSURE ON DERIVATIVES

Outstanding derivative instruments and un-hedged foreign currency exposures as at 31st March, 2017

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 1535.23 Lakhs (March 31, 2016 : US $ 1209.88 Lakhs). The said loan has been hedged to INR liability using a cross currency and interest swap. There is no un-hedged foreign currency exposure as on March 31, 2017.

During the year, the Company has changed its accounting policy for derivative transactions to align to the Guidance Note on Accounting for Derivative Transactions issued by the Institute of Chartered Accountants of India applicable with effect from April 01, 2016. Consequently, mark to market loss of Rs.514.68 Lakhs (net of deferred tax of Rs.272.38 Lakhs) is charged to opening retained earnings as transitional charge in respect of derivative transactions outstanding as at April 01, 2016 and a loss of Rs. 2365.54 Lakhs is charged to Statement of profit and loss for the year ended March 31, 2017.

Note 41 SECURITISATION/ASSIGNMENT TRANSACTIONS

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 11,489 contracts (March 31, 2016 : 30,940 contracts) amounting to Rs. 33,772.18 Lakhs (March 31, 2016: Rs. 85,586.85 Lakhs) for a consideration of Rs 33,772.18 Lakhs (March 31, 2016: Rs. 85,586.85 Lakhs) and de-recognised the assets from the books.

b) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs. Nil (March 31, 2016 : Rs. 6,756.56 Lakhs) considered no longer necessary (refer Accounting policy 4 (IV) A (iii)).

c) In terms of the accounting policy stated in 4 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances.

d) Excess interest spread received during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.11,500.70 Lakhs (March 31,2016: Rs. 12,062.65 Lakhs.)

e) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in Lakhs

Sr No.	Particulars	As at March 31 2017	As at March 31 2016
1.	No of SPVs sponsored by the NBFC for securitisation transactions	17	16
2.	Total amount of securitised assets as per books of the SPVs sponsored	81,804.49	1,36,825.69
3.	Total amount of exposures retained by the NBFC to		
	comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss-Credit enhancement in form of corporate undertaking	21,037.84	17,196.42
	Others	-	-
	b) On-balance sheet exposures		
	First loss-Cash collateral term deposits with banks	16,958.00	20,038.00
	Others- Retained interest in pass through certificates (excluding accrued interest)	151.77	472.12
4.	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Loss		
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others		
	Excess Interest Spread	21,053.50	27,856.85
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others- Cash collateral term deposits with banks	1,856.00	1,856.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Note 42 There were 204 cases (March 31, 2016: 180 cases) of frauds amounting to Rs. 433.10 Lakhs (March 31, 2016 : Rs 627.20 Lakhs) reported during the year. The Company has recovered an amount of Rs.125.98 Lakhs (March 31, 2016 : Rs 117.89 Lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

Note 43 There are no gold loans outstanding as at March 31, 2017 (March 31, 2016 : 0.02% of total assets).

Note 44 During the year, the Company has incurred expenditure of Rs. 3,362.57 Lakhs (March 31, 2016: Rs. 3,135.74 Lakhs) towards Corporate Social Responsibility activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 141.87 Lakhs (March 2016: Rs.114.26 Lakhs) towards the CSR activities undertaken by the Company (refer note no. 26).

Note 45 During the year, the Company had made a contribution of Rs.160.00 Lakhs (March 31, 2016 : Nil) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution is as per the provisions of section 182 of the Companies Act, 2013.

Note 46 During the year, the Department of Sales Tax in the State of Maharashtra has initiated an investigation proceeding against the Company under Section 64 of the Maharashtra Value Added Tax Act, 2002, in relation to the taxability of sale of vehicles on behalf of the Company's customers from fiscal year 2011 to the period ended October 30, 2016. The Company has made payment of Rs. 2,935.92 Lakhs under protest. The company has received a demand notice for fiscal year 2011 for Rs 492.95 Lakhs which has been shown under contingent liability, however the demand notice from fiscal 2012 is yet to be received from the department.

Note 47 Pursuant to Notification No. G.S.R. 308 (E) dated March 30, 2017 issued by the Ministry of Corporate Affairs requiring the Companies to disclose the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the Company provides here below the required details.

Rs. in Lakhs

	SBNs	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	**3,727.31**	**313.70**	**4041.01**
Add : Permitted Receipts #	11.36	89,080.59	89,091.95
Less : Permitted Payments	-	17.38	17.38
Less : Amount deposited in Banks	3,738.67	86,659.31	90,397.98
Closing cash in hand as on December 30, 2016	-	**2,717.60**	**2,717.60**

includes non-permitted receipts of SBNs aggregating to Rs.10.78 Lakhs received from customers and directly deposited by customers into Company's bank accounts from November 9, 2016 to November 11, 2016.

Note 48 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD 18:

A) List of the related parties which have transactions with our Company during the year

Holding Company:	Mahindra and Mahindra Limited
Fellow subsidiary Companies:	2 x 2 Logistics Private Limited
	Mahindra USA, Inc.
	Mahindra Two Wheelers Limited
	NBS International Ltd.
	Mahindra First Choice Wheels Ltd.
	Mahindra Defence Systems Ltd.
	Mahindra Retail Pvt. Ltd.
	Mahindra Integrated Business Solutions Ltd.
	Mahindra Vehicle Manufacturers Ltd.
	Mahindra Construction Company Ltd.
Fellow Associates:	Tech Mahindra Ltd.
Key Management Personnel :	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel :	Ms Janaki Iyer
	Ms Ramlaxmi Iyer
	Mr Risheek Iyer

B) Related Party transactions are as under:

Rs. in Lakhs

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies / Associates	Key Management Personnel
1	Income			
	Loan income	-	222.49	-
		-	**(64.15)**	-
	Subvention / Disposal loss income	3,786.03	-	
		(4,049.60)	**-**	
	Other income	-	3.91	-
		-	**(3.47)**	**-**
2	Expenses			
	Interest	1,638.56	399.76	19.24
		(126.12)	**-**	**(20.12)**
	Other Expenses	2,666.92	1,520.01	-
		(1,832.96)	**(620.81)**	**-**
	Remuneration to MD	-	-	674.59
		-	**-**	**(436.13)**
3	Investment in share capital	-	-	-
		-	**-**	**-**
4	Purchase of Fixed Assets	281.52	14.25	-
		(327.50)	**(30.97)**	**-**
5	Sale of Fixed Assets	-	-	-
		-	**-**	**-**
6	Finance			
	Fixed deposits taken	-	-	18.07
		-	**-**	**(18.94)**
	Fixed deposits repaid	-	-	-
		-	**-**	**(21.67)**

Rs. in Lakhs

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies / Associates	Key Management Personnel
	Dividend paid – for previous year	11,648.31	-	25.46
		(11,648.31)	**-**	**(23.85)**
	Inter corporate deposits taken	50,000.00	40,000.00	-
		(30,000.00)	**-**	**-**
	Inter corporate deposits repaid	55,000.00	-	-
		-	-	-
	Inter corporate deposits given	-	-	-
		-	**-**	**-**
	Inter corporate deposits refunded	-	-	-
		-	**-**	**-**
7	Other transactions			
	Reimbursement from parties	-	-	-
		-	**-**	**-**
	Reimbursement to parties	-	184.15	-
		-	**(153.08)**	**-**
8	Balances as at the end of the period			
	Receivables	-	78.07	-
		(310.21)	**(127.42)**	**-**
	Loan given (including interest accrued but not due)	-	2,448.79	-
		-	**(1,870.04)**	**-**
	Inter corporate deposits given (including interest accrued but not due)	-	113.38	-
		-	**-**	**-**
	Payables	1,081.85	406.30	-
		-	**(220.33)**	**-**
	Subordinate debt held (including interest accrued but not due)	-	-	-
		-	-	-
	Inter corporate deposits taken (including interest accrued but not due)	25,260.01	40,359.78	-
		(30,113.51)	**-**	**-**
	Fixed deposits (including interest accrued but not due)	-	-	245.59
		-	**-**	**(226.54)**

Notes: i) Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18.

C) The significant related party transactions are as under:

Rs. in Lakhs

Nature of transactions		Holding Company	Fellow subsidiary Companies / Associates	Key Management Personnel
Income				
Revenue from operations				
Subvention / Disposal loss income	Mahindra & Mahindra Limited	3,786.03	-	-
		(4,049.60)	-	-
Loan income	2 x 2 Logistics Pvt. Ltd.	-	222.03	-
-		-	(62.08)	-

Rs. in Lakhs

Nature of transactions		Holding Company	Fellow subsidiary Companies / Associates	Key Management Personnel
Expenses				
Interest				
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra & Mahindra Limited	1,638.56	-	-
		(126.12)	-	-
Other expenses				
Rent	Mahindra & Mahindra Limited	1,388.30	-	-
		(1,267.00)		
Commission & Valuation charges	Mahindra First Choice Wheels Limited		1,056.10	-
		-	(526.94)	-
Purchase of fixed assets	Mahindra & Mahindra Limited	142.16	-	-
		(254.81)	-	-
Finance				
Fixed Deposits	Ramesh Iyer and relatives	-	-	18.07
		-	-	(18.94)
Fixed deposits matured	Ramesh Iyer and relatives			-
		-	-	(21.67)
Dividend paid - for previous year	Mahindra & Mahindra Limited	11,648.31	-	-
		(11,648.31)	-	-
Inter corporate deposits taken	Mahindra & Mahindra Limited	50,000.00	-	-
		(30,000.00)	-	-
Inter corporate deposits taken	Tech Mahindra Limited	-	30,000.00	-
Inter corporate deposits repaid	Mahindra & Mahindra Limited	55,000.00	-	-
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	-	-	-
		(310.21)	-	-
Receivables	NBS International	-	78.07	-
		-	(127.42)	-
Payables	Mahindra First Choice Wheels Limited	-	283.38	-
		-	(155.44)	-
Payables	Mahindra & Mahindra Limited	1,081.85	-	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra & Mahindra Limited	25,260.01	-	-
		(30,113.51)	-	-
Inter corporate deposits taken (including interest accrued but not due)	Tech Mahindra Limited		30,171.61	-
			-	
Loan outstanding	2 x 2 Logistics Pvt. Ltd.	-	2,114.46	-
			(1,865.14)	-
Fixed deposits (including interest accrued but not due)	Ramesh Iyer and relatives	-	-	245.59
		-	-	(226.54)

D) Disclosure required under Section 186(4) of the Companies Act, 2013

As at March 31, 2017

Rs. in Lakhs

Particulars	Relation	Balance as on April 1, 2016	Advances	Repayments	Balance as on March 31, 2017
Loans and advances					
Mahindra Retail Pvt. Ltd.	Fellow subsidiary	4.90	-	4.90	-
2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	1,865.14	674.00	424.68	2,114.46
		1,870.04	**674.00**	**429.58**	**2,114.46**

Notes :

Above loans & advances have been given for general business purposes.

There were no guarantees given / securities provided during the year.

As at March 31, 2016

Rs. in Lakhs

Particulars	Relation	Balance as on April 1, 2015	Advances	Repayments	Balance as on March 31, 2016
Loans and advances					
Mahindra Retail Pvt. Ltd.	Fellow subsidiary	30.08	-	25.18	4.90
2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	13.21	1,952.93	101.00	1,865.14
		43.29	**1,952.93**	**126.18**	**1,870.04**

Notes :

Above loans & advances have been given for general business purposes.

There were no guarantees given / securities provided during the year

Note 49 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Rs. in Lakhs

Particulars	March 2017	March 2016
Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
i) Income tax	5,308.69	3,873.42
ii) Value Added Tax (VAT)	684.93	191.98
iii) Service tax	5,541.95	5,283.34
b) Corporate guarantees towards assignment transactions	-	15,331.13
c) Credit enhancement in terms of corporate guarantee for securitization transactions	21,037.84	17,196.42
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	4,333.26	3,383.96
	36,906.67	**45,260.75**
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	716.72	333.31
	716.72	**333.31**
Total	**37,623.39**	**45,594.06**

Note 50 CHANGES IN PROVISIONS

Rs. in Lakhs

	As at 01.04.2016	Additional Provision	Utilisation/ Reversal	As at 31.03.2017
Provision for Standard assets	15,249.40	2,180.00	-	17,429.40
Provision for Non-performing assets	1,56,055.07	1,06,315.84	56,435.00	2,05,935.91

Note 51 MICRO AND SMALL ENTERPRISES (MSE)

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, there are no amounts due to MSE as at March 31, 2017.

The relevant particulars as at the year-end as required under the MSMED Act are furnished here below:

Rs. in Lakhs

	Year ended March 31	
	2017	2016
a) Principal amount due and remaining unpaid to suppliers as at the year end	-	-
b) Interest accrued and due to suppliers on the above amount as at the year end	-	-
c) Interest paid to suppliers in terms of Section 16 of the MSMED Act	-	-
d) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
e) Interest paid to suppliers (other than Section 16 of the MSMED Act)	-	-
f) Interest due and payable to suppliers for payments already made (for the period of delay, if any)	-	-
g) Interest accrued and remaining unpaid at the year end	-	-
h) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

Note 52 SECURED LONG-TERM BORROWINGS

i) Secured non-convertible debentures

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity :				
Maturing beyond 5 years	8.30% - 9.00%	1,90,200.00	-	1,90,200.00
Maturing between 3 years to 5 years	7.50% - 8.82%	1,54,130.00	-	1,54,130.00
Maturing between 1 year to 3 years	7.43% - 10.25%	8,79,350.00	-	8,79,350.00
Maturing within 1 year	7.38% - 9.45%	-	2,43,380.00	2,43,380.00
Total		**12,23,680.00**	**2,43,380.00**	**14,67,060.00**

As on 31 March, 2016:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity :				
Maturing beyond 5 years	8.70% - 9.00%	1,89,200.00	-	1,89,200.00
Maturing between 3 years to 5 years	8.48% - 9.45%	2,01,950.00	-	2,01,950.00
Maturing between 1 year to 3 years	8.48% - 10.25%	3,39,240.00	-	3,39,240.00
Maturing within 1 year	8.57% - 10.20%	-	2,34,470.00	2,34,470.00
Total		**7,30,390.00**	**2,34,470.00**	**9,64,860.00**

ii) Secured term loans from banks :

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity :				
Maturing between 3 years to 5 years	8.40% - 8.75%	25,000.00	-	25,000.00
Maturing between 1 year to 3 years	8.05% - 9.70%	1,04,000.00	-	1,04,000.00
Maturing within 1 year	8.55% - 9.70%	-	80,000.00	80,000.00
Total for repayable on maturity		**1,29,000.00**	**80,000.00**	**2,09,000.00**
2) Repayable in installments :				
i) Quarterly -				
Maturing between 3 years to 5 years	8.15% - 8.90%	18,055.56	-	18,055.56
Maturing between 1 year to 3 years	8.15% - 9.35%	84,464.28	-	84,464.28
Maturing within 1 year	8.15% - 9.65%	-	89,774.44	89,774.44
Total		**1,02,519.84**	**89,774.44**	**1,92,294.28**
ii) Half yearly -				
Maturing between 3 years to 5 years	8.30% - 9.05%	31,666.67	-	31,666.67
Maturing between 1 year to 3 years	8.30% - 9.70%	1,27,666.66	-	1,27,666.67
Maturing within 1 year	8.50% - 9.70%	-	81,000.00	81,000.00
Total		**1,59,333.33**	**81,000.00**	**2,40,333.33**
iii) Yearly -				
Maturing between 3 years to 5 years	9.30% - 9.70%	67,966.67	-	67,966.67
Maturing between 1 year to 3 years	8.45% - 9.70%	1,97,517.00	-	1,97,517.00
Maturing within 1 year	8.45% - 9.70%	-	57,383.34	57,383.34
Total		**2,65,483.67**	**57,383.34**	**3,22,867.01**
Total for repayable in installments		**5,27,336.84**	**2,28,157.78**	**7,55,494.62**
Total (1+2)		**6,56,336.84**	**3,08,157.78**	**9,64,494.62**

As at March 31, 2016:

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity :				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.65% - 9.75%	25,000.00	-	25,000.00
Maturing between 1 year to 3 years	9.65% - 9.75%	90,000.00	-	90,000.00
Maturing within 1 year	9.50% - 9.95%	-	1,27,500.00	1,27,500.00
Total for repayable on maturity		**1,15,000.00**	**1,27,500.00**	**2,42,500.00**
2) Repayable in installments :				

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.00% - 9.30%	19,781.75	-	19,781.75
Maturing between 1 year to 3 years	9.30% - 9.65%	1,07,512.54	-	1,07,512.54
Maturing within 1 year	9.30% - 9.71%	-	67,819.42	67,819.42
Total		**1,27,294.29**	**67,819.42**	**1,95,113.71**
ii) Half yearly -				
Maturing beyond 3 years to 5 years	9.45% - 9.70%	53,333.33	-	53,333.33
Maturing between 1 year to 3 years	9.65% - 9.75%	1,16,000.00	-	1,16,000.00
Maturing within 1 year	9.65% - 9.75%	-	1,11,733.33	1,11,733.33
Total		**1,69,333.33**	**1,11,733.33**	**2,81,066.66**
iii) Yearly -				
Maturing beyond 5 years	-	-	-	-
Maturing between 3 years to 5 years	9.34% - 9.70%	1,20,933.33	-	1,20,933.33
Maturing between 1 year to 3 years	9.34% - 9.70%	1,81,933.33	-	1,81,933.33
Maturing within 1 year	9.50% - 9.70%	-	50,333.34	50,333.34
Total		**3,02,866.66**	**50,333.34**	**3,53,200.00**
Total for repayable in installments		**5,99,494.28**	**2,29,886.09**	**8.29.380.37**
Total (1+2)		**7,14,494.28**	**3,57,386.09**	**10,71,880.37**

iii) Secured term loans from others :

As on March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on installments :				
Maturing between 3 years to 5 years	7.65% - 9.30%	2,054.80	-	2,054.80
Maturing between 1 year to 3 years	7.65% - 9.30%	6,339.39	-	6,339.39
Maturing within 1 year	7.65% - 9.70%	-	5,311.81	5,311.81
Total for repayable on installments		**8,394.19**	**5,311.81**	**13,706.00**

As on March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on installments :				
Maturing beyond 5 years	9.30% - 9.55%	475.40	-	475.40
Maturing between 3 years to 5 years	8.85% - 9.55%	4,847.48	-	4,847.48
Maturing between 1 year to 3 years	8.85% - 9.70%	9,863.12	-	9,863.12
Maturing within 1 year	6.00% - 10.15%	-	6,109.49	6,109.49
Total for repayable on installments		**15,186.00**	**6,109.49**	**21,295.49**

iv) Foreign currency loans from banks

As on March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	LIBOR plus spread 1.07% - 2.20%	47,460.87		47,460.87
Maturing within 1 year	LIBOR plus spread 1.07% - 2.20%	-	52,099.08	52,099.08
Total		**47,460.87**	**52,099.08**	**99,559.95**

As on March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity :				
Maturing between 1 year to 3 years	LIBOR plus spread 1.07% - 2.20%	53,227.83		53,227.83
Maturing within 1 year	LIBOR plus spread 1.07% - 2.20%	-	26,932.51	26,932.51
Total		**53,227.83**	**26,932.51**	**80,160.34**

v) Foreign currency loans from others

As on March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity :				
Maturing beyond 5 years	1.99% - 4.01%	7,658.73	-	7,658.73
Maturing between 3 years to 5 years	1.99% - 4.01%	30,360.60	-	30,360.60
Maturing between 1 year to 3 years	1.99% - 4.01%	80,277.23	-	80,277.23
Maturing within 1 year	1.41% - 4.01%	-	62,270.65	62,270.65
Total		**1,18,296.56**	**62,270.65**	**1,80,567.21**

As on March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity :				
Maturing beyond 5 years	1.99% - 3.69%	5,657.04	-	5,657.04
Maturing between 3 years to 5 years	1.99% - 3.69%	32,704.62	-	32,704.62
Maturing between 1 year to 3 years	1.99% - 3.69%	70,199.81	-	70,199.81
Maturing within 1 year	1.99% - 3.69%	-	52,566.87	52,566.87
Total		**108,561.47**	**52,566.87**	**1,61,128.34**

Note 53 UNSECURED BORROWINGS

i) Subordinated debts (long-term)

As at March 31, 2017

Issued on private placement basis

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity :				
Maturing beyond 5 years	8.90% - 10.15%	72,280.00	-	72,280.00
Maturing between 3 years to 5 years	9.50% - 10.50%	37,270.00	-	37,270.00
Maturing between 1 year to 3 years	9.85% - 11.75%	15,480.00	-	15,480.00
Maturing within 1 year	10.50% - 12.00%	-	6,880.00	6,880.00
Total A		**125,030.00**	**6,880.00**	**131,910.00**

Issued to retail investors through public issue

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity :				
Maturing beyond 5 years	8.44% - 9.00%	94,534.22	-	94,534.22
Maturing between 3 years to 5 years	8.34% - 8.70%	5,465.78	-	5,465.78
Total B		**100,000.00**	-	**100,000.00**
Total (A+B)		**225,030.00**	**6,880.00**	**231,910.00**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity :				
a) Maturing beyond 5 years	8.90% - 10.50%	74,830.00	-	74,830.00
b) Maturing between 3 years to 5 years	9.50% - 10.02%	41,720.00	-	41,720.00
c) Maturing between 1 year to 3 years	10.50% - 12.00%	7,860.00	-	7,860.00
Total		**124,410.00**	**-**	**124,410.00**

ii) Term loan from banks – (short-term)

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Short term	Total
Repayable on maturity :			
Maturing within 1 year	7.50% - 8.00%	7,400.00	7,400.00
Total		**7,400.00**	**7,400.00**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity :				
Maturing within 1 year	9.50% - 10.00%	-	10,000.00	10,000.00
Total		**-**	**10,000.00**	**10,000.00**

iii) Inter corporate deposits – (short-term)

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Short term	Total
Repayable on maturity :			
Maturing within 1 year	7.60% - 9.80%	65,000.00	65,000.00
Total		**65,000.00**	**65,000.00**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	Short Term	Total
Repayable on maturity :			
Maturing within 1 year	8.85% - 9.05%	30,000.00	30,000.00
Total		**30,000.00**	**30,000.00**

iv) Fixed deposits

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	(b) Non-current	Long-term (c) Current maturities	Total
Maturing beyond 3 years	7.35% - 10.10%	-	31,748.40	-	31,748.40
Maturing between 1 year to 3 years	7.35% - 10.10%	-	1,87,545.45	-	191,170.45
Maturing within 1 year	7.30% - 10.60%	24,311.71	-	1,82,750.58	2,07,062.29
Total		**24,311.71**	**2,19,293.85**	**1,82,750.58**	**438,296.14**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	(a) Short-Term	(b) Non-current	Long-term (c) Current maturities	Total
Maturing beyond 3 years	8.20% - 10.10%	-	15,832.63	-	15,832.63
Maturing between 1 year to 3 years	8.20% - 10.60%	-	272,018.38	-	272,018.38
Maturing within 1 year	7.90% - 10.60%	16,154.68	-	161,030.66	177,185.34
Total		**16,154.68**	**287,851.01**	**161,030.66**	**465,036.35**

Note 54 SHORT – TERM BORROWINGS

i) Secured term loans from banks and cash credit facilities

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	7.90% -12.35%	1,59,119.35
Total		**1,59,119.35**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.10% -12.15%	1,24,329.05
Total		**1,24,329.05**

ii) Foreign currency loans from others (secured)

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	1.41%	80,431.74
Total		**80,431.74**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	0.86%	55,269.45
Total		**55,269.45**

iii) Commercial papers

As at March 31, 2017

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	6.65% - 7.60%	3,85,500.00
Total		**3,85,500.00**

As at March 31, 2016

Rs. in Lakhs

From the Balance Sheet date	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	8.09% - 9.40%	2,96,000.00
Total		**2,96,000.00**

Note 55 SEGMENT INFORMATION AS PER ACCOUNTING STANDARD 17

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2017:

Rs. in Lakhs

	Period ended March 31, 2017			Period ended March 31, 2016		
	Financing activities	**Other reconciling items**	**Total**	**Financing activities**	**Other reconciling items**	**Total**
External revenue	7,06,753.70	13,931.90	7,20,685.60	6,48,578.22	11,166.77	6,59,744.99
Inter segment revenue	2,158.57	4,371.65	6,530.22	2,156.89	3,870.07	6,026.96
Total revenue	**7,08,912.27**	**18,303.55**	**7,27,215.82**	**6,50,735.11**	**15,036.84**	**6,65,771.95**
Segment results (Profit before tax and after interest on financing segment	77,670.60	6,104.85	83,775.45	1,15,341.52	7,070.46	1,22,411.98
Less: Interest on unallocated reconciling items	-	-	-	-	-	-
Net Profit before tax	**77,670.60**	**6,104.85**	**83,775.45**	**1,15,341.52**	**7,070.46**	**1,22,411.98**
Less: Income taxes	-	-	30,805.47	-	-	43,671.83
Net profit	-	-	52,969.98	-	-	78,740.15
Other information:						
Segment assets	52,42,386.18	5,166.72	52,47,552.90	4,421,783.71	8,378.57	44,30,162.28
Unallocated corporate assets			93,104.25			70,347.26
Total assets	52,42,386.18	5,166.72	53,40,657.15	4,421,783.71	8,378.57	45,00,509.54
Segment liabilities	46,31,965.16	2,696.33	46,34,661.49	3,845,188.24	1,803.60	38,46,991.84
Unallocated corporate liabilities			-			-
Total liabilities	46,31,965.16	2,696.33	46,34,661.49	38,45,188.24	1,803.60	38,46,991.84
Capital expenditure	5,538.06	377.00	5,915.06	5,293.85	431.72	5,725.57
Depreciation / amortisation	5,130.18	242.14	5,372.32	4,432.15	137.63	4,569.78
Non cash expenditure other than depreciation	**53,593.42**	**123.15**	**53,716.57**	**59,367.20**	**222.17**	**59,589.37**

Note 56 DISCLOSURE REQUIRED UNDER SCHEDULE III OF THE COMPANIES ACT, 2013

Name of Entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In Lakhs)	As % of consolidated profit & loss	Amount (Rs. In Lakhs)
Parent				
Mahindra & Mahindra Financial Services Limited	93.16%	6,57,686.45	73.17%	38,755.83
Subsidiaries				
Indian				
1. Mahindra Insurance Brokers Limited	2.33%	16,469.38	8.51%	4,509.10
2. Mahindra Rural Housing Finance Limited	2.42%	17,088.71	13.76%	7,289.95
3. Mahindra Asset Management Company Limited	(0.39%)	(2,783.63)	(3.87%)	(2,047.35)
4. Mahindra Trustee Company Private Limited	0.00%	(27.81)	(0.04%)	(20.36)
Foreign				
Minority Interests in all Subsidiaries	1.41%	9,980.11	3.41%	1,806.31
Associates				
Indian				
Foreign				
Joint Ventures (as per proportionate consolidation / investment as per the equity Method				
Indian				
Foreign				
1. Mahindra Finance USA, LLC	1.07%	7,582.45	5.05%	2,676.50
Total	**100.00%**	**705,995.66**	**100.00%**	**52,969.98**

Note 57 PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER FOUND NECESSARY

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For B. K. Khare and Co.
Chartered Accountants
FRN :105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Place : Mumbai
Date : April 25, 2017

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

C.B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V. Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Independent Auditor's Report

To the Members of
Mahindra & Mahindra Financial Services Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Mahindra & Mahindra Financial Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are referred to as "the Group"), comprising the consolidated balance sheet as at March 31, 2016, and the consolidated statements of profit and loss and cash flow for the period from April 1, 2015 to March 31, 2016, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2016, and its consolidated profit and consolidated cash flows for the period from April 1, 2015 to March 31, 2016.

9. Other Matters

a. We did not audit the financial statements of the joint venture entity whose financial statements reflect total assets of Rs. 243,751.58 lakhs as at March 31, 2016, total revenues of Rs. 10,684.46 lakhs, and net cash inflows amounting to Rs 358.14 lakhs, respectively for the year then ended as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion insofar as it relates to these financial statements, is based solely on the reports of the other auditors.

b. 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.

Report on Other Legal and Regulatory Requirements

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

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements;

    b. in our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;

    c. the consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiaries and the operating effectiveness of such controls, refer our separate report in Annexure I.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice – Refer Note 47 to the consolidated financial statements.

        ii. The Group did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the auditor's report of the Indian subsidiary there were no amounts which were required to be transferred to the said fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership Number: 037825

Place : Mumbai
Date : April 23, 2016

Annexure I to our Report

of even date on the Consolidated Financial Statements of Mahindra & Mahindra Financial Services Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the **Mahindra & Mahindra Financial Services Limited** as of March 31, 2016 and for the period from April 1, 2015 to March 31, 2016 we have audited the internal financial controls over financial reporting of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as "the Holding Company") and its four subsidiary companies incorporated in India ("Indian Subsidiary Companies"), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its Indian Subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control sated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and efforts, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on internal financial controls over financial reporting based on our audit for the Group Companies in India. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Group Companies in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and Group Companies in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Group Companies in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership Number: 037825

Place : Mumbai
Date : April 23, 2016

Consolidated Balance Sheet

as at March 31, 2016

Rs. in Lacs

Particulars			Note No.	As at March 31 2016	2015
I.	**EQUITY & LIABILITIES**				
1)	**Shareholders' funds**				
	a)	Share Capital	1	11,292.03	11,282.81
	b)	Reserves and Surplus	2	635,647.75	582,988.88
				646,939.78	**594,271.69**
	Minority Interest			6,752.75	4,929.60
2)	**Non-current liabilities**				
	a)	Long-term borrowings	3	2,034,120.59	1,686,524.66
	b)	Other Long-term liabilities	4	43,263.99	30,247.97
	c)	Long term provisions	5	49,184.40	35,266.53
				2,126,568.98	**1,752,039.16**
3)	**Current liabilities**				
	a)	Short Term Borrowings	6	521,753.18	525,861.91
	b)	Trade payables	7	50,725.49	49,545.23
	c)	Other current liabilities	8	991,031.27	818,226.02
	d)	Short term provisions	9	156,912.91	118,440.41
				1,720,422.85	**1,512,073.57**
	TOTAL			**4,500,684.36**	**3,863,314.02**
II.	**ASSETS**				
1)	**Non-current assets**				
	a)	Fixed Assets	10		
		i) Tangible assets		12,345.94	11,415.94
		ii) Intangible assets		559.35	470.09
		iii) Capital work-in-progress		1.85	31.54
	b)	Non-current investments	11	65,220.87	55,967.01
	c)	Deferred tax assets (Net)	12	59,923.93	42,125.77
	d)	Long-term loans and advances	13	2,284,205.04	1,988,826.44
	e)	Other non-current assets	14	5,236.44	23,263.46
				2,427,493.42	**2,122,100.25**
2)	**Current assets**				
	a)	Current investments	15	54,670.33	9,449.80
	b)	Trade receivables	16	2,000.45	1,454.15
	c)	Cash and cash equivalents	17	60,975.36	49,364.02
	d)	Short-term loans and advances	18	1,946,693.60	1,676,198.37
	e)	Other current assets	19	8,851.20	4,747.43
				2,073,190.94	**1,741,213.77**
	Total			**4,500,684.36**	**3,863,314.02**
	Summary of significant accounting policies and notes to the financial statements		**I & II**		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN : 105102W

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

Naresh Kumar Kataria
Partner
Membership No.037825

C.B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Place : Mumbai
Date : 23rd April, 2016

Consolidated Statement of Profit and Loss

for the year ended March 31, 2016

Rs. in Lacs

Particulars		Note No.	Year ended March 31 2016	Year ended March 31 2015
I.	**Revenue from operations**	20	655,386.74	602,114.28
II.	**Other income**	21	4,365.01	3,976.28
III.	**Total Revenue (I+II)**		**659,751.75**	**606,090.56**
IV.	**Expenses:**			
	Employee benefits expense	22	70,409.22	56,710.19
	Finance costs	23	286,834.73	264,299.81
	Depreciation and amortization expense	24	4,569.78	4,550.76
	Loan provisions and write offs	25	109,819.07	84,912.26
	Other expenses	26	65,706.97	55,630.68
	Total expenses		**537,339.77**	**466,103.70**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**122,411.98**	**139,986.86**
VI.	Exceptional items (net) - income/(expense)		**-**	**-**
VII.	**Profit before extraordinary items and tax (V-VI)**		**122,411.98**	**139,986.86**
VIII.	**Extraordinary items**		-	-
IX.	**Profit before tax (VII-VIII)**		122,411.98	139,986.86
X.	**Tax expense:**			
	(1) Current tax		61,439.94	57,611.27
	(2) Deferred tax		(17,768.11)	(10,111.16)
			43,671.83	**47,500.11**
XI.	**Profit/(Loss) for the period from continuing operations (IX-X)**		**78,740.15**	**92,486.75**
XII.	Minority Interest		1,510.79	1,196.21
XIII.	**Profit/(Loss) for the period (XI-XII)**		**77,229.36**	**91,290.54**
XIV.	**Earnings per equity share (Rupees):**	32		
	(Face value - Rs. 2/- per share)			
	(1) Basic		13.69	16.19
	(2) Diluted		13.58	16.05
	Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Statement of Profit and Loss.
This is the Statement of Profit and Loss referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN : 105102W

Naresh Kumar Kataria
Partner
Membership No.037825

Place : Mumbai
Date : 23rd April, 2016

Dhananjay Mungale
Chairman

Ramesh Iyer
Vice-Chairman & Managing Director

M. G. Bhide
Director

Piyush Mankad
Director

C.B. Bhave
Director

Rama Bijapurkar
Director

V. S. Parthasarathy
Director

Dr. Anish Shah
Director

V Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2016

Rs. in Lacs

Particulars			Year ended March 31 2016	2015
A.	**Cash Flow From Operating Activities**			
	Profit before taxes and contingencies and exceptional items		**122,411.98**	**139,986.86**
	Add/(Less): Non Cash Expenses			
	Depreciation and amortisation expense		4,569.78	4,550.76
	Exchange Fluctuation		1,022.95	573.01
	Provision for non-performing assets (net)		56,064.16	34,728.06
	Bad Debts & Write offs		51,978.52	48,804.81
	General provision for Standard assets		1,775.75	1,330.83
	Higher provision & provision for diminution in the fair value of restructured advances		0.64	31.87
	Employee stock compensation costs		1,431.06	1,065.33
			116,842.86	**91,084.67**
	Add/(Less): Income considered separately			
	Income from investing activities		(5,218.58)	(3,962.26)
	(Profit)/Loss on sale of assets		(100.34)	(9.65)
	(Profit)/Loss on sale of Investment		-	(468.64)
	Income from Assignment/Securitisation transactions		(20,633.45)	(25,622.33)
			(25,952.37)	**(30,062.88)**
	Operating profit before working capital changes	**(I)**	**213,302.47**	**201,008.65**
	Less:			
	(Increase)/Decrease in interest accrued on investment/others		901.85	909.07
	(Increase)/Decrease in Trade receivables		(86.84)	(40,040.07)
	(Increase)/Decrease in Loans & Advances		(693,637.71)	(539,160.34)
			(692,822.70)	**(578,291.34)**
	Add: Increase in Current liabilities		49,400.74	39,424.22
		(II)	**(643,421.96)**	**(538,867.12)**
	Cash generated from operations	**(I+II)**	**(430,119.49)**	**(337,858.47)**
	Advance taxes paid		(65,547.73)	(59,145.11)
			(495,667.22)	**(397,003.58)**
	Net Cash Generated From/(Used In) Operating Activities (A)		**(495,667.22)**	**(397,003.58)**
B.	**Cash Flow from Investing Activities**			
	Purchase of Fixed Assets/Software		(5,538.04)	(4,469.93)
	Sale of fixed assets		236.85	603.22
	Purchase of Investments		(234,599.19)	(267,533.24)
	Investments in/maturity of term deposits with banks		10,913.77	(4,066.77)
	Sale of Investments		180,074.80	274,769.77
	Income received from investing activities		4,920.43	4,105.38
	(Increase)/Decrease in Earmarked balances with banks		5.56	0.24
	Net Cash Generated From/(Used In) Investing Activities (B)		**(43,985.82)**	**3,408.67**

Consolidated Cash Flow Statement

for the year ended March 31, 2016

Rs. in Lacs

Particulars	Year ended March 31 2016	2015
C. Cash Flow from Financing Activities		
Issue of Equity Shares (net of issue expenses)	796.64	552.76
Increase/(Decrease) in Bank borrowings (net)	(122,402.47)	(245,042.73)
Increase/(Decrease) in long term borrowings (net)	585,673.70	133,089.93
Increase/(Decrease) in short term borrowings (net)	1,334.43	338,500.62
Increase/(Decrease) in Fixed Deposits (net)	6,777.96	100,738.59
Proceeds from Assignment/Securitisation transactions	99,463.75	89,044.34
Dividend paid (including tax on dividend)	(28,590.94)	(26,176.51)
Net Cash Generated From/(used in) Financing Activities (C)	**543,053.07**	**390,707.00**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**3,400.03**	**(2,887.91)**
Cash And Cash Equivalents at the beginning of the year	**20,549.11**	**23,437.02**
Cash And Cash Equivalents at the end of the year (Refer Note No. 17)	**23,949.14**	**20,549.11**

COMPONENTS OF CASH AND CASH EQUIVALENTS

Rs. in Lacs

	Year ended March 31 2016	2015
Cash and cash equivalents at the end of the year		
- Cash on hand	2,772.55	1,929.42
- Cheques and drafts on hand	544.34	296.98
- Balances with banks in current accounts	20,632.25	18,322.71
	23,949.14	**20,549.11**

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

For **B. K. Khare and Co.**
Chartered Accountants
FRN : 105102W

Dhananjay Mungale
Chairman

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Director

V Ravi
Executive Director & Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Place : Mumbai
Date : 23rd April, 2016

Significant Accounting Policies and Notes

to the consolidated financial statements for the year ended March 31st, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) "Financial Reporting of Interests in Joint Ventures" prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time of making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The financial statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of Profit and Loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:

i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and

ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are:

Name of the Subsidiary Company/Joint Venture	Country of Origin	Proportion of Ownership Interest (*)
Mahindra Insurance Brokers Limited (MIBL)	India	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Asset Management Company Pvt. Ltd. (MAMCPL)	India	100.00%
Mahindra Trustee Company Pvt. Ltd. (MTCPL)	India	100.00%
Mahindra Finance USA, LLC (MFUSA)	USA	49.00%

* There is no change in the proportion of ownership interest as compared to the previous year.

2) Basis for preparation of financial statements:

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

All assets and liabilities have been classified as current and non–current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by Mahindra Rural Housing Finance Limited, one of the subsidiaries, follows similar norms prescribed by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 33 of notes to the financial statements).

The joint venture (MFUSA) records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

3) Use of estimates:

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

4) Revenue recognition:

i. General:

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

ii. Income from loans:

a) Interest income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

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

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

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

e) In respect of MRHFL, income on business assets classified as Non-performing Assets, is recognised on realisation in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

f) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

g) The joint venture's (MFUSA) interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late payment charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on cash basis after a receivable is put on non accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

iii. Subvention income:

Subvention received from dealers/ manufacturers on vehicles financed is booked over the period of the contract.

iv. Brokerage and handling charges income:

Brokerage, handling charges and broker retainer fees are recognised on accrual basis when services are rendered and are net of service tax.

v. Insurance consultancy fees:

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

vi. Income from assignment/securitisation transactions:

A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012:

i. In case of receivables assigned/ securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/ securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

iii. On the maturity of an underlying assignment/securtisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/ expenses have already been debited to the Statement of Profit and Loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012:

i. Securitisation transactions:

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

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

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

ii. Assignment transactions:

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities"/"Other current liabilities" (refer note no. 4 and 8).

vii. Income from investments:

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accrued on time proportion basis.

5) Fixed assets, depreciation and amortization:

a) Tangible assets:

i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

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

b) Depreciation on Tangible assets:

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets:

a) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

b) Vehicles used by employees are depreciated over a period of 48 months considering this period as the useful life of the vehicle for the Company.

c) In respect of MMFSL, repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's 'Tangible assets' in note no.10.

d) Residual value of the assets is considered as nil reflecting the realisable value at the end of the useful life of an asset.

c) Intangible assets:

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

d) Amortization of Intangible assets:

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

6) Foreign exchange transactions and translations:

i. Initial recognition

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

ii. Conversion

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

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

c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

iii. Exchange differences

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

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

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

iv. Forward exchange contracts entered into to hedge foreign currency risk of existing assets/liabilities

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

b. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rate changes.

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

d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. Such transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gains/ losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.

e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

7) Investments:

In respect of the Company (MMFSL), in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

8) Loans against assets:

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

9) Employee benefits:

(a) Contribution to Provident Fund -

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of Profit and Loss.

(b) Gratuity -

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

(c) Superannuation -

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

(d) Leave encashment/compensated absences -

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

10) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

11) Current and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

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

12) Share issue expenses:

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve or charged to Statement of Profit and Loss in the year in which they are incurred.

13) Impairment of assets:

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

14) Provisions and contingent liabilities:

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

15) Employee stock compensation costs:

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

16) Lease:

Payments under operating lease arrangements are recognized as per the terms of the lease.

17) Earnings Per Share:

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

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 1 SHARE CAPITAL		
Authorised capital:		
70,00,00,000 equity shares of Rs.2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital:		
56,87,64,960 equity shares of Rs.2/- each	11,375.30	11,375.30
Subscribed and paid-up capital:		
56,87,64,960 equity shares of Rs.2/- each fully paid up	11,375.30	11,375.30
Less : Shares issued to ESOS trust but not allotted by it to employees (41,63,582 equity shares of Rs.2/- each (March 2015 : 46,24,289 equity shares of Rs.2/- each))	83.27	92.49
Total	**11,292.03**	**11,282.81**

	As at March 31			
	2016		2015	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares -				
Balance at the beginning of the year	568764960	11,375.30	568764960	11,375.30
Add : Fresh allotment of shares	-	-	-	-
Balance at the end of the year	**568764960**	**11,375.30**	**568764960**	**11,375.30**
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:				
Holding company : Mahindra & Mahindra Limited	291207660	5,824.15	291207660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Limited	291207660	5,824.15	291207660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) Terms/rights attached to equity shares

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

e) Shares issued to ESOS Trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 83.27 Lacs (March 31, 2015 : Rs. 92.49 Lacs) in respect of 41,63,582 equity shares of face value of Rs. 2/- each (March 31, 2015 : 46,24,289 equity shares of face value of Rs. 2/- each) pertaining to Employee Stock Option Scheme 2005 and Employee Stock Option Scheme 2010 and Securities premium reserve by Rs. 64.39 Lacs (March 31, 2015 : Rs. 64.39 Lacs) in respect of 7,85,275 equity shares (March 31, 2015 : 7,85,275 equity shares) pertaining to Employee Stock Option Scheme 2005 held by the Trust, as at the year-end pending allotment of shares to eligible employees.

Rs. in Lacs

	As at March 31	
	2016	**2015**
NOTE 2 RESERVES AND SURPLUS		
Capital redemption reserve:		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfer during the year	-	-
	5,000.00	**5,000.00**
Less : Deductions during the year	-	-
Balance as at the end of the year	**5,000.00**	**5,000.00**
Securities premium reserve:		
Balance as at the beginning of the year	2,02,324.25	2,01,824.74
Add : Additions during the year on account of -		
i) Exercise of employee stock options	928.15	499.51
ii) Fresh issue of shares	-	-
	2,03,252.40	**2,02,324.25**
Less : Deductions during the year in respect of share issue expenses	-	-
Balance as at the end of the year	**2,03,252.40**	**2,02,324.25**
Less : Shares issued to ESOP trust but not allotted to employees pertaining to Employees Stock Option Scheme 2005	64.39	64.39
Net balance as at the end of the year	**2,03,188.01**	**2,02,259.86**
Statutory reserve:		
Balance as at the beginning of the year	1,01,279.18	83,352.56
Add : Transfers from Surplus in the Statement of Profit and Loss	15,486.38	17,926.62
	1,16,765.56	**1,01,279.18**
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,16,765.56**	**1,01,279.18**
General reserve:		
Balance as at the beginning of the year	46,358.20	37,480.45
Add : Transfers from Surplus in the Statement of Profit and Loss	6,726.00	8,877.75
	53,084.20	**46,358.20**
Less : Deductions during the year	-	-
Balance as at the end of the year	**53,084.20**	**46,358.20**
Foreign exchange fluctuation reserve:		
Balance as at the beginning of the year	1,885.69	1,312.48
Add : Additions during the year	1,036.49	573.21
	2,922.18	**1,885.69**
Less : Deductions during the year	-	-
Balance as at the end of the year	**2,922.18**	**1,885.69**
Employees stock options outstanding:		
A) Employee Stock Option Outstanding:		
Balance as at the beginning of the year	5,241.45	1,333.81
Add : Fresh grant of options	139.10	4,465.00
	5,380.55	**5,798.81**
Less : Transfers/reversals during the year		
i) Transfers to securities premium reserve on exercise of options	928.15	499.51
ii) Reversals for options lapsed	16.72	57.85
Balance as at the end of the year (A)	**4,435.68**	**5,241.45**
Less:		
B) Deferred Employee Compensation:		
Balance as at the beginning of the year	3,599.85	462.18
Add : Fresh grant of options	139.10	4,465.00
	3,738.95	**4,927.18**

Rs. in Lacs

	As at March 31 2016	2015
NOTE 2 RESERVES AND SURPLUS		
Less : Amortisation during the year		
i) Transfer to employee benefit expenses (refer note no. 22)	1,727.88	1,269.48
ii) Reversals for options lapsed	16.72	57.85
Balance as at the end of the year (B)	**1,994.35**	**3,599.85**
Balance as at the end of the year (A-B)	**2,441.33**	**1,641.60**
Surplus in Statement of profit and loss:		
Balance as at the beginning of the year	2,24,564.35	1,87,814.12
Less : Transitional depreciation charge (net of deferred tax) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).**	-	329.77
	2,24,564.35	**1,87,484.35**
Add : Adjustments as per the Scheme of Amalgamation	-	529.87
Add : Profit for the year transferred from the Statement of Profit and Loss	77,229.36	91,290.54
	3,01,793.71	**2,79,304.76**
Less : Appropriations:		
General reserve	6,726.00	8,877.75
Statutory reserve	15,486.38	17,926.62
Proposed dividend on equity shares	22,750.60	22,750.60
Corporate dividend tax on equity shares	4,584.26	4,552.41
Deferred Tax Liability on Special Reserve adjustments**	-	633.03
	49,547.24	**54,740.41**
Balance as at the end of the year	**2,52,246.47**	**2,24,564.35**
Total	**6,35,647.75**	**5,82,988.88**

** excluding share attributable to minority interest.

Rs. in Lacs

	As at March 31 2016	2015
NOTE 3 LONG-TERM BORROWINGS		
a) Secured - #		
Non-convertible debentures (refer note no. 50(i)(a)) $	7,30,390.00	3,57,040.00
Term loans:		
- from banks (refer note no. 50(ii)(a))	7,14,494.28	7,87,597.03
- from others (refer note no. 50(iii)(a))	15,186.00	21,682.49
Foreign currency loans		
- from banks (refer note no. 50(iv)(a))	53,227.83	12,500.00
- from others (refer note no. 50(v)(a))	1,08,561.47	75,101.31
Total	**16,21,859.58**	**12,53,920.83**
b) Unsecured -		
Unsecured bonds (Subordinate debts) (refer note no. 51(i)(a)) $	1,24,410.00	1,00,910.00
Term loans:		
- from banks (refer note no. 51(ii)(a))	-	10,000.00
Fixed deposits (refer note no. 51(iv)(a))	2,87,851.01	3,21,693.83
Total	**4,12,261.01**	**4,32,603.83**
Total (a+b)	**20,34,120.59**	**16,86,524.66**

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

$ The funds raised by the Company during the year by issue of Secured/Unsecured Non Convertible Debentures/Bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Rs. in Lacs

	As at March 31	
	2016	**2015**
NOTE 4 OTHER LONG-TERM LIABILITIES		
Deposits/advances received against loan agreements (refer note no. 39)	2,338.12	1,804.35
Interest accrued but not due on borrowings	31,390.82	19,283.53
Deferred subvention income	2,296.12	2,508.93
Unrealised gains on loan transfers under securitisation transactions (refer note no. 42(c))	4,730.46	5,175.94
Cash profit on loan transfers under assignment transactions pending recognition	5.64	35.22
Other long term liabilities	1.00	-
Premium on forward exchange contracts	2,501.83	1,440.00
Total	**43,263.99**	**30,247.97**

Rs. in Lacs

	As at March 31	
	2016	**2015**
NOTE 5 LONG-TERM PROVISIONS		
Provisions for employee benefits (refer note no. 40)	1,244.91	1,316.61
Others:		
Provisions for Non-performing assets	39,513.68	26,419.74
(refer note no. 33(a), 34 and 35)		
Contingent provisions for standard assets	8,413.39	7,504.79
(refer note no. 33(b) and 35)		
Higher provisions on restructured standard advances (refer note no. 33(d))	8.52	17.77
Provisions for diminution in the fair value of restructured advances (refer note no. 33(d))	3.90	7.62
Total	**49,184.40**	**35,266.53**

Rs. in Lacs

	As at March 31	
	2016	**2015**
NOTE 6 SHORT TERM BORROWINGS		
a) Secured - #		
Term loans from banks (refer note no. 51(i))	41,400.00	75,600.00
Cash credit facilities with banks (refer note no. 51(i))	82,929.05	59,754.56
Foreign currency loans (refer note no. 51(ii))	55,269.45	36,064.29
Total	**1,79,598.50**	**1,71,418.85**
b) Unsecured -		
Loans and advances from related parties (ICDs) (refer note no. 50(iii)(b))	30,000.00	-
Fixed deposits (refer note no. 50(iv)(a))	16,154.68	6,943.06
Commercial Papers (CPs) (refer note no. 51(iii))	2,96,000.00	3,47,500.00
Total	**3,42,154.68**	**3,54,443.06**
Total (a+b)	**5,21,753.18**	**5,25,861.91**

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

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 7 TRADE PAYABLES		
a) Trade payables of Micro, Small and Medium Enterprises		
- Finance	-	-
- Expenses	-	-
b) Trade payables other than Micro, Small and Medium Enterprises		
- Finance	33,708.78	35,102.69
- Expenses	17,016.71	14,442.54
Total	**50,725.49**	**49,545.23**

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) Secured - #		
Non-convertible debentures (refer note no. 50(i)(b)) $	2,34,470.00	1,52,270.00
Term loans		
- from banks (refer note no. 50(ii)(b))	3,57,386.09	3,43,954.34
- from others (refer note no. 50(iii)(b))	6,109.49	7,039.44
Foreign currency loans		
- from banks (refer note no. 50(iv)(b))	26,932.51	42,044.47
- from others (refer note no. 50(v)(b))	52,566.87	35,853.50
	6,77,464.96	**5,81,161.75**
b) Unsecured -		
Fixed deposits (refer note no. 51(iv)(c))	1,61,030.66	1,29,621.50
Term loan from banks (refer note no. 51(ii)(b))	10,000.00	-
	1,71,030.66	**1,29,621.50**
Interest accrued but not due on borrowings	57,784.61	40,486.58
Unclaimed dividends	52.14	57.69
Deposits/advances received against loan agreements (refer note no. 39)	1,581.54	1,460.65
Amount received in advance from ESOS Trust	147.66	156.88
Credit balances in current accounts with banks as per books	43,682.72	28,370.30
Deferred subvention income	2,108.73	2,284.76
Unrealised gains on loan transfers under securitisation transactions (refer note no. 42(c))	20,665.25	19,175.40
Cash profit on loan transfers under assignment transactions pending recognition	17.93	85.42
Insurance premium payable	2,947.33	3,840.65
Payables under assignment/securitisation transactions	1,871.91	2,932.13
Taxes deducted at Source	3,352.08	3,142.33
Premium payable to bank under forward exchange contracts on FCNR loans	2,181.64	-
Others	6,142.11	5,449.98
Total	**9,91,031.27**	**8,18,226.02**

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

$ The funds raised by the company (MMFSL) during the year by issue of Secured/Unsecured Non Convertible Debentures/Bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Rs. in Lacs

	As at March 31	
	2016	2015
NOTE 9 SHORT-TERM PROVISIONS		
Provisions for employee benefits (refer note no. 40)	6,388.55	4,998.54
Others:		
Provisions for estimated loss/expenses on assignments	-	6,756.56
Provisions for Non-performing assets (refer note no. 33(a), 34 and 35)	1,16,541.39	73,535.35
Contingent provisions for standard assets (refer note no. 33(b) and 35)	6,836.01	5,968.86
Higher provisions on restructured standard advances (refer note no. 33(d))	13.79	4.54
Provisions for diminution in the fair value of restructured advances (refer note no. 33(d))	6.30	1.94
Proposed dividend on equity shares #	22,750.60	22,750.60
Corporate dividend tax #	4,376.27	4,424.02
Total	**1,56,912.91**	**1,18,440.41**

The Board of Directors have recommended a dividend of Rs. 4/- per share on equity shares of face value of Rs. 2/- each (March 31, 2015: Rs. 4/- per share on equity shares of face value Rs. 2/- each) for the current financial year. The dividend will absorb a sum of Rs. 27,126.87 Lacs (March 31, 2015: Rs. 27,174.62 Lacs) including dividend distribution tax.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 (`principal rules'), vide notification issued by Ministry of Corporate Affairs dated March 30, 2016. The Companies (Accounting Standards) Rules, 2016 is effective from March 30, 2016. According to the amended rules, the proposed dividend mentioned above need not be recorded as a liability as at March 31, 2016 (Refer Para 8.5 of AS-4 – Contingencies and Events occurring after Balance Sheet date). The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Therefore, the Company has recorded Rs. 27,126.87 lacs as liability for proposed dividend (including corporate dividend distribution tax) as at March 31, 2016.

NOTE 10 FIXED ASSETS

Rs. in Lacs

Asset description	Gross Block at Cost				Depreciation & Amortisation					Net Block	
	As at 1st April, 2015	Additions	Deductions/ adjustments	As at 31st March, 2016	As at 1st April, 2015	Transitional depreciation#	Additions	Deductions/ adjustments	As at 31st March, 2016	As at 31st March, 2016	As at 1st April, 2015
i) Tangible assets:											
Premises	108.92	23.12	0.00	132.04	19.41	-	1.96	-	21.37	110.67	89.51
	108.92	*-*	*0.00*	*108.92*	*17.59*	*-*	*1.82*	*-*	*19.41*	*89.51*	*91.33*
Computers	5,534.78	1,225,36	281.24	6,478.90	3,902.62	-	952.69	280.60	4,574.71	1,904.19	1,632.16
	4,490.89	*1,093.96*	*50.06*	*5,534.79*	*2,238.21*	*435.62*	*1,277.45*	*48.64*	*3,902.64*	*1,632.15*	*2,252.68*
Furniture and Fixtures	6,976.96	735.98	68.47	7,644.47	2,932.55	-	867.19	59.01	3,740.73	3,903.74	4,044.41
	6,373.10	*622.26*	*18.42*	*6,976.94*	*2,089.71*	*36.38*	*818.48*	*12.02*	*2,932.55*	*4,044.39*	*4,283.39*
Vehicles	5,701.87	1,275.39	467.11	6,510.15	3,012.51	-	982.32	351.69	3,643.14	2,867.01	2,689.36
	5,281.39	*667.40*	*246.90*	*5,701.89*	*2,214.71*	*3.48*	*943.17*	*148.87*	*3,012.49*	*2,689.40*	*3,066.68*
Office Equipment	6,505.03	1,938.19	338.33	8,104.89	3,544.53	-	1,327.35	327.32	4,544.56	3,560.33	2,960.50
	4,972.18	*1,581.05*	*48.21*	*6,505.02*	*2,316.05*	*42.26*	*1,228.09*	*41.87*	*3,544.53*	*2,960.49*	*2,656.13*
Total (i)	**24,827.56**	**5,198.04**	**1,155.15**	**28,870.45**	**13,411.62**	**-**	**4,131.51**	**1,018.62**	**16,524.51**	**12,345.94**	**11,415.94**
As on 31-03-2015	*21,226.48*	*3,964.67*	*363.59*	*24,827.56*	*8,876.27*	*517.74*	*4,269.01*	*251.40*	*13,411.62*	*11,415.94*	*12,350.21*
ii) Intangible assets:											
Computer software	1,868.29	527.53	-	2,395.82	1,402.25	-	438.27	-	1,840.52	555.30	466.04
	1,614.60	*253.69*	*-*	*1,868.29*	*1,120.50*	*-*	*281.75*	*-*	*1,402.25*	*466.04*	*494.10*
Goodwill*	4.05	-	-	4.05	-	-	-	-	-	4.05	4.05
	4.05	*-*	*-*	*4.05*	*-*	*-*	*-*	*-*	*-*	*4.05*	*4.05*
Total (ii)	**1,872.34**	**527.53**	**-**	**2,399.87**	**1,402.25**	**-**	**438.27**	**-**	**1,840.52**	**559.35**	**470.09**
As on 31-03-2015	*1,618.65*	*253.69*	*-*	*1,872.34*	*1,120.50*	*-*	*281.75*	*-*	*1,402.25*	*470.09*	*498.15*
Total (i+ii)	**26,699.90**	**5,725.57**	**1,155.15**	**31,270.32**	**14,813.87**	**-**	**4,569.78**	**1,018.62**	**18,365.03**	**12,905.29**	**11,886.03**
As on 31-03-2015	*22,845.13*	*4,218.36*	*363.59*	*26,699.90*	*9,996.77*	*517.74*	*4,550.76*	*251.40*	*14,813.87*	*11,886.03*	*12,848.36*

Previous year figures are in Italics.

* Goodwill arising on consolidation

\# represents transitional depreciation charge adjusted in opening balance of Surplus in Statement of Profit and Loss (as on 1 April 2014) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).

Rs. in Lacs

	As at March 31 2016	2015
NOTE 11 NON-CURRENT INVESTMENTS		
i) Quoted (at cost) : Trade		
Government securities (refer note no.11 (i))	63,220.81	50,612.79
Secured redeemable non-convertible debentures (refer note no. 11(ii)	2,000.01	5,354.17
(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
(A)	**65,220.82**	**55,966.96**
ii) Unquoted (at cost):		
(a) Equity investment in other entities:		
New Democratic Electoral Trust	0.05	0.05
(500 equity shares of Rs.10/- each fully paid up; March 2015: Nil)		
(B)	**0.05**	**0.05**
Total (A + B)	**65,220.87**	**55,967.01**
Additional Information:		
Aggregate amount of quoted investments and market value -		
i) Aggregate amount	65,220.82	55,966.96
ii) Market value	67,928.16	58,916.61
Aggregate amount of unquoted investments	0.05	0.05

i) Details of quoted Long-term investments in Government stock:
As at March 31, 2016:

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1,070.70
Govt Stock 8.20%-15/02/2022	100	1000000	1,005.27
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.54
Govt Stock 8.13%-21/09/2022	100	1500000	1,506.11
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 7.16%-20/05/2023	100	1000000	900.55
Govt Stock 7.16%-20/05/2023	100	1000000	904.70
Govt Stock 8.83%-25/11/2023	100	2000000	2,030.88
Govt Stock 9.15%-14/11/2024	100	2500000	2,648.71
Govt Stock 9.15%-14/11/2024	100	1000000	1,099.95
MP SDL 8.15%-13/11/2025	100	2500000	2,501.01
TN SDL 8.27%-23/12/2025	100	1000000	1,002.00
UP SDL 8.39% 27/01/2026	100	500000	500.66
UP SDL 8.39% 27/01/2026	100	1000000	1,001.31
Govt Stock 8.33%-09/07/2026	100	2000000	2,062.09
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50
Govt Stock 8.24%-15/02/2027	100	1000000	959.15
Govt Stock 8.24%-15/02/2027	100	1000000	956.33
Govt Stock 8.24%-15/02/2027	100	1000000	1,016.75
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.28%-21/09/2027	100	1000000	932.65
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.33
Govt Stock 8.97%-05/12/2030	100	1000000	1,026.39
Govt Stock 8.97%-05/12/2030	100	1000000	1,027.65
Govt Stock 8.97%-05/12/2030	100	500000	515.47
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.33
Govt Stock 8.97%-05/12/2030	100	500000	524.88
Govt Stock 8.97%-05/12/2030	100	1000000	1,040.09
Govt Stock 8.97%-05/12/2030	100	1500000	1,594.21
Govt Stock 8.97%-05/12/2030	100	1000000	1,104.47
Govt Stock 8.97%-05/12/2030	100	1000000	1,088.07
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2,191.79
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.32%-02/08/2032	100	1000000	1,010.56
Govt Stock 8.32%-02/08/2032	100	1000000	1,031.88
Govt Stock 8.24%-10/11/2033	100	1000000	1,026.53
Govt Stock 8.33%-07/06/2036	100	1500000	1,549.82
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,017.45
Govt Stock 8.83%-12/12/2041	100	1000000	1,022.75
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		**63500000**	**63,220.81**

As at March 31, 2015:

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1,084.47
Govt Stock 8.13%-21/09/2022	100	1500000	1,507.06
Govt Stock 8.20%-15/02/2022	100	1000000	1,006.17
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.80
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 7.16%-20/05/2023	100	1000000	900.55
Govt Stock 7.16%-20/05/2023	100	1000000	904.70
Govt Stock 8.83%-25/11/2023	100	2000000	2,034.93
Govt Stock 9.15%-14/11/2024	100	2500000	2,666.00
Govt Stock 9.15%-14/11/2024	100	1000000	1,111.57
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.28%-21/09/2027	100	1000000	932.65
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50
Govt Stock 8.24%-15/02/2027	100	1000000	959.15
Govt Stock 8.24%-15/02/2027	100	1000000	956.33
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,028.19

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.53
Govt Stock 8.97%-05/12/2030	100	500000	516.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,033.47
Govt Stock 8.97%-05/12/2030	100	500000	526.58
Govt Stock 8.97%-05/12/2030	100	1000000	1,042.83
Govt Stock 8.97%-05/12/2030	100	1500000	1,600.64
Govt Stock 8.97%-05/12/2030	100	1000000	1,111.60
Govt Stock 8.97%-05/12/2030	100	1000000	1,094.09
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2,204.88
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1,023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		**51000000**	**50,612.79**

In respect of MMFSL, quoted investments of Rs. 63,220.81 Lacs (March 31, 2015 : Rs. 50,612.79 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii. Details of investments in Secured redeemable non-convertible debentures:

As at March 31, 2016:

Rs. in Lacs

Sr. No.	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000	-	416.67	416.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000	-	416.67	416.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500	-	625.00	625.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
8	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000	-	250.00	250.00
9	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000	-	833.33	833.33
10	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500	-	375.00	375.00

Rs. in Lacs

Sr. No.	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
11	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500	-	625.00	625.00
12	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750	-	187.50	187.50
13	INTREPID FINANCE AND LEASING PRIVATE LIMITED SR-F 13 XIRR NCD 28AG17 FVRS750000	80	800	166.67	400.00	566.67
14	LIGHT MICROFINANCE PRIVATE LIMITED SR-F 13.6 XIRR NCD 28AG17 FVRS10LAC	75	750	156.25	375.00	531.25
15	M POWER MICROFINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC	75	750	156.25	375.00	531.25
16	SAIJA FINANCE PRIVATE LIMITED SR-F 13.1 XIRR NCD 28AG17 FVRS10LAC	80	800	166.67	400.00	566.67
17	SATIN CREDITCARE NETWORK LIMITED SR-F 12.3 XIRR NCD 28AG17 FVRS10LAC	300	3000	625.00	1,500.00	2,125.00
18	SV CREDITLINE PVT. LTD. SR-F 12.75 XIRR NCD 28AG17 FVRS10LAC	200	2000	416.67	1,000.00	1,416.67
19	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 12.75 XIRR NCD 28AG17 FVRS750000	150	1500	312.50	750.00	1,062.50
	Total			**2,000.01**	**9,279.17**	**11,279.18**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of issue.

As at March 31, 2015:

Rs. in Lacs

Sr. No.	ISIN Description	Total Quantity	Face Value (Rs. in lacs)	(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
8	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00

Rs. in Lacs

Sr. No.	ISIN Description	Total Quantity	Face Value (Rs. in lacs)	(a) Non Current	(b) Current	Total
9	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
10	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
11	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000.00	833.33	1,000.00	1,833.33
12	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500.00	375.00	750.00	1,125.00
13	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
14	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
	Total			**5,354.17**	**7,875.00**	**13,229.17**

Note: Secured redeemable non-convertible debentures are redeemable in tranches as per the terms and conditions of issue.

Rs. in Lacs

		As at March 31	
		2016	2015
NOTE 12 DEFERRED TAX ASSETS (NET)			
Deferred tax assets			
Provisions for non performing assets/loss and expenses on assignments		54,163.79	36,985.97
Provisions for standard assets		5,280.12	4,662.96
Other disallowances		1,479.98	983.15
Difference between written down value of assets as per books of account and Income Tax Act, 1961		1,006.12	700.50
	(a)	**61,930.01**	**43,332.58**
Deferred tax liabilities			
Special Reserve		2,006.08	1,206.81
	(b)	**2,006.08**	**1,206.81**
Net Deferred tax assets	(a) - (b)	**59,923.93**	**42,125.77**

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 13 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated:		
Capital advances	152.97	282.24
Deposits for office premises/others	2,211.70	1,954.20
Other loans and advances	61.90	42.71
Loans against assets (secured, including overdue loans) #	22,72,274.36	19,77,507.70
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 42(e))	162.02	403.46
Retained interest under assignment transitions	150.75	257.64
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 42(c))	4,730.45	5,175.94
Loans and advances (including overdue loans) @	4,460.89	3,202.55
# Includes non-performing assets of Rs. 77,911.67 lacs (March 2015 : 51,958.78 lacs) (refer note no. 5, 9 , 33(a) and 34) @ Includes non-performing assets of Rs. 388.39 lacs (March 2015 : Rs.214.80 lacs) (refer note no. 5, 9 and 33(a))		
Total	**22,84,205.04**	**19,88,826.44**

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 14 OTHER NON-CURRENT ASSETS		
Term deposits with banks with maturity greater than 12 months		
- Free	-	4,086.77
- Under lien (refer note no. 17)	3,370.23	18,414.12
Derivative contract receivables	459.52	-
Exchange gain receivable on forward contracts on FCNR loans	391.45	168.00
Deferred premium on FCNR loan forward contracts	1,015.24	594.57
Total	**5,236.44**	**23,263.46**

Rs. in Lacs

		As at March 31 2016	As at March 31 2015
NOTE 15 CURRENT INVESTMENTS			
i)	**Quoted -**		
	Units of mutual funds @	5,569.66	74.80
	Secured redeemable non-convertible debentures (refer note no. 11(2)(b)) (Current portion of long term investments in secured redeemable non-convertible debentures)	9,279.17	7,875.00
		14,848.83	**7,949.80**
ii)	**Unquoted (at cost) -**		
	Certificate of deposits with banks #	24,821.50	-
	Commercial Papers (CPs)	15,000.00	1,500.00
	(1500 CP instruments, face value of Rs.5.00 Lacs per CP issued by IMFR Capital Finance Private Limited and 1500 CP instruments, face value of Rs.5.00 Lacs per CP issued by Janalakshmi Financial Services Limited ; March 31, 2015 : 300 CP instruments, face value of Rs.5.00 Lacs per CP issued by IKF Finance Limited)		
		39,821.50	**1,500.00**
Total		**54,670.33**	**9,449.80**

Rs. in Lacs

	As at March 31	
	2016	2015
ADDITIONAL INFORMATION:		
Aggregate amount of quoted investments and market value		
Aggregate amount	14,848.83	7,949.80
Market Value*	14,848.83	7,949.80
Aggregate amount of unquoted investments	39,821.50	1,500.00

* Of the total quoted investments mentioned above, book value for secured redeemable non-convertible debentures is taken as market value as in the absence of trades, market quotes are not available.

@ Details of quoted current investments in Units of Mutual Fund

As at March 31, 2016:

Particulars	Units	Amount
KOTAK MUTUAL FUND	137613.67	3,379.67
ICICI PRUDENTIAL MUTUAL FUND	410474.45	907.36
RELIANCE MUTUAL FUND	35243.43	1,282.63
Total		**5,569.66**

As at March 31, 2015:

Particulars	Units	Amount
JM MUTUAL FUND	717185.28	74.80
Total		**74.80**

 # Details of unquoted current investments in Certificate of deposits

As at March 31, 2016:

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
IDBI BANK	100000	5000	4,992.89
IDBI BANK	100000	10000	9,982.22
ORIENTAL BANK OF COMMERCE	100000	10000	9,846.39
Total		**25000**	**24,821.50**

As at March 31, 2015 : Nil

Rs. in Lacs

	As at March 31	
	2016	2015
NOTE 16 TRADE RECEIVABLES		
Secured, considered doubtful:		
Trade receivable on hire purchase transactions #	374.19	375.53
(outstanding for a period exceeding six months)		
Unsecured, considered good unless otherwise stated:		
Outstanding for a period exceeding six months #	65.02	77.69
Outstanding for a period not exceeding six months #	1,561.24	1,000.93
# Includes non-performing assets of Rs. 413.21 Lacs (March 2015 : Rs. 398.29 Lacs) (refer note no. 5, 9 and 33(a))		
Total	**2,000.45**	**1,454.15**

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 17 CASH AND BANK BALANCE		
Cash and cash equivalents:		
Cash on hand	2,772.55	1,929.42
Cheques and drafts on hand	544.34	296.98
Bank balance in current accounts	20,632.25	18,322.73
	23,949.14	**20,549.13**
Other bank balances:		
Earmarked balances with banks -		
- Unclaimed dividend accounts with banks	53.45	59.01
Term deposits with original maturity of more than 3 but less than 12 months	92.00	-
Term deposits under lien (refer note no. 17)	36,880.77	28,755.88
	37,026.22	**28,814.89**
Total	**60,975.36**	**49,364.02**

Details of term deposits under lien:

Rs. in Lacs

	As at March 31, 2016			As at March 31, 2015		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
Term deposits for SLR (i)	15,307.00	2,470.00	17,777.00	10,783.00	13,722.00	24,505.00
Collateral deposits for securitization transactions (ii)	21,380.77	513.23	21,894.00	17,469.88	4,615.12	22,085.00
Legal deposits (iii)	3.00	17.00	20.00	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv)	190.00	310.00	500.00	500.00	-	500.00
Under lien with IRDA for broking license (v)	-	60.00	60.00	-	60.00	60.00
Total	**36,880.77**	**3,370.23**	**40,251.00**	**28,755.88**	**18,414.12**	**47,170.00**

Term deposits with scheduled banks under lien include:

i) Rs. 17,777.00 Lacs (March 31, 2015 : Rs. 24,505.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Rs. 21,894.00 Lacs (March 31, 2015 : Rs. 22,085.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no. 42 (f)).

iii) Rs. 20.00 Lacs (March 2015 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs. 500.00 Lacs (March 2015 : Rs. 500 Lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

v) In respect of MIBL, Term deposits with Insurance Regulatory & Development Authority of India for broking licence Rs. 60 Lacs (March 2015: Rs. 60.00 Lacs).

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 18 SHORT-TERM LOANS AND ADVANCES		
Secured, considered good unless otherwise stated:		
Loans against assets (secured, including overdue loans) #	17,31,541.51	15,02,304.31
Unsecured, considered good unless otherwise stated:		
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no.42(e))	310.32	839.89
Retained interest under assignment transactions	143.30	524.46
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 42(c))	20,665.26	19,175.40
Loans and advances (including overdue loans) @	12,684.31	13,560.56
Bills of Exchange	29,447.55	14,955.03
Trade Advances @	1,16,616.51	1,05,574.35
Inventory funding (secured, including overdue loans)	21,752.81	9,896.55
Inter corporate deposits given @	100.00	100.00
Deposits for office premises/others	402.31	375.83
Advance payment of taxes (net of provisions)	10,422.07	6,343.48
Other Short term advances	2,607.65	2,548.51
# Includes non-performing assets of Rs. 2,15,292.80 Lacs (March 2015 : Rs. 1,36,103.12 Lacs) (refer note no. 5, 9, 33(a) and 34)		
@ Includes non-performing assets of Rs. 2,443.46 Lacs (March 2015 : Rs. 2,050.78 Lacs) (refer note no.5, 9, 33(a))		
Total	**19,46,693.60**	**16,76,198.37**

Rs. in Lacs

	As at March 31 2016	As at March 31 2015
NOTE 19 OTHER CURRENT ASSETS		
Interest accrued on -		
a) Investments	1,232.70	958.56
b) Others deposits	3,389.16	2,281.44
Derivative contracts receivables	-	784.47
Exchange gains receivable on forward contracts on FCNR loans	888.13	-
Deferred premium on FCNR loan forward contracts	3,341.21	722.96
Total	**8,851.20**	**4,747.43**

Rs. in Lacs

		Year ended March 31	
		2016	2015
NOTE 20 REVENUE FROM OPERATIONS			
a) Interest			
Income from loans		5,82,766.20	5,30,058.94
Income from hire purchase		26.09	31.64
Interest on term deposits/Inter-corporate deposits/Bonds etc.		6,356.72	5,542.22
Interest on retained interest in PTCs under securitization transactions		43.55	97.12
Interest on government securities			
- Long term		4,710.02	3,710.69
	(a)	**5,93,902.58**	**5,39,440.61**
b) Other financial services			
Income from insurance business/services		11,043.64	9,663.44
Service charges and other fees on loan transactions		26,758.29	25,369.11
Income from hire purchase		0.13	0.20
Income from bill discounting		3,047.41	2,018.08
Income from lease		1.24	0.51
Income from assignment/securitisation transactions (refer note no. 42)		20,633.45	25,622.33
	(b)	**61,484.16**	**62,673.67**
Total		**6,55,386.74**	**6,02,114.28**

Rs. in Lacs

	Year ended March 31	
	2016	2015
NOTE 21 OTHER INCOME		
Dividend income on		
- Current investments in mutual fund units	163.78	84.89
Profit/premium on sale/redemption of:		
- Current investments	1.16	468.64
Profit on sale/retirement of owned assets (net)	107.10	15.13
Income from shared services	3,027.53	2,418.96
Others	1,065.44	988.66
Total	**4,365.01**	**3,976.28**

Rs. in Lacs

	Year ended March 31	
	2016	2015
NOTE 22 EMPLOYEE BENEFITS EXPENSE		
Salary, bonus and incentives	61,897.06	49,931.47
Contribution to provident fund and other funds	4,563.15	3,704.05
Employee stock compensation costs # (refer note no.31(g))	1,748.82	1,288.63
Staff welfare expenses	2,200.19	1,786.04
Total	**70,409.22**	**56,710.19**

Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 17.24 Lacs (March 2015: Rs. 19.15 Lacs).

Rs. in Lacs

	Year ended March 31	
	2016	**2015**
NOTE 23 FINANCE COSTS		
Interest expenses	2,84,204.58	2,61,899.78
Other borrowing costs	2,630.15	2,400.03
Total	**2,86,834.73**	**2,64,299.81**

Rs. in Lacs

	Year ended March 31	
	2016	**2015**
NOTE 24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets	4,131.51	4,269.01
Amortization of intangible assets	438.27	281.75
Total	**4,569.78**	**4,550.76**

Consequent to the enactment of the Act, the Company had in the year ended, March 31, 2015 recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II to the Act or as assessed by the management (Refer Accounting Policies, Note no.4 (b)). This had resulted in additional charge of depreciation of Rs.1,536.05 lacs for the year ended March 31, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 341.76 lacs (net of Deferred tax of Rs. 175.98 lacs) was adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life was NIL as at April 01, 2014.

Rs. in Lacs

	Year ended March 31	
	2016	**2015**
NOTE 25 LOAN PROVISIONS AND WRITE OFFS		
Bad debts and write offs (refer note no. 33(c))	51,978.52	48,804.81
Provision for Non performing assets (Net)	56,064.16	34,744.75
(refer note no. 33(a), 34 and 35)		
General provision for standard assets (refer note no. 33(b) and 35)	1,775.75	1,330.83
Higher provision on restructured standard advances (refer note no. 33(d))	-	22.31
Provision for diminution in the fair value of restructured advances (refer note no. 33(d))	0.64	9.56
Total	**1,09,819.07**	**84,912.26**

Rs. in Lacs

	Year ended March 31	
	2016	**2015**
NOTE 26 OTHER EXPENSES		
Electricity charges	1,953.43	1,676.72
Rent	6,902.19	5,799.81
Repairs to -		
- Buildings	567.39	382.45
- Others	337.23	217.77
Insurance	1,842.01	1,442.69
Rates and taxes, excluding taxes on income	560.22	367.08
Directors' sitting fees and commission	337.59	216.83
Commission and brokerage	17,251.03	16,271.72
Legal and professional charges	8,919.65	6,670.64
Loss on sale/retirement of owned assets (net)	6.76	5.48
Payments to auditors -		
Audit fees	76.28	66.46
Taxation matters	10.45	7.00
Other services	48.83	25.97
Reimbursement of expenses	1.30	0.79
Corporate Social Responsibility donations and expenses (refer note no. 45)	3,135.74	2,645.80
General and administrative expenses	23,756.87	19,833.47
Total	**65,706.97**	**55,630.68**

NOTE 27 Above expenses include following expenditure incurred in foreign currency

Rs. in Lacs

	Year ended March 31	
	2016	**2015**
Travelling expenses	33.02	19.86
Legal and professional fees	201.97	126.68
Other expenses	37.96	55.97

NOTE 28 The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Venture	Country of Incorporation	Percentage of ownership interest
Mahindra Finance USA, LLC	United States of America	49.00%

NOTE 29 The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

NOTE 30 MIBL has submitted the application on April 04, 2016 for renewal of its Composite Broking License which is due for renewal on May 17, 2016.

NOTE 31 EMPLOYEE STOCK OPTION PLAN

a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2005 at a premium of Rs.8.20 per share on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,41,14,193 equity shares to employees up to March 31, 2016 (March 31, 2015 : 1,36,53,486 equity shares), of which 4,60,707 equity shares (March 31, 2015 : 6,15,552 equity shares) were issued during the current year. All the equity shares issued to employees during the current year are out of Employee Stock Option Scheme 2010.

The details of Employees stock option schemes are as under:

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	3 years from the date of vesting
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) The details of modification to Employee stock option scheme (extension of exercise period):

The Nomination and Remuneration Committee of the Board of Directors of Mahindra & Mahindra Financial Services Limited at its Meeting held on 23rd April, 2015, has approved the extension of the exercise period to 36 months from the date of vesting as against the current period of 6 months in respect of the stock options granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme 2010.

The details of increase/(decrease) in fair value as a result of extension of the exercise period are as follows:

Sr. No.	Scheme Name	Grant date	Fair value per option on the date of grant (Rs.)	Pre modification fair value per option (Rs.)	Post modification fair value per option (Rs.)	Increase/ (decrease) in fair value per option (Rs.)
1	ESOS 2010	25-Jan-2012	117.31	276.65	273.82	(2.83)
2	ESOS 2010	22-Jul-2013	198.64	272.99	268.41	(4.58)
3	ESOS 2010	21-Oct-2013	259.46	272.25	267.57	(4.68)
4	ESOS 2010	21-Oct-2014	267.23	268.69	264.07	(4.62)

As per the requirements of paragraph 24 of the Guidance Note on Accounting for Employee Share-based payments issued by the Institute of Chartered Accountants of India (ICAI), the Company has not taken in to account above decrease in fair value measured immediately before and after modification of the terms and conditions and hence continued to measure the amount recognised for services received as consideration for the stock options based on the grant date fair value of the stock options granted.

c) During the year, the Company has granted 57,920 stock options to the eligible employees under the Employees' Stock Option Scheme 2010. The details are as under:

	Grant dated October 21, 2015
No. of options granted	57920
Intrinsic value of shares based on latest available closing market price (Rs.)	240.15
Total amount to be amortized over the vesting period (Rs. in Lacs)	139.10
Charge to Statement of profit and loss for the year (Rs. in Lacs)	31.76
Compensation in respect of lapsed cases (Rs. in Lacs)	-
Unamortized amount carried forward (Rs. in Lacs)	107.34

The fair value of options, based on the valuation of the independent valuer as on the date of grant are:

	Grant dated October 21, 2015	
Vesting date	Expected Vesting	Fair Value (Rs.) per share
October 21, 2016	11584	
October 21, 2017	11584	
October 21, 2018	11584	223.42
October 21, 2019	11584	
October 21, 2020	11584	
	57920	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	Grant dated October 21, 2015
1) Risk free interest rate	7.53%
2) Expected life	4.50 years
3) Expected volatility	37.37%
4) Dividend yield	1.65%
5) Price of the underlying share in the market at the time of option grant (Rs.)	242.15

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

d) Summary of stock options

Summary of Stock Options	As at/Year ended March 31			
	2016		2015	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	21,22,955	2.00	11,63,249	12.70
Options granted during the year	57,920	2.00	16,01,507	2.00
Options forfeited/lapsed during the year #	5,995	2.00	26,249	11.07
Options exercised during the year	4,60,707	2.00	6,15,552	21.84
Options outstanding at the end of the year	17,14,173	2.00	21,22,955	2.00
Options vested but not exercised at the end of the year	2,87,526	2.00	1,24,345	2.00

including nil (March 31, 2015: 13,225) options forfeited/lapsed out of the options granted during the year.

e) **Information in respect of options outstanding:**

Grant date/Exercise price	As at March 31			
	2016		2015	
	No. of stock options	Weighted average remaining life$	No. of stock options	Weighted average remaining life
Scheme 2010:				
February 07, 2011 at Rs.2.00	1,44,188	34 months	3,55,735	13 months
January 25, 2012 at Rs.2.00	62,830	41 months	95,790	19 months
July 22, 2013 at Rs.2.00	28,878	52 months	38,504	28 months
October 21, 2013 at Rs.2.00	41,365	51 months	44,644	31 months
October 21, 2014 at Rs.2.00 #	13,78,992	59 months	15,88,282	37 months
October 21, 2015 at Rs.2.00	57,920	68 months	-	-
Total	**17,14,173**		**21,22,955**	

$ the increase in weighted average remaining life as at March 31, 2016 as compared to March 31, 2015 is on account of modification to Employee Stock Option Scheme 2010 representing extension of exercise period to 36 months from the date of vesting as against the erstwhile exercise period of 6 months from the date of vesting (refer note no. 31 (b)).

net of nil (March 2015: 13,225) options forfeited/lapsed out of the options granted during the year.

f) **Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:**

Date of Exercise	Average share price (Rs.)
April 23, 2015	280.33
May 22, 2015	268.97
June 29, 2015	270.34
July 27, 2015	264.08
August 21, 2015	264.41
September 24, 2015	229.04
October 28, 2015	227.17
November 24, 2015	238.94
December 21, 2015	243.26
January 22, 2016	201.98
February 22, 2016	217.58
March 22, 2016	240.11

g) **Method used for accounting for share based payment plan**

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

h) **Fair value of options**

The fair value of options used to compute proforma net profit and earnings per share in note no. 28 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2005:

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014	21-Oct-2015
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%	7.53%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years	4.50 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%	37.37%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%	1.65%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80	242.15

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

NOTE 32 EARNINGS PER SHARE

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee Share-based Payments” is as follows:

	Intrinsic Value Method		Fair Value Method *	
	As at March 31			
Particulars	2016	2015	2016	2015
Net profit after tax (Rs. in Lacs)	77,229.36	91,290.54	77,306.49	91,358.91
Weighted average number of equity shares of Rs.2/- each – Basic	564278639	563837362	564278639	563837362
Weighted Average number of equity shares of Rs.2/- each – Diluted	568764960	568764960	568764960	568764960
Basic Earnings Per Share (Rs.)	13.69	16.19	13.70	16.20
Diluted Earnings Per Share # (Rs.)	13.58	16.05	13.59	16.06

Dilution in Earnings per share is on account of 41,63,582 equity shares (March 2015 : 46,24,289 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 77.13 Lacs (March 2015 : Rs. 68.37 Lacs).

NOTE 33 LOAN PROVISIONS AND WRITE OFFS

a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis.

The RBI vide it's notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision. The Company follows prudential norms for income recognition, asset classification and provisioning for NPAs as prescribed by RBI for NBFCs and has also been making additional provision on a prudential basis.

As on 31st March, 2016, the Company has recognised NPAs based on 4 months' norms as against the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year resulting in an additional provision of Rs. 3,454.79 Lacs and income de-recognition of Rs. 2,095.16 Lacs with a consequent impact of Rs. 5,549.96 Lacs on Profit before tax for the year ended 31st March, 2016.

The cumulative additional provision made by the Company as on March 31, 2016 is Rs. 73,567.48 Lacs (March 31, 2015 : Rs. 53,319.01 Lacs).

b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1,353.00 Lacs (March 2015 : Rs. 1,057.00 Lacs).

The total amount of provision on Standard assets of Rs.14,035.00 Lacs (March 2015 : Rs.12,682.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional/ accelerated provision of 0.15% for Rs. 5,262.00 Lacs as at 31st March, 2016 (March 2015 : Rs. 4,757.00 Lacs).

c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

d. In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 32.51 Lacs (March 31, 2015 : Rs. 31.87 Lacs) as Higher provisions and Provisions for diminution in fair value on account of restructured advance which are shown separately under Long-term and Short-term provisions in the Balance sheet (refer note no.5 and 9).

NOTE 34 MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

Classification of loans are given below:

Rs in Lacs

	Standard assets	Sub standard assets	Bad and doubtful assets	Total
As at March 31, 2016				
Housing loans	3,02,346.98	14,346.37	9,337.78	3,26,031.13
Other loans & advances – secured	419.04	1.82	-	420.86
Other loans & advances	820.62	-	-	820.62
Percentage to total loans	92.77%	4.38%	2.85%	100.00%
As at March 31, 2015				
Housing loans	1,97,566.35	8,274.60	3,990.68	2,09,831.63
Other loans	313.50	-	-	313.50
Percentage to total loans	94.16%	3.94%	1.90%	100.00%

NOTE 35 MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March, 2016 is Rs. 612.67 Lacs (March 2015: Rs. 224.03 Lacs).

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

Rs in Lacs

Provisions made	Standard	Sub Standard	Doubtful	Loss
As at March 31, 2016				
Housing loans - secured	1,209.42	2,554.84	3,212.15	131.76
Other loans & advances – secured	1.68	0.27	-	-
Other loans & advances	3.30	-	-	-
As at March 31, 2015				
Housing loans	790.30	1,297.07	1,408.97	80.34
Other loans	1.35	-	-	-

NOTE 36 As per section 29C (i) of the National Housing Bank Act, 1987, MRHFL is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.

NOTE 37 Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

NOTE 38 In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

NOTE 39 Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable/adjusted over the period of the contract.

NOTE 40 EMPLOYEE BENEFITS

Defined benefit plans – as per actuarial valuation:

Leave Benefits (Non-funded)

Defined Benefit Plans -As per actuarial valuation on March 31, 2016

Rs. in Lacs

		As at March 31 2016	2015
I.	**Expense recognised in the Statement of Profit and Loss for the year ended March 31**		
	Current service cost	1,575.12	1,400.91
	Interest cost	129.81	104.14
	Expected return on plan assets	-	-
	Actuarial (Gains)/Losses	(1,200.10)	(969.32)
	Total expense	**504.83**	**535.73**
II.	**Net asset/(liability) recognised in the Balance Sheet as at March 31**		
	Present Value of Defined Benefit obligation as at March 31	1,726.97	1,468.11
	Fair value of plan assets as at March 31	-	-
	Funded status (Surplus/(Deficit))	(1,726.97)	(1,468.11)
	Net asset/(liability) as at March 31	**(1,726.97)**	**(1,468.11)**
III.	**Change in the obligations during the year ended March 31**		
	Present Value of Defined Benefit obligation at the beginning of the year	1,468.11	1,137.71
	Current service cost	1,572.20	1,291.84
	Interest cost	129.81	213.20
	Actuarial (Gains)/Losses	(1,200.10)	(969.33)
	Benefits paid	(243.05)	(205.31)
	Present Value of Defined Benefit obligation at the end of the period	**1,726.97**	**1,468.11**
IV.	**Actuarial Assumptions**		
	Discount Rate (p.a.)	8%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Gratuity (funded): Defined Benefit Plans-As per actuarial valuation on March 31, 2016

Rs. in Lacs

		As at March 31 2016	2015
I.	**Expense recognised in the Statement of Profit and Loss Account for the year ended March 31**		
	Current service cost	1,238.45	1,002.05
	Interest cost	158.72	120.89
	Expected return on plan assets	(170.63)	(136.90)
	Actuarial (Gains)/Losses	(651.82)	(421.23)
	Funded amount to be transferred to Gratuity Fund	-	(70.18)
	Adjustment due to change in opening balance of plan assets	-	(97.67)
	Total expense	**574.72**	**396.96**
II.	**Net asset/(liability) recognised in the Balance Sheet as at March 31**		
	Present Value of Defined Benefit obligation as at March 31	2,269.42	1,771.78
	Fair value of plan assets as at March 31	2,249.59	1,811.28
	Funded status (Surplus/(Deficit))	(19.83)	39.50
	Net asset/(liability) as at March 31	**(19.83)**	**39.50**

Rs. in Lacs

	As at March 31	
	2016	**2015**
III. Change in the obligations during the year ended 31st March		
Present Value of Defined Benefit obligation at the beginning of the year	1,771.78	1,336.79
Transfer of Projected benefit obligation from MBCSPL	-	0.30
Current service cost	1,238.45	1,002.05
Interest cost	158.72	120.89
Actuarial (Gains)/Losses	(799.14)	(553.74)
Benefits paid	(100.39)	(134.51)
Present Value of Defined Benefit obligation at the end of the period	**2,269.42**	**1,771.78**
IV. Change in the fair value of plan assets during the year ended March 31		
Fair value of plan assets at the beginning of the year	1,811.28	1,256.92
Expected return on plan assets	170.76	136.73
Contributions by employer	515.62	517.04
Actuarial (Gains)/Losses	(147.68)	(133.91)
Funded amount to be transferred to Gratuity Fund	-	70.18
Adjustment due to change in opening balance of Plan assets	-	98.83
Actual Benefits paid	(100.39)	(134.51)
Fair value of plan assets at the end of the year	**2,249.59**	**1,811.28**
V. Major category of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
Discount Rate (p.a.)	8%	8%
Expected rate of return on plan assets (p.a.)	8%	8%
Rate of Salary increase (p.a.)	5%	5%
In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	

Experience Adjustments (Gratuity)

Rs. in Lacs

	Year ending				
	31/03/2012	31/03/2013	31/03/2014	31/03/2015	31/03/2016
Defined Benefit obligation at the end of the year	764.35	1,046.46	1,371.09	1,771.78	2,267.66
Plan assets at the end of the year	564.89	967.88	1,320.08	1,811.28	2,243.09
Funded status Surplus/(Deficit)	(199.46)	(78.58)	(51.01)	39.50	(24.57)
Experience adjustments on plan liabilities (gain)/loss	(112.32)	(111.33)	(65.61)	(190.55)	(266.97)
Experience adjustments on plan assets gain/(loss)	(10.77)	(18.89)	(25.00)	(34.22)	(41.95)

NOTE 41 DISCLOSURE ON DERIVATIVES

Outstanding derivative instruments and un-hedged foreign currency exposures as on 31st March, 2016

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 1,209.88 Lacs (March 31, 2015 : US $ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on March 31, 2016.

NOTE 42 SECURITISATION/ASSIGNMENT TRANSACTIONS

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 30940 contracts (March 31, 2015 : 27907 contracts) amounting to Rs. 85,586.85 Lacs (March 31, 2015: Rs. 72,229.92 Lacs) for a consideration of Rs 85,586.85 Lacs (March 31, 2015: Rs. 72,229.92 Lacs) and de-recognised the assets from the books.

b) Income from assignment/securitization transactions include write back of provision for loss/expenses in respect of matured assignment transactions amounting to Rs 6,756.56 Lacs (March 31, 2015 : Rs. 8,807.91 Lacs) considered no longer necessary (refer Accounting policy 4 (vii) A (iii)).

c) In terms of the accounting policy stated in 4 (vi) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).

d) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in income from assignment/securitisation transactions amounting to Rs. 12,062.65 Lacs (March 31, 2015: Rs. 11,024.71 Lacs).

e) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2013-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in Lacs

Sr. No.	Particulars	As at March 31 2016	2015
1	No of SPVs sponsored by the NBFC for securitisation transactions	16	12
2	Total amount of securitised assets as per books of the SPVs sponsored	1,36,825.69	1,54,321.26
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	17,196.42	8,307.81
	Others	-	-
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	20,038.00	20,085.00
	Others- Retained interest in pass through certificates	472.12	1,242.81

Rs. in Lacs

Sr. No.	Particulars	As at March 31 2016	2015
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others -		
	Excess Interest Spread	27,856.85	27,176.87
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others- Cash collateral term deposits with banks	1,856.00	2,000.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

NOTE 43 There were 180 cases (March 2015: 119 cases) of frauds amounting to Rs. 627.20 Lacs (March 31, 2015 : Rs. 353.81 Lacs) reported during the year. The Company has recovered an amount of Rs. 117.89 Lacs (March 31, 2015 : Rs 107.39 Lacs) and has initiated appropriate legal action against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

NOTE 44 The gold loans outstanding as a percentage of total assets is at 0.02% (March 2015: 0.03%).

NOTE 45 During the year, the Company has incurred expenditure of Rs. 3,021.48 Lacs (March 31, 2015 : Rs. 2,532.24 Lacs) towards Corporate Social Responsibility activities which includes contribution/donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 114.26 lacs (March 2015: Rs.113.56 Lacs) towards the CSR activities undertaken by the Company (refer note no. 26).

NOTE 46 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD 18:

A) List of the related parties which have transactions with our Company during the year:

Holding Company:	Mahindra and Mahindra Limited
Fellow subsidiary Companies:	2 x 2 Logistics Private Limited
	Mahindra USA, Inc.
	Mahindra Two Wheelers Limited
	NBS International Ltd.
	Mahindra First Choice Wheels Ltd.
	Mahindra First Choice Services Ltd.
	Mahindra Defence Systems Ltd.
	Mahindra Retail Pvt. Ltd.
	Mahindra Integrated Business Solutions Ltd.
	Mahindra Vehicle Manufacturers Ltd.
Key Management Personnel:	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel:	Ms Janaki Iyer
	Ms Ramlaxmi Iyer
	Mr Risheek Iyer

B) Related party transactions are as under:

Rs. in Lacs

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	* Key Management Personnel
1	**Income**			
	Loan income	-	64.15	-
		-	(3.52)	-
	Subvention/Disposal loss income	4,049.60	-	
		(3,663.07)	-	
	Other income	-	3.47	-
		(64.21)	-	-
2	**Expenses**			
	Interest	126.12	-	20.12
		-	-	(20.11)
	Other Expenses	1,832.96	620.81	-
		(1,503.21)	(432.33)	-
	Remuneration to MD	-	-	436.13
		-	-	(645.48)
3	**Investment in share capital**	-	-	-
		-	-	-
4	**Purchase of Fixed Assets**	327.50	37.73	-
		(413.60)	-	-
5	**Sale of Fixed Assets**	-	-	-
		-	-	-
6	**Finance**			
	Fixed deposits taken	-	-	18.94
		-	-	(202.90)
	Fixed deposits repaid	-	-	21.67
		-	-	(188.25)
	Dividend paid – for previous year	11,648.31	-	23.85
		(11,065.89)	-	(23.71)
	Inter corporate deposits taken	30,000.00	-	-
		-	-	-
	Inter corporate deposits repaid	-	-	-
		-	-	-
	Inter corporate deposits given	-	-	-
		-	-	-
	Inter corporate deposits refunded	-	-	-
		-	-	-
7	**Other transactions**			
	Reimbursement from parties	-	-	-
		-	-	-
	Reimbursement to parties	-	153.08	-
		-	(119.72)	-
8	**Balances as at the end of the period**			
	Receivables	315.06	127.42	-
		(1,234.25)	-	-
	Loan given and outstanding (including interest accrued but not due)	-	1,870.04	-
		-	(43.29)	-
	Inter corporate deposits given (including interest accrued but not due)	-	-	-
		-	-	-

Rs. in Lacs

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	* Key Management Personnel
	Payables	-	220.33	-
		-	(157.98)	-
	Subordinate debt held (including interest accrued but not due)	-	-	-
		-	-	-
	Inter corporate deposits taken (including interest accrued but not due)	30,113.51	-	-
		-	-	-
	Fixed deposits (including interest accrued but not due)	-	-	226.54
		-	-	(231.80)

Notes:
i) Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

C) The significant related party transactions are as under:

Rs. in Lacs

Nature of transactions		Holding Company	Fellow subsidiary Companies	* Key Management Personnel
Income				
Revenue from operations				
Subvention/Disposal loss income	Mahindra & Mahindra Limited	4,049.60	-	-
		(3,663.07)	-	-
Loan income	2 x 2 Logistics Pvt. Ltd.	-	62.08	
		-	-	-
Loan income	Mahindra Retail Pvt. Ltd.	-	-	-
		-	(3.28)	-
Expenses				
Interest				
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra & Mahindra Limited	126.12	-	-
		-	-	-
Other expenses				
Rent	Mahindra & Mahindra Limited	1,267.00	-	-
		(951.24)	-	-
Commission & Valuation charges	Mahindra First Choice Wheels Limited	-	526.94	-
		-	(417.19)	-
Purchase of fixed assets	Mahindra & Mahindra Limited	254.81	-	-
		(413.60)	-	-
Purchase of fixed assets	NBS International	-	30.97	-
		-	-	-

Finance				
Fixed Deposits	Ramesh Iyer and relatives	-	-	18.94
		-	-	(202.90)
Fixed deposits matured	Ramesh Iyer and relatives	-	-	21.67
		-	-	(188.25)
Dividend paid - for previous year	Mahindra & Mahindra Limited	11,648.31	-	-
		(11,065.89)	-	-
Inter corporate deposits taken	Mahindra & Mahindra Limited	30,000.00	-	-
		-	-	-
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	315.06	-	-
		(1,234.25)	-	-
Receivables	NBS International	-	127.42	-
		-	-	-
Payables	Mahindra First Choice Wheels Limited	-	155.44	-
		-	(114.87)	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra & Mahindra Limited	30,113.51	-	-
		-	-	-
Loan outstanding	2 x 2 Logistics Pvt. Ltd.	-	1,865.14	-
		-	-	-
Loan outstanding	Mahindra Retail Pvt. Ltd.	-	-	-
		-	(30.08)	-
Fixed deposits (including interest accrued but not due)	Ramesh Iyer and relatives	-	-	226.54
		-	-	(231.80)

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

d) Disclosure required under Section 186(4) of the Companies Act, 2013 As at March 31, 2016

Rs. in Lacs

Particulars	Relation	Balance as on April 1, 2015	Advances	Repayments	Balance as on March 31, 2016
Loans and advances					
Mahindra Retail Pvt. Ltd.	Fellow subsidiary	30.08	-	25.18	4.90
2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	13.21	1,952.93	101.00	1,865.14
		43.29	**1,952.93**	**126.18**	**1870.04**

Notes:

i) Above loans & advances have been given for general business purposes.

ii) There were no guarantees given/securities provided during the year

As at March 31, 2015

Rs. in Lacs

Particulars	Relation	Balance as on April 1, 2014	Advances/ investments	Repayments/ sale	Balance as on March 31, 2015
Loans and advances					
Mahindra Retail Pvt. Ltd.	Fellow subsidiary	36.11	-	6.03	30.08
2 x 2 Logistics Pvt. Ltd.	Fellow subsidiary	–	13.58	0.37	13.21
Total		**36.11**	**13.58**	**6.40**	**43.29**

Notes:

i) Above loans & advances have been given for general business purposes.

ii) There were no guarantees given/securities provided during the year.

Rs. in Lacs

	Year ended March 31	
	2016	2015
NOTE 47 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
i) Income tax	3,873.42	4,416.81
ii) Value Added Tax (VAT)	191.98	191.98
iii) Service tax	5,283.34	-
b) Corporate guarantees towards assignment transactions	15,331.13	31,338.63
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 42 (e))	17,196.42	8,307.81
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3,384.32	3,126.01
	45,260.61	**47,381.24**
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	303.83	606.62
	303.83	**606.62**
Total	**45,564.44**	**47,987.86**

Rs. in Lacs

Particulars	As at April 1, 2015	Additional Provisions	Utilizations/ Reversals	As at March 31, 2016
NOTE 48 CHANGES IN PROVISIONS				
Provision for Standard assets	13,473.65	1,775.75	-	15,249.40
Provision for Non-performing assets	99,955.09	95,385.82	39,285.84	1,56,055.07

NOTE 49 Disclosure of trade payables to Micro, Small and Medium Enterprises under Current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount outstanding as on March 31, 2016 to Micro, Small and Medium Enterprises on account of principle amount aggregate to Rs. Nil (March 31, 2015: Rs. Nil) [including overdue amount of Rs. Nil (March 31, 2015: Rs. Nil)] and interest due thereon is Rs. Nil (March 31, 2015: Rs. Nil) and interest paid during the year Rs. Nil (March 31, 2015: Rs. Nil).

NOTE 50 SECURED LONG-TERM BORROWINGS

i) Secured non-convertible debentures

Rs. in Lacs

Particulars	As at March 31, 2016 Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturity beyond 5 years	8.70%-9.00%	1,89,200.00	-	1,89,200.00
Maturity between 3 years to 5 years	8.48%-9.45%	2,01,950.00	-	2,01,950.00
Maturity between 1 year to 3 years	8.48%-10.25%	3,39,240.00	-	3,39,240.00
Maturity within 1 year	8.57%-10.20%	-	2,34,470.00	2,34,470.00
Total		**7,30,390.00**	**2,34,470.00**	**9,64,860.00**

Rs. in Lacs

Particulars	As at March 31, 2015 Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturity beyond 5 years	8.70%-8.95%	53,000.00	-	53,000.00
Maturity between 3 years to 5 years	8.65%-10.25%	1,22,760.00	-	1,22,760.00
Maturity between 1 year to 3 years	8.65%-10.20%	1,81,280.00	-	1,81,280.00
Maturity within 1 year	8.60%-9.95%	-	1,52,270.00	1,52,270.00
Total		**3,57,040.00**	**1,52,270.00**	**5,09,310.00**

ii) Secured term loans from banks

Rs. in Lacs

Particulars		As at March 31, 2016 Rate range	(a) Non-current	(b) Current Maturities	Total
1)	**Repayable on maturity:**				
a)	Maturing beyond 5 years	-	-	-	-
b)	Maturing between 3 years to 5 years	9.65%-9.75%	25,000.00	-	25,000.00
c)	Maturing between 1 year to 3 years	9.65%-9.75%	90,000.00	-	90,000.00
d)	Maturing within 1 year	9.50%-9.95%	-	1,27,500.00	1,27,500.00
Total for repayable on maturity			**1,15,000.00**	**1,27,500.00**	**2,42,500.00**
2)	**Repayable in installments:**				
i)	Quarterly -				
a)	Maturing beyond 5 years	-	-	-	-
b)	Maturing between 3 years to 5 years	9.30%	19,781.75	-	19,781.75
c)	Maturing between 1 year to 3 years	9.30% -9.65%	1,07,512.54	-	1,07,512.54
d)	Maturing within 1 year	9.30%-9.71%	-	67,819.42	67,819.42
Total			**1,27,294.29**	**67,819.42**	**1,95,113.71**
ii)	Half yearly -				
a)	Maturing between 3 years to 5 years	9.45%-9.70%	53,333.33	-	53,333.33
b)	Maturing between 1 year to 3 years	9.65%-9.75%	1,16,000.00	-	1,16,000.00
c)	Maturing within 1 year	9.65%-9.75%	-	1,11,733.33	1,11,733.33
Total			**1,69,333.33**	**1,11,733.33**	**2,81,066.66**
iii)	Yearly -				
a)	Maturing beyond 5 years	-	-	-	-
b)	Maturing between 3 years to 5 years	9.34%-9.70%	1,20,933.33	-	1,20,933.33
c)	Maturing between 1 year to 3 years	9.34%-9.70%	1,81,933.33	-	1,81,933.33
d)	Maturing within 1 year	9.50%-9.70%	-	50,333.34	50,333.34
Total			**3,02,866.66**	**50,333.34**	**3,53,200.00**
Total for repayable in installments			5,99,494.28	2,29,886.09	8,29,380.37
Total (1+2)			**7,14,494.28**	**3,57,386.09**	**10,71,880.37**

As at March 31, 2015

Rs. in Lacs

Particulars	As at March 31, 2015			
	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity:				
Maturity beyond 3 years	10.25%	30,000.00	-	30,000.00
Maturity between 1 year to 3 years	9.70%-10.30%	2,37,500.00	-	2,37,500.00
Maturity within 1 year	9.45%-10.40%	-	1,27,000.00	1,27,000.00
Total		**2,67,500.00**	**1,27,000.00**	**3,94,500.00**
2) Repayable in installments:				
i) Bimonthly-				
Maturity within 1 year	10.25%	-	6,200.00	6,200.00
Total		**-**	**6,200.00**	**6,200.00**
ii) Quarterly-				
Maturity beyond 3 years	10.00%	3,095.24	-	3,095.24
Maturity between 1 year to 3 years	9.95%-10.80%	1,00,768.46	-	1,00,768.46
Maturity within 1 year	9.95%-10.80%	-	36,054.34	36,054.34
Total		**1,03,863.70**	**36,054.34**	**1,39,918.04**
iii) Half-yearly-				
Maturity beyond 3 years	10.25%	21,666.67	-	21,666.67
Maturity between 1 year to 3 years	10.00%-10.25%	2,26,066.67	-	2,26,066.67
Maturity within 1 year	10.00%-10.25%	-	1,67,200.00	1,67,200.00
Total		**2,47,733.33**	**1,67,200.00**	**4,14,933.33**
iv) Yearly-				
Maturity beyond 3 years	10.20%-10.25%	55,333.33	-	55,333.33
Maturity between 1 year to 3 years	10.20%-10.25%	1,13,166.67	-	1,13,166.67
Maturity within 1 year	10.25%	-	7,500.00	7,500.00
Total		**1,68,500.00**	**7,500.00**	**1,76,000.00**
Total for repayable in installments		**5,20,097.03**	**2,16,954.34**	**7,37,051.37**
Total (1+2)		**7,87,597.03**	**3,43,954.34**	**11,31,551.37**

iii) **Secured term loans from others:**

Rs. in Lacs

Particulars	As at March 31, 2016			
	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on installments				
Maturity beyond 5 years	9.30%-9.55%	475.40	-	475.40
Maturity between 3 years to 5 years	8.85%-9.55%	4,847.48	-	4,847.48
Maturity between 1 year to 3 years	8.85%-9.70%	9,863.12	-	9,863.12
Maturity within 1 year	6.00%-10.15%	-	6,109.49	6,109.49
Total for repayable on installments		**15,186.00**	**6,109.49**	**21,295.49**

Rs. in Lacs

Particulars	As at March 31, 2015			
	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on installments:				
Maturity beyond 5 years	9.15%-10.05%	2,305.80	-	2,305.80
Maturity between 3 years to 5 years	9.15%-10.05%	7,786.39	-	7,786.39
Maturity between 1 year to 3 years	6.00%-10.15%	11,590.30	-	11,590.30
Maturity within 1 year	6.00%-10.30%	-	7,039.44	7,039.44
Total for repayable on installments		**21,682.49**	**7,039.44**	**28,721.93**

iv) **Foreign currency loans from banks**

Rs. in Lacs

Particulars	As at March 31, 2016			
	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturity between 1 year to 3 years	8.69%-9.97%	53,227.83	-	53,227.83
Maturity within 1 year	9.16%-9.33%	-	26,932.51	26,932.51
Total		**53,227.83**	**26,932.51**	**80,160.34**

Rs. in Lacs

Particulars	As at March 31, 2015			
	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturity between 1 year to 3 years	8.95%	12,500.00	-	12,500.00
Maturity within 1 year	9.05%-9.98%	-	42,044.47	42,044.47
Total		**12,500.00**	**42,044.47**	**54,544.47**

v) Foreign currency loans from others

Rs. in Lacs

	As at March 31, 2016			
	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity:				
Maturity beyond 5 years	1.99%-3.69%	5,657.04	-	5,657.04
Maturity between 3 years to 5 years	1.99%-3.69%	32,704.62	-	32,704.62
Maturity between 1 year to 3 years	1.99%-3.69%	70,199.81	-	70,199.81
Maturity within 1 year	1.99%-3.69%	-	52,566.87	52,566.87
Total		**108,561.47**	**52,566.87**	**1,61,128.34**

Rs. in Lacs

	As at March 31, 2015			
Particulars	Rate range	(a) Non-current	(b) Current Maturities	Total
1) Repayable on maturity:				
Maturity beyond 5 years	1.99%-3.69%	4,045.72	-	4,045.72
Maturity between 3 years to 5 years	1.99%-3.69%	22,282.02	-	22,282.02
Maturity between 1 year to 3 years	1.99%-3.69%	48,773.57	-	48,773.67
Maturity within 1 year	1.99%-3.69%	-	35,853.50	35,853.50
Total		**75,101.31**	**35,853.50**	**1,10,954.81**

NOTE 51 UNSECURED BORROWINGS

i) Subordinated debts (long-term)

Rs. in Lacs

	As at March 31, 2016			
Particulars	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
a) Maturing beyond 5 years	8.90%-10.50%	74,830.00	-	74,830.00
b) Maturing between 3 years to 5 years	9.50%-10.02%	41,720.00	-	41,720.00
c) Maturing between 1 year to 3 years	10.50%-12.00%	7,860.00	-	7,860.00
Total		**124,410.00**	**-**	**124,410.00**

Rs. in Lacs

	As at March 31, 2015			
Particulars	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing beyond 5 years	9.18%-10.50%	78,550.00	-	78,550.00
Maturing between 3 years to 5 years	9.85%-11.75%	15,480.00	-	15,480.00
Maturing between 1 year to 3 years	10.50%-12.00%	6,880.00	-	6,880.00
Total		**1,00,910.00**	**-**	**1,00,910.00**

ii) **Term loan from banks**

Rs. in Lacs

Particulars	As at March 31, 2016			
	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing within 1 year	10.00%	-	10,000.00	10,000.00
Total		**-**	**10,000.00**	**10,000.00**

Rs. in Lacs

Particulars	As at March 31, 2015			
	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		**10,000.00**	**-**	**10,000.00**

iii) **Inter corporate deposits**

Rs. in Lacs

Particulars	As at March 31, 2016			
	Rate range	(a) Non-current	(b) Current Maturities	Total
Repayable on maturity:				
Maturing within 1 year	8.85%-9.05%	-	30,000.00	30,000.00
Total		**-**	**30,000.00**	**30,000.00**

As at March 31, 2015 : Nil

iv) **Fixed deposits**

As at March 31, 2016

Rs. in Lacs

Particulars	Rate range	(a) Short Term	Long Term (b) Non-current	(c) Current Maturities	Total
a) Maturing beyond 3 years	8.20%-10.10%	-	15,832.63	-	15,832.63
b) Maturing between 1 year to 3 years	8.20%-10.60%	-	2,72,018.38	-	2,72,018.38
c) Maturing within 1 year	7.90%-10.60%	16,154.68	-	1,61,030.66	1,77,185.34
Total		**16,154.68**	**2,87,851.01**	**1,61,030.66**	**4,65,036.35**

As at March 31, 2015

Rs. in Lacs

Particulars	Rate range	(a) Short Term	Long Term (b) Non-current	(c) Current Maturities	Total
a) Maturing beyond 3 years	8.90%-10.10%	-	6,561.15	-	6,561.15
b) Maturing between 1 year to 3 years	9.15%-10.60%	-	3,15,132.68	-	3,15,132.68
c) Maturing within 1 year	8.40%-10.75%	6,943.06	-	1,29,621.50	1,36,564.56
Total		**6,943.06**	**3,21,693.83**	**1,29,621.50**	**4,58,258.39**

NOTE 52 SHORT – TERM BORROWINGS

i) Secured term loans from banks and cash credit facilities

Rs. in Lacs

Particulars	As at March 31, 2016 Rate range	As at March 31, 2016 Amount
Repayable on maturity:		
Maturing within 1 year	9.10%-12.15%	1,24,329.05
TOTAL		**1,24,329.05**

Rs. in Lacs

Particulars	As at March 31, 2015 Rate range	As at March 31, 2015 Amount
Repayable on maturity:		
Maturing within 1 year	9.60%-10.50%	1,35,354.56
Total		**1,35,354.56**

ii) Foreign currency loans from others (secured)

Rs. in Lacs

Particulars	As at March 31, 2016 Rate range	As at March 31, 2016 Amount
Repayable on maturity:		
Maturing within 1 year	0.86%	55,269.45
Total		**55,269.45**

Rs. in Lacs

Particulars	As at March 31, 2015 Rate range	As at March 31, 2015 Amount
Repayable on maturity:		
Maturing within 1 year	0.60%	36,064.29
Total		**36,064.29**

iii) Commercial papers

Rs. in Lacs

Particulars	As at March 31, 2016 Rate range	As at March 31, 2016 Amount
Repayable on maturity:		
Maturing within 1 year	8.09%-9.40%	2,96,000.00
Total		**2,96,000.00**

Rs. in Lacs

Particulars	As at March 31, 2015 Rate range	As at March 31, 2015 Amount
Repayable on maturity:		
Maturing within 1 year	8.88%-9.15%	3,47,500.00
Total		**3,47,500.00**

NOTE 53 The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of the Companies Act, 2013 is not given.

NOTE 54 SEGMENT INFORMATION AS PER ACCOUNTING STANDARD 17

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue/assets/capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2016:

Rs. in Lacs

	Year ended 31st March 2016			Year ended 31st March 2015		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
External revenue	648,582.35	11,169.40	659,751.75	596,345.22	9,745.34	606,090.56
Inter segment revenue	2,156.89	3,870.07	6,026.96	1,938.24	2,875.03	4,813.27
Total revenue	**650,739.24**	**15,039.47**	**665,778.71**	**598,283.46**	**12,620.37**	**610,903.83**
Segment results (Profit before tax and after interest on financing segment)	115,341.52	7,070.46	122,411.98	133,467.22	6,519.64	139,986.86
Less: Interest on unallocated reconciling items	-	-	-	-	-	-
Net Profit before tax	**115,341.52**	**7,070.46**	**122,411.98**	**133,467.22**	**6,519.64**	**139,986.86**
Less: Income taxes	-	-	43,671.83	-	-	47,500.11
Net profit	**-**	**-**	**78,740.15**	**-**	**-**	**92,486.75**
Other information:						
Segment assets	4,421,958.53	8,379.83	4,430,338.36	3,813,108.90	1,735.87	3,814,844.77
Unallocated corporate assets	-	-	70,346.00	-	-	48,469.25
Total assets	**4,421,958.53**	**8,379.83**	**4,500,684.36**	**3,813,108.90**	**1,735.87**	**3,863,314.02**
Segment liabilities	3,818,061.36	1,803.60	3,819,864.96	3,263,050.51	1,062.22	3,264,112.73
Unallocated corporate liabilities	-	-	-	-	-	-
Total liabilities	**3,818,061.36**	**1,803.60**	**3,819,864.96**	**3,263,050.51**	**1,062.22**	**3,264,112.73**
Capital expenditure	5,293.85	399.18	5,693.03	4,053.74	164.62	4,218.36
Depreciation/ amortisation	4,432.15	137.63	4,569.78	4,426.64	124.12	4,550.76
Non cash expenditure other than depreciation	59,367.20	222.17	59,589.37	37,243.79	152.29	37,396.08

NOTE 55 DISCLOSURE REQUIRED UNDER SCHEDULE III OF COMPANIES ACT, 2013

Name of Entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In lacs)	As % of consolidated profit & loss	Amount (Rs. In lacs)
Parent				
Mahindra & Mahindra Financial Services Limited	94.48%	6,17,587.68	84.12%	66,234.50
	95.63%	*5,73,002.49*	*89.12%*	*82,422.16*
Subsidiaries				
Indian				
1. Mahindra Insurance Brokers Limited	2.03%	13,247.87	5.23%	4,121.29
	1.75%	*10,486.17*	*3.95%*	*3,649.54*
2. Mahindra Rural Housing Finance Limited	1.75%	11,460.87	6.97%	5,484.53
	1.29%	*10,466.17*	*4.18%*	*3,865.17*
3. Mahindra Asset Management Company Private Limited	(0.07%)	(454.09)	(0.57%)	(445.03)
	-	*(6.27)*	*(0.01%)*	*(5.78)*
4. Mahindra Trustee Company Private Limited	0.00%	(7.45)	(0.01%)	(4.92)
	-	*(2.53)*	-	*(2.53)*
Foreign				
Minority Interests in all Subsidiaries	1.03%	6,752.75	1.92%	1,510.79
	0.82%	*4,929.60*	*1.29%*	*1,196.21*

Name of Entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In lacs)	As % of consolidated profit & loss	Amount (Rs. In lacs)
Foreign				
1. Mahindra Finance USA, LLC	0.78%	5,104.90	2.34%	1,838.99
	0.51%	*3,060.75*	*1.47%*	*1,361.98*
Total	**100.00%**	**6,80,819.40**	**100.00%**	**78,740.15**
	100.00%	***5,99,201.30***	***100.00%***	***92,486.75***

NOTE 56 MAMCPL was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as an investment manager to the "Mahindra Mutual Fund". The company has been granted a license from SEBI on February 4, 2016 and is awaiting product approvals from SEBI.

NOTE 57 MTCPL was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as a Trustee to the proposed "Mahindra Mutual Fund".

NOTE 58 Previous year figures have been regrouped/reclassified wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Naresh Kumar Kataria
Partner
Membership No.037825

Place : Mumbai
Date : April 23, 2016

Dhananjay Mungale
Chairman

C.B. Bhave
Director

V Ravi
Executive Director &
Chief Financial Officer

Ramesh Iyer
Vice-Chairman &
Managing Director

Rama Bijapurkar
Director

Arnavaz Pardiwala
Company Secretary

M. G. Bhide
Director

V. S. Parthasarathy
Director

Piyush Mankad
Director

Dr. Anish Shah
Director

Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Mahindra & Mahindra Financial Services Limited ("the Holding Company"), its subsidiaries and joint venture (the Holding Company, its subsidiaries and joint venture together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting

and their consolidated profit and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and subsidiary companies incorporated in India (hereinafter referred to as Group Companies in India), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

9. As required by Section 143(3) of the Act, 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.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies in India are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) 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:

      i. The Group has disclosed the impact of pending litigations in India on its financial position in its consolidated financial statements – Refer Note 49 to the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

      There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Subsidiary Companies in India.

OTHER MATTERS

10. We did not audit the financial statements of a joint venture entity whose financial statements reflect total assets of Rs. 167299.84 lacs as at March 31, 2015, total revenues of Rs. 6968.39 lacs, and net cash outflows amounting to Rs 129.18 lacs, respectively for the year then ended as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion insofar as it relates to these financial statements, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai

Annexure to the Auditors' Report

referred to in our report of even date:

i. (a) The Group Companies in India have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets of the Holding and Subsidiary Companies have been physically verified by the Management during the year. The discrepancies noticed, if any on such verification were not material and have been properly dealt with in the books of account.

ii. The Group Companies are engaged in the business of financial services and do not hold any inventory. Accordingly, the provisions of clause 3(ii)(a), (b) and (c) of the said order will not be applicable.

iii. There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the Group Companies in India.

iv. In our opinion and according to the information and explanations given to us, the Group Companies in India are having an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Group Companies do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Holding and Subsidiary Companies and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.

v. The Holding Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Holding Company in respect of the aforesaid deposits.

The Subsidiary Companies have not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed thereunder to the extent notified.

vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products or services of the Group Companies in India.

vii. (a) According to the records of the Group Companies in India and information and explanations given to us, the Group Companies in India are regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Service tax, Value added tax, cess and any other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Group Companies in India examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, value added tax, and cess which have not been deposited on account of any dispute except for the following:

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Financial year to which the amount relates	Forum where the dispute is pending
The Income tax Act, 1961	Income Tax	126.80	2003 - 2004	Income Tax Appellate Tribunal*
The Income tax Act, 1961	Income Tax	59.33	2003 - 2004	Income Tax Appellate Tribunal*
The Income tax Act, 1961	Income Tax	218.70	2005 - 2006	Commissioner of Income Tax*
The Income tax Act, 1961	Income Tax	242.64	2006 - 2007	Commissioner of Income Tax*
The Income tax Act, 1961	Income Tax	72.82	2007 - 2008	Commissioner of Income Tax*
The Income tax Act, 1961	Income Tax	7.86	2010 - 2011	Commissioner of Income Tax*
The Income tax Act, 1961	Income tax	37.76	2011 - 2012	Commissioner of Income Tax**
Andhra Pradesh VAT Act, 2005	Value Added Tax	123.57	April 2008 to Oct 2013	Andhra Pradesh High Court*
Rajasthan Value Added Tax Act, 2003	Value Added Tax	30.30	2013 - 2014	Jaipur Appellate Tribunal*
Rajasthan Value Added Tax Act, 2003	Value Added Tax	5.62	2014 - 2015	Jaipur Appellate Tribunal*

* pertaining to Mahindra & Mahindra Financial Services Limited
**pertaining to Mahindra Rural Housing Finance Limited

(c) The amount required to be transferred to Investor Education and Protection Fund by the Holding Company has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

There are no amounts required to be transferred by the Subsidiary Companies in India to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.

viii. The Holding Company and two of its Indian Subsidiary Companies neither have accumulated losses as at the end of the current financial year nor have they incurred cash losses, in the current financial year and in the immediately preceding financial year. Other two Indian Subsidiary Companies are registered for a period of less than Five years and accordingly provisions of Clause 3 (viii) of the Order are not applicable to them.

ix. Based on the records examined by us and according to the information and explanations given to us, the Group Companies in India have not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

x. According to the information and explanations given to us, the Group Companies in India have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not

xi. In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.

xii. In respect of Holding Company, except for 119 cases of frauds aggregating to Rs. 353.81 lacs which were noticed by the management and informed to us, auditors have neither come across any instances of frauds by or on the Company nor have we been informed by the Company of any such instances during the year.

During the course of our examination of the books and records of the Subsidiary Companies in India, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, auditors have neither come across any instance of material fraud on or by the Subsidiary Companies in India, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai

Consolidated Balance Sheet

as at March 31, 2015

Rs. in lacs

Particulars	Note No.	As at March 31 2015	2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	1	11,282.81	11,270.50
b) Reserves and Surplus	2	5,82,988.88	5,18,099.02
		5,94,271.69	**5,29,369.52**
Minority Interest		4,929.60	3,647.83
2) Non-current liabilities			
a) Long-term borrowings	3	16,86,524.66	18,25,376.57
b) Other Long-term liabilities	4	30,247.97	27,701.56
c) Long-term provisions	5	35,267.59	33,309.64
		17,52,040.22	**18,86,387.77**
3) Current liabilities			
a) Short-term Borrowings	6	5,25,861.91	1,51,027.60
b) Trade payables	7	49,545.23	45,074.04
c) Other current liabilities	8	8,18,226.02	6,98,126.60
d) Short-term provisions	9	1,18,439.35	92,116.10
		15,12,072.51	**9,86,344.34**
Total		**38,63,314.02**	**34,05,749.46**
II. ASSETS			
1) Non-current assets			
a) Fixed Assets	10		
i) Tangible assets		11,415.94	12,350.21
ii) Intangible assets		470.09	498.15
iii) Capital work-in-progress		31.54	22.99
b) Non-current investments	11	55,967.01	37,895.56
c) Deferred tax assets (Net)	12	42,125.77	32,535.84
d) Long-term loans and advances	13	19,88,826.44	17,72,994.08
e) Other non-current assets	14	23,263.46	13,643.00
		21,22,100.25	**18,69,939.83**
2) Current assets			
a) Current investments	15	9,449.80	34,289.13
b) Trade receivables	16	1,454.15	2,289.90
c) Cash and bank balances	17	49,364.02	57,043.28
d) Short-term loans and advances	18	16,76,198.37	14,38,062.21
e) Other current assets	19	4,747.43	4,125.11
		17,41,213.77	**15,35,809.63**
Total		**38,63,314.02**	**34,05,749.46**
Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Bharat Doshi
Chairman

Ramesh Iyer
Managing Director

Piyush Mankad
Director

V. S. Parthasarathy
Director

Rama Bijapurkar
Director

Uday Y. Phadke
Director

M. G. Bhide
Director

C. B. Bhave
Director

V Ravi
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Place : Mumbai
Date : 23rd April, 2015

Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

Rs. in lacs

Particulars		Note No.	Year ended March 31 2015	Year ended March 31 2014
I.	Revenue from operations	20	6,02,114.28	5,27,522.73
II.	Other income	21	3,976.28	2,532.55
III.	**Total Revenue (I + II)**		**6,06,090.56**	**5,30,055.28**
IV.	**Expenses**			
	Employee benefits expense	22	56,710.19	49,450.51
	Finance costs	23	2,64,299.81	2,28,096.44
	Depreciation and amortization expense	24	4,550.76	2,608.05
	Loan provisions and write offs	25	84,912.26	51,898.42
	Other expenses	26	55,630.68	51,849.11
	Total expenses		**4,66,103.70**	**3,83,902.53**
V.	**Profit before exceptional items and taxes (III - IV)**		**1,39,986.86**	**1,46,152.75**
VI.	Exceptional items (net) - income / (expense)		-	-
VII.	**Profit before tax (V + VI)**		**1,39,986.86**	**1,46,152.75**
VIII.	**Tax expense**			
	Current tax		57,611.27	58,004.66
	Deferred tax		(10,111.16)	(8,329.33)
			47,500.11	**49,675.33**
IX.	**Profit / (Loss) for the year (VII - VIII)**		**92,486.75**	**96,477.42**
X.	Minority Interest		1,196.21	1,035.28
XI.	**Profit / (Loss) for the year (IX - X)**		**91,290.54**	**95,442.14**
XII.	**Earnings per equity share (Rupees)**	32		
	(Face value - Rs.2/- per share)			
	(1) Basic		16.19	16.95
	(2) Diluted		16.05	16.78
	Summary of significant accounting policies and notes to the financial statements	**I & II**		

The notes referred to above form an integral part of Statement of Profit and Loss.
This is the Statement of Profit and Loss referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 23rd April, 2015

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

M. G. Bhide
Director

V Ravi
Chief Financial Officer

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhave
Director

Arnavaz Pardiwala
Company Secretary

Piyush Mankad
Director

Uday Y. Phadke
Director

Consolidated Cash Flow Statement

for the year ended March 31, 2015

Rs.in lacs

Particulars		Year ended March 31 2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes and contingencies and exceptional items		**1,39,986.86**	**1,46,152.75**
Add/(Less): Non Cash Expenses			
Depreciation and amortisation expense		4,550.76	2,608.05
Exchange Fluctuation		573.01	799.17
Provision for non-performing assets (net)		34,728.06	25,449.51
General provision for Standard assets		1,330.83	2,284.13
Higher provision & provision for diminution in the fair value of restructured advances		31.87	-
Interest expense		14,007.36	8,939.82
Employee compensation expense on account of ESOP scheme		1,065.33	307.33
		56,287.22	**40,388.01**
Add/(Less): Income considered separately			
Income from investing activities		(3,962.26)	(2,517.32)
(Profit)/Loss on sale / retirement of assets		(9.65)	(2.80)
(Profit)/Loss on sale of Investments		(468.64)	(9.15)
Income from Assignment / Securitisation transactions		(25,622.33)	(21,372.47)
		(30,062.88)	**(23,901.74)**
Operating profit before working capital changes	**(I)**	**1,66,211.20**	**1,62,639.02**
Add/Less: Working Capital changes			
(Increase)/Decrease in interest accrued on investment/others		909.07	(1,094.49)
(Increase)/Decrease in Trade receivables		(40,040.07)	(34,608.46)
(Increase)/Decrease in Loans & Advances		(4,90,355.53)	(7,41,275.20)
		(5,29,486.53)	**(7,76,978.15)**
Increase/(Decrease) in Current Liabilities		39,355.70	25,469.90
	(II)	**(4,90,130.83)**	**(7,51,508.25)**
Cash generated from / (used in) operations	**(I+II)**	**(3,23,919.63)**	**(5,88,869.22)**
Advance taxes paid		(59,145.11)	(55,919.65)
		(3,83,064.74)	**(6,44,788.87)**
Net Cash Generated from / (Used In) Operating Activities	**(A)**	**(3,83,064.74)**	**(6,44,788.87)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets / Software		(4,469.93)	(4,115.88)
Sale of fixed assets		603.22	104.96
Purchase of Investments		(2,67,533.24)	(2,14,931.38)
Investments in term deposits with banks		(4,066.77)	(19,021.00)
Sale of Investments		2,74,769.77	1,88,509.31
Income received from investing activities		4,105.39	2,446.57
(Increase) / Decrease in Earmarked balances with banks		0.24	4.58
Net Cash Generated from / (Used In) Investing Activities	**(B)**	**3,408.68**	**(47,002.84)**

Consolidated Cash Flow Statement

for the year ended March 31, 2015

Rs.in lacs

Particulars	Year ended March 31 2015	Year ended March 31 2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	552.76	399.31
Increase/(Decrease) in Bank borrowings (net)	(2,45,042.73)	3,44,064.87
Increase/(Decrease) in Long-term borrowings (net)	1,33,089.93	1,13,127.04
Increase/(Decrease) in Short-term borrowings (net)	3,38,500.62	(18,597.74)
Increase/(Decrease) in Fixed Deposits (net)	1,00,738.59	1,24,726.58
Proceeds from Assignment / Securitisation transactions	89,044.34	1,59,029.71
Interest paid	(13,938.84)	(8,499.47)
Dividend paid (including tax on dividend)	(26,176.51)	(24,422.32)
Net Cash Generated from / (used in) financing activities (C)	**3,76,768.16**	**6,89,827.98**
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	**(2,887.90)**	**(1,963.73)**
Cash and Cash Equivalents at the beginning of the year	**23,437.03**	**25,400.76**
Cash and Cash Equivalents at the end of the year (refer note no. 17)	**20,549.13**	**23,437.03**

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

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 23rd April, 2015

Bharat Doshi
Chairman

Ramesh Iyer
Managing Director

Piyush Mankad
Director

V. S. Parthasarathy
Director

Rama Bijapurkar
Director

Uday Y. Phadke
Director

M. G. Bhide
Director

C. B. Bhave
Director

V Ravi
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis:

a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.

b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.

c. The difference between the foreign exchange rates prevailing at the time making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.

d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.

e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of Profit and Loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:

i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are:

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest (*)
Mahindra Insurance Brokers Limited (MIBL)	India	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Asset Management Company Pvt. Ltd. (MAMCL)	India	100.00%
Mahindra Trustee Company Pvt. Ltd. (MTCPL)	India	100.00%
Mahindra Finance USA, LLC (MFUSA)	USA	49.00%

* There is no change in the proportion of ownership interest as compared to the previous year.

2) Basis for preparation of financial statements

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under Section 132 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 33 of notes to the financial statements).

The joint venture records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evalutes the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

3) Use of estimates

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

4) Revenue recognition

i. General

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing assets, is recognised on receipt basis. income in the previous period is reversed in the accounting period in which the loan is classified as Non-Performing Asset and accounted as income when it is actually realised.

In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing assets, is recognized on receipt basis.

ii. Income from loans

a) Interest income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

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

c) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.

d) The joint venture's interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on cash basis after a receivable is put on non accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.

iii. Subvention income

Subvention received from dealers/ manufacturers on retail cases is booked over the period of the contract.

iv. Brokerage and handling charges income

Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of

v. Insurance consultancy fees

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

vi. Income from manpower supply services

Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.

vii. Income from assignment / securitisation transactions

A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012

i. In case of receivables assigned/ securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/ securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

iii. On maturity of an underlying assignment/ securtisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of Profit and Loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012

i. Securitisation transactions:

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

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

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

ii. Assignment transactions:

a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).

b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transactions is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 4, 8 and 42 (b)).

viii. Income from investments

a) Dividend from investments is accounted for as income when the right to receive dividend is established.

b) Interest income is accounted on accrual basis.

5) Fixed assets, depreciation and amortization

a) Tangible assets

i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.

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

b) Depreciation on Tangible assets

Depreciation on tangible assets is charged on Straight Line Method (SLM) in accordance with the useful lives, specified in Part – C of Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets :

a) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

b) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

c) Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's 'Tangible assets' in note no.10.

d) Residual value of the assets is considered as nil reflecting the realisable value at the end of the useful life of an asset.

c) Intangible assets

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

d) Amortization of Intangible assets

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

6) Foreign exchange transactions and translations

i. Initial recognition

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

ii. Conversion

a. Foreign currency monetary assets and year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

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

c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

iii. Exchange differences

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

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

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

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing assets/liabilities

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

b. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rate changes.

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

d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. Such transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.

e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

7) Investments

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at lower of cost or fair value.

8) Loans against assets

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

9) Employee benefits

(a) Contribution to provident fund -

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

(b) Gratuity -

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

(c) Superannuation -

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

(d) Leave encashment / compensated absences -

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

10) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

11) Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

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

12) Share issue expenses

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve in the year in which they are incurred.

13) Impairment of assets

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor.

14) Provisions and contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

15) Employee stock compensation costs

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal to the unamortised portion.

16) Lease

Payments under operating lease arrangements are recognized as per the terms of the lease.

17) Earnings Per Share

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

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 1 SHARE CAPITAL		
Authorised capital		
70,00,00,000 equity shares of Rs. 2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital		
56,87,64,960 equity shares of Rs. 2/- each	11,375.30	11,375.30
Subscribed and paid-up capital		
56,87,64,960 equity shares of Rs. 2/- each fully paid up	11,375.30	11,375.30
Less : Shares issued to ESOS trust but not allotted by it to employees	92.49	104.80
(46,24,289 equity shares of Rs. 2/- each (March 2014 : 52,39,841 equity shares of Rs. 2/- each))		
Total	**11,282.81**	**11,270.50**

		As at March 31			
		2015		**2014**	
		Number of shares	**Rs. in Lacs**	Number of shares	Rs. in Lacs
a)	**Reconciliation of number of equity shares**				
	Balance at the beginning of the year	56,87,64,960	11,375.30	56,87,64,960	11,375.30
	Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year	-	-	-	-
	Balance at the end of the year	**56,87,64,960**	**11,375.30**	56,87,64,960	11,375.30
b)	**Number of equity shares held by holding Company or ultimate holding Company including shares held by its subsidiaries / associates**				
	Holding Company : Mahindra & Mahindra Limited	29,12,07,660	5,824.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c)	**Shareholders holding more than 5 percent shares**				
	Mahindra & Mahindra Limited	29,12,07,660	5,824.15	29,12,07,660	5,824.15
	Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) **Terms / rights attached to equity shares**

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

e) **Shares issued to ESOS trust**

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 2014 : Rs. 104.80 Lacs), Securities premium reserve by Rs.64.39 Lacs (March 2014 : Rs. 86.83 Lacs) in respect of 46,24,289 equity shares of face value of Rs.2/- each (March 2014 : 52,39,841 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 2 RESERVES AND SURPLUS		
Capital redemption reserve		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfer during the year	-	-
	5,000.00	**5,000.00**
Less : Deductions during the year	-	-
Balance as at the end of the year	**5,000.00**	**5,000.00**
Securities premium reserve		
Balance as at the beginning of the year	2,01,824.74	2,01,558.08
Add : Additions during the year on account of		
i) Exercise of employee stock options	499.51	266.66
ii) Fresh issue of shares	-	-
	2,02,324.25	**2,01,824.74**
Less : Deductions during the year in respect of share issue expenses	-	-
Balance as at the end of the year	**2,02,324.25**	**2,01,824.74**
Less : Shares issued to ESOP trust but not allotted to employees	64.39	86.83
Net balance as at the end of the year	**2,02,259.86**	**2,01,737.91**
Statutory reserve		
Balance as at the beginning of the year	83,352.56	64,885.68
Add : Transfers from Surplus in the Statement of Profit and Loss	17,926.62	18,466.88
	1,01,279.18	**83,352.56**
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,01,279.18**	**83,352.56**
General reserve		
Balance as at the beginning of the year	37,480.45	28,328.60
Add : Transfers from Surplus in the Statement of Profit and Loss	8,877.75	9,168.24
	46,358.20	**37,496.84**
Less : Deductions during the year	-	16.39
Balance as at the end of the year	**46,358.20**	**37,480.45**

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 2 RESERVES AND SURPLUS		
Foreign exchange fluctuation reserve		
Balance as at the beginning of the year	1,312.48	513.62
Add: Additions during the year	573.21	798.86
	1,885.69	1,312.48
Less : Deductions during the year	-	-
Balance as at the end of the year	**1,885.69**	**1,312.48**
Employee stock options outstanding		
A) Employee Stock Option Outstanding		
Balance as at the beginning of the year	1,333.81	1,347.77
Add: Fresh grant of options	4,465.00	289.16
	5,798.81	1,636.93
Less: Transfers / reversals during the year		
i) Transfers to securities premium reserve on exercise of options	499.51	266.66
ii) Reversals for options lapsed	57.85	36.46
Balance as at the end of the year (A)	**5,241.45**	**1,333.81**
B) Deferred Employee Compensation		
Balance as at the beginning of the year	462.18	572.30
Add : Fresh grant of options	4,465.00	289.16
	4,927.18	861.46
Less : Amortisation during the year		
i) Transfer to employee benefits expense (refer note no. 22)	1,269.48	362.82
ii) Reversals for options lapsed	57.85	36.46
Balance as at the end of the year (B)	**3,599.85**	**462.18**
Balance as at the end of the year (A-B)	**1,641.60**	**871.63**
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	1,87,814.12	1,45,746.40
Less : Transitional depreciation charge (net of deferred tax) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).	317.77	-
	1,87,496.35	1,45,746.40
Add : Adjustments as per the Scheme of Amalgamation (refer note no. 47)	529.87	-
Add : Profit for the year transferred from the Statement of Profit and Loss	91,290.54	95,442.14
	2,79,316.76	**2,41,188.54**
Less: Appropriations		
General reserve	8,877.75	9,151.85
Statutory reserve	17,926.62	18,466.88
Proposed dividend on equity shares	22,750.60	21,613.07
Corporate dividend tax on equity shares	4,552.41	3,612.75
Depreciation and special reserve adjustment	645.03	-
	54,752.41	52,844.55
Balance as at the end of the year	**2,24,564.35**	**1,88,343.99**
Total	**5,82,988.88**	**5,18,099.02**

Rs. in Lacs

	As at March 31 2015	As at March 31 2014
NOTE 3 LONG-TERM BORROWINGS		
a) Secured#		
Non-convertible debentures (refer note no. 51(i)(a))	3,57,040.00	3,21,520.00
Term loans :		
from banks (refer note no. 51(ii)(a))	7,87,597.03	10,26,884.70
from others (refer note no. 51(iii)(a))	21,682.49	23,544.13
Foreign currency loans		
from banks (refer note no. 51(iv)(a))	12,500.00	40,305.51
from others (refer note no. 51(v)(a))	75,101.31	48,549.09
Total	**12,53,920.83**	**14,60,803.43**
b) Unsecured		
Unsecured bonds (Subordinate debts) (refer note no. 52(i)(a)) $	1,00,910.00	79,410.00
Term loans		
from banks (refer note no. 52(ii)(a))	10,000.00	10,000.00
Fixed deposits (refer note no. 52(iii)(b))	3,21,693.83	2,75,163.14
Total	**4,32,603.83**	**3,64,573.14**
Total (a+b)	**16,86,524.66**	**18,25,376.57**

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

$ The funds raised by the Company during the year by issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

Rs. in Lacs

	As at March 31 2015	As at March 31 2014
NOTE 4 OTHER LONG-TERM LIABILITIES		
Deposits/advances received against loan agreements (refer note no. 39)	1,804.35	1,333.08
Interest accrued but not due on borrowings	19,283.53	15,552.99
Deferred subvention income	2,508.93	3,031.55
Unrealised gains on loan transfers under securitisation transactions (refer note no. 42(d))	5,175.94	6,629.14
Cash profit on loan transfers under assignment transactions pending recognition (refer note no. 42(b))	35.22	140.57
Derivate contract payables	-	954.49
Other long term liabilities	-	59.74
Unamortised premium on forward exchange contracts	1,440.00	-
Total	**30,247.97**	**27,701.56**

Rs. in Lacs

	As at March 31 2015	As at March 31 2014
NOTE 5 LONG-TERM PROVISIONS		
Provision for Employee benefits (refer note no. 40)	1,317.67	1,013.88
Others		
Provision for Non-performing assets (refer note no. 33(a), 34 and 35)	26,419.74	18,767.00
Contingent provisions for standard assets (refer note no. 33(b) and 35)	7,504.79	6,772.21
Provision for estimated loss/expenses on assignments	-	6,756.55
Higher Provision for diminution in the fair value of restructured advances (refer note no. 33(d))	17.77	-
Provision for dimunition in the fair value of restructured advances (refer note no. 33(d))	7.62	-

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 6 SHORT- TERM BORROWINGS		
a) **Secured#**		
Term loans from banks (refer note no. 53(i))	75,600.00	57,000.00
Cash credit facilities with banks (refer note no. 53(i))	59,754.56	57,232.21
Foreign currency loans (refer note no. 53(ii))	36,064.29	28,664.24
Total	**1,71,418.85**	**1,42,896.45**
b) **Unsecured**		
Loans from banks:		
Term Loans (refer note no. 53(iii))	-	2,200.00
Fixed deposits (refer note no. 52(iii)(a))	6,943.06	5,931.15
Commercial Papers (CPs) (refer note no. 53(iv))	3,47,500.00	-
Total	**3,54,443.06**	**8,131.15**
Total (a+b)	**5,25,861.91**	**1,51,027.60**

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

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 7 TRADE PAYABLES		
Trade payables		
- Finance	35,102.69	31,007.53
- Expenses	14,442.54	14,066.51
Total	**49,545.23**	**45,074.04**

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) **Secured#**		
Non-convertible debentures (refer note no. 51(i)(b))$	1,52,270.00	1,83,520.00
Term loans		
from banks (refer note no. 51(ii)(b))	3,43,954.34	3,12,200.76
from others (refer note no. 51(iii)(b))	7,039.44	6,219.68
Foreign currency loans		
from banks (refer note no. 51(iv)(b))	42,044.47	11,983.00
from others (refer note no. 51(v)(b))	35,853.50	22,539.68
	5,81,161.75	5,36,463.12
b) **Unsecured**		
Fixed deposits (refer note no. 52(iii)(c))	1,29,621.50	76,425.51
Interest accrued but not due on borrowings	40,486.58	30,615.63
Unclaimed dividends	57.69	57.93
Deposits / advances received against loan agreements (refer note no. 39)	1,460.65	1,647.04
Amount Received in advance from ESOS Trust	156.88	191.63

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 8 OTHER CURRENT LIABILITIES		
Deferred subvention income	2,284.76	2,623.37
Unrealised gains on loan transfers under securitisation transactions (refer note no. 42(d))	19,175.40	15,910.53
Cash profit on loan transfers under assignment transactions pending recognition (refer note no. 42(b))	85.42	168.42
Insurance premium payable	3,840.65	3,694.88
Payables under assignment / securitisation transactions	2,932.13	6,157.50
Taxes deducted at Source	3,142.33	2,465.16
Others	5,449.98	4,442.08
Total	**8,18,226.02**	**6,98,126.60**

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

$ The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 9 SHORT-TERM PROVISIONS		
Provision for Employee benefits (refer note no. 40)	4,997.48	6,356.52
Others		
Provision for estimated loss/expenses on assignments	6,756.56	8,807.92
Provision for Non-performing assets (refer note no. 33(a), 34 and 35)	73,535.35	46,423.23
Contingent provisions for standard assets (refer note no. 33(b) and 35)	5,968.86	5,370.61
Higher provision on restructured standard advances (refer note no. 33(d))	4.54	-
Provision for diminution in the fair value of restructured advances (refer note no. 33(d))	1.94	-
Proposed dividend on equity shares#	22,750.60	21,613.07
Corporate dividend tax#	4,424.02	3,544.75
Total	**1,18,439.35**	**92,116.10**

The Board of Directors have recommended a dividend of Rs. 4.00 per share on equity shares of face value of Rs.2/- each (March 2014 : Rs. 3.80 per share on equity share of face value Rs. 2/- each) for the current financial year. The dividend will absorb a sum of Rs.27,174.62 Lacs (March 2014 : Rs. 25,157.82 Lacs) including dividend distribution tax.

10 FIXED ASSETS

Rs. in Lacs

	Gross Block at Cost				Depreciation & Amortisation					Net Block	
	As at April 01, 2014	Additions	Deductions / adjustments	As at March 31, 2015	As at April 01, 2014	Transitional depreciation#	Additions	Deductions / adjustments	As at March 31, 2015	As at March 31, 2015	As at April 01, 2014
Tangible assets											
Premises	108.92	-	-	108.92	17.59	-	1.82	-	19.41	89.51	91.33
	108.92	*-*	*-*	*108.92*	*15.82*	*-*	*1.77*	*-*	*17.59*	*91.33*	*93.10*
Computers	4,490.89	1,093.96	50.06	5,534.79	2,238.21	435.62	1,277.45	48.64	3,902.64	1,632.15	2,252.68
	4,839.75	*807.82*	*1,156.68*	*4,490.89*	*2,793.51*	*598.92*	*1,154.22*	*2,238.21*	*2,252.68*	*2,046.24*	*4,839.75*
Furniture and Fixtures	6,373.10	622.26	18.42	6,976.94	2,089.71	36.38	818.48	12.02	2,932.55	4,044.39	4,283.39
	5,828.77	*802.89*	*258.56*	*6,373.10*	*1,856.21*	*466.77*	*233.27*	*2,089.71*	*4,283.39*	*3,972.56*	*5,828.77*
Vehicles	5,281.39	667.40	246.90	5,701.89	2,214.71	3.48	943.17	148.87	3,012.49	2,689.40	3,066.68
	4,340.08	*1260.10*	*318.79*	*5,281.39*	*1,795.79*	*668.37*	*249.45*	*2,214.71*	*3,066.68*	*2,544.29*	*4,340.08*
Office Equipment	4,972.18	1,581.05	48.21	6,505.02	2,316.05	42.26	1,228.09	41.87	3,544.53	2,960.49	2,656.13
	4,462.63	*991.19*	*481.64*	*4,972.18*	*2,040.92*	*751.70*	*476.57*	*2,316.05*	*2,656.13*	*2,421.71*	*4,462.63*
Total (i)	**21,226.48**	3,964.67	363.59	24,827.56	**8,876.27**	**517.74**	**4,269.01**	**251.40**	**13,411.62**	**11,415.94**	**12,350.21**
	19,580.15	*3,862.00*	*2,215.67*	*21,226.48*	*8,502.25*	*2,487.53*	*2,113.51*	*8,876.27*	*12,350.21*	*11,077.90*	*19,580.15*
Intangible assets											
Computer software	1,614.60	253.69	-	1,868.29	1,120.50	-	281.75	-	1,402.25	466.04	494.10
	1,150.30	*464.30*	*-*	*1,614.60*	*999.98*	*-*	*120.52*	*-*	*1,120.50*	*494.10*	*150.32*
Goodwill*	4.05	-	-	4.05	-	-	-	-	-	4.05	4.05
	4.05	*-*	*-*	*4.05*	*-*	*-*	*-*	*-*	*-*	*4.05*	*4.05*
Total (ii)	**1,618.65**	**253.69**	-	**1,872.34**	**1,120.50**	-	**281.75**	-	**1,402.25**	**470.09**	**498.15**
	1,154.35	*464.30*	*-*	*1,618.65*	*999.98*	*120.52*	*-*	*1,120.50*	*498.15*	*154.37*	*1,154.35*
Total (i+ii)	**22,845.13**	**4,218.36**	**363.59**	**26,699.90**	**9,996.77**	**517.74**	**4,550.76**	**251.40**	**14,813.87**	**11,886.03**	**12,848.36**
	20734.50	*4,326.30*	*2,215.67*	*22,845.13*	*9,502.23*	*2,608.05*	*2,113.51*	*9,996.77*	*12,848.36*	*11,232.27*	*20,734.50*

Rs. in Lacs

	As at March 31 2015	2014
NOTE 11 NON-CURRENT INVESTMENTS		
A) Quoted (at cost): Trade		
(i) Government securities (refer note no.11 (1))	50,612.79	37,895.56
(ii) Secured redeemable non-convertible debentures (refer note no. 11(2)(a))	5,354.17	-
(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
(A)	55,966.96	37,895.56
B) Unquoted (at cost): Non-trade		
(a) Equity investment in other entities:		
New Democratic Electoral Trust	0.05	-
(500 equity shares of Rs.10/- each fully paid up; March 2014: Nil) (refer note no. 11(3))		
(B)	0.05	-
Total (A+B)	**55,967.01**	**37,895.56**

Rs. in Lacs

	As at March 31 2015	2014
Additional Information		
Aggregate amount of quoted investments and market value		
i) Aggregate amount	55,966.96	37,895.56
ii) Market value	58,916.61	36,504.87*
Aggregate amount of unquoted investments	0.05	-

* Having regard to the long-term nature of the investments, the decline in market value as compared to carrying value is considered other than temporary, hence no provision for diminution in value is considered necessary.

1. Details of quoted Long-term investments in Government stock:
As at March 31, 2015

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1,084.47
Govt Stock 8.13%-21/09/2022	100	1500000	1,507.06
Govt Stock 8.20%-15/02/2022	100	1000000	1,006.17
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.80
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 7.16%-20/5/2023	100	1000000	900.55
Govt Stock 7.16%-20/5/2023	100	1000000	904.70

1. **Details of quoted Long-term investments in Government stock as at March 31, 2015**

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 8.83%-25/11/2023	100	2000000	2,034.93
Govt Stock 9.15%-14/11/2024	100	2500000	2,666.00
Govt Stock 9.15%-14/11/2024	100	1000000	1,111.57
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.28%-21/09/2027	100	1000000	932.65
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50
Govt Stock 8.24%-15/02/2027	100	1000000	959.15
Govt Stock 8.24%-15/02/2027	100	1000000	956.33
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,028.19
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.53
Govt Stock 8.97%-05/12/2030	100	500000	516.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,033.47
Govt Stock 8.97%-05/12/2030	100	500000	526.58
Govt Stock 8.97%-05/12/2030	100	1000000	1,042.83
Govt Stock 8.97%-05/12/2030	100	1500000	1,600.64
Govt Stock 8.97%-05/12/2030	100	1000000	1,111.60
Govt Stock 8.97%-05/12/2030	100	1000000	1,094.09
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2,204.88
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1,023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		**51000000**	**50,612.79**

As at March 31, 2014:

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1,098.16
Govt Stock 8.13%-21/09/2022	100	1500000	1,508.00
Govt Stock 8.20%-15/02/2022	100	1000000	1,007.06
Govt Stock 8.20%-15/02/2022	100	1000000	1,002.06
Govt Stock 8.13%-21/09/2022	100	500000	490.95

As at March 31, 2014:

Rs. in Lacs

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 9.15%-14/11/2024	100	2500000	2,683.23
Govt Stock 9.15%-14/11/2024	100	1000000	1,123.16
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.99
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.42
Govt Stock 8.97%-05/12/2030	100	500000	517.58
Govt Stock 8.97%-05/12/2030	100	1000000	1,035.60
Govt Stock 8.97%-05/12/2030	100	500000	528.28
Govt Stock 8.97%-05/12/2030	100	1000000	1,045.56
Govt Stock 8.97%-05/12/2030	100	1500000	1,607.06
Govt Stock 8.97%-05/12/2030	100	1000000	1,118.72
Govt Stock 8.97%-05/12/2030	100	1000000	1,100.08
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.81
Govt Stock 8.83%-12/12/2041	100	1000000	1,024.52
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		**38000000**	**37,895.56**

Quoted investments of Rs. 50,612.79 Lacs (March 2014 : Rs. 37,895.56 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

2. Details of investments in Secured redeemable non-convertible debentures as at March 31, 2015

Rs. in Lacs

Sr. No.	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00

2. **Details of investments in Secured redeemable non-convertible debentures as at March 31, 2015**

Rs. in Lacs

Sr. No.	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
8	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
9	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
10	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
11	GRAMA VIDIYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000.00	833.33	1000.00	1,833.33
12	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500.00	375.00	750.00	1,125.00
13	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
14	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
	Total			**5,354.17**	**7,875.00**	**13,229.17**

3. During the year, the Company has made investment of Rs 0.05 Lacs in 500 equity shares of face value Rs. 10/- each in New Democratic Electoral Trust, a section 8 Company formed by Mahindra & Mahindra Limited.

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 12 DEFERRED TAX ASSETS (NET)		
a) Deferred tax assets		
Provision for non performing assets / loss and expenses on assignments	36,985.97	27,470.24
Provision for standard assets	4,662.96	4,127.35
Other disallowances	983.15	987.39
Difference between written down value as per books of account and Income Tax Act, 1961	700.50	-
(a)	43,332.58	32,584.98
b) Deferred tax liabilities		
Difference between written down value of books as per account and Income Tax Act, 1961	-	49.14
Special Reserve	1,206.81	-
(b)	1,206.81	49.14

Rs. in Lacs

	As at March 31 2015	As at March 31 2014
NOTE 13 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Capital advances	282.24	39.20
Deposits for office premises / others	1,954.20	1,718.46
Other loans and advances	42.71	38.46
Loans against assets (secured, including overdue loans) #	19,77,507.70	17,59,954.85
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 42(f))	403.46	828.43
Retained interest under assignment transactions (refer accounting policy no. 4 (IV)(vii) (B) (ii) (a) and refer note no. 42(b))	257.64	703.85
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 42(d))	5,175.94	6,629.14
Loans and advances (including overdue loans) @	3,202.55	3,081.69
# Includes non-performing assets of Rs. 51,958.78 Lacs (March 2014 : Rs. 37,570.89 Lacs) (refer note no. 5, 9, 33(a) and 34) @ Includes non-performing assets of Rs. 214.80 Lacs (March 2014 : Rs. 57.80 Lacs) (refer note no. 5, 9 and 33(a))		
Total	**19,88,826.44**	**17,72,994.08**

Rs. in Lacs

	As at March 31 2015	As at March 31 2014
NOTE 14 OTHER NON-CURRENT ASSETS		
Term deposits with banks with maturity greater than 12 months		
- Free	4,086.77	2,500.00
- Under lien (refer note no. 17(a))	18,414.12	11,143.00
Unrealised exchange gains on forward contracts	168.00	-
Unmatured premium on forward contracts	594.57	-
Total	**23,263.46**	**13,643.00**

Rs. in Lacs

	As at March 31 2015	As at March 31 2014
NOTE 15 CURRENT INVESTMENTS		
i) Quoted		
Units of mutual funds (7,17,185.28 Units (March 2014 - Nil) of Rs 10 each in JM High Liquidity Fund)	74.80	-
Secured redeemable non-convertible debentures (refer note no. 11(2)(b))	7,875.00	-
(Current portion of long term investments in secured redeemable non-convertible debentures)		
	7,949.80	-
ii) Unquoted (at cost)		
Certificate of deposits with banks #	-	24,289.13
Commercial Papers (CPs)	1,500.00	10,000.00
(1 CP instrument, face value of Rs.15.00 Lacs per CP issued by IKF Finance Limited ; March 2014 : 2000 CPs, face value of Rs. 5.00 Lacs each issued by Citicorp Finance (India) Limited)		
	1,500.00	34,289.13
Total	**9,449.80**	**34,289.13**

Rs. in Lacs

	As at March 31	
	2015	**2014**
Additional Information		
Aggregate amount of quoted investments and market value		
i) Aggregate amount	7,949.80	-
ii) Market Value	7,949.80 *	-
Aggregate amount of unquoted investments	1,500.00	34,289.13

* Of the total quoted investments mentioned above, book value for secured redeemable non-convertible debentures is taken as market value as in the absence of trades market quotes are not available

 # Details of unquoted current investments in certificate of deposits :

As at March 31, 2015 : Nil

As at March 31, 2014 :

Rs. in Lacs

	Face Value (Rs.)	Units	Amount
Indian Bank	100000	5000	4,924.83
Punjab National Bank	100000	2500	2,297.66
Punjab National Bank	100000	2500	2,297.66
Canara Bank	100000	5000	4,944.74
Union Bank of India	100000	5000	4,917.75
Indian Bank	100000	5000	4,906.50
Total		**25000**	**24,289.13**

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 16 TRADE RECEIVABLES		
Secured, considered doubtful unless otherwise stated		
Trade receivable on hire purchase transactions#	375.53	377.66
(outstanding for a period exceeding six months)		
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months#	77.69	33.52
Outstanding for a period not exceeding six months#	1,000.93	1,878.72
# Includes non-performing assets of Rs. 396.16 Lacs (March 2014 : Rs.392.31 Lacs) (refer note no. 5, 9 and 33(a))		
Total	**1,454.15**	**2,289.90**

Rs. in Lacs

	As at March 31 2015	2014
NOTE 17 CASH AND BANK BALANCE		
Cash and cash equivalents		
Cash on hand	1,929.42	2,859.48
Cheques and drafts on hand	296.98	608.52
Bank balance in current accounts	18,322.73	19,967.25
Balance with Scheduled Bank in Cash Credit Accounts	-	1.78
	20,549.13	**23,437.03**
Other bank balances		
Earmarked balances with banks -		
- Unclaimed dividend accounts with banks	59.01	59.25
Term deposits with original maturity up to 12 months	-	5,000.00
Term deposits under lien (refer note no. 17 (a))	28,755.88	28,097.00
Term deposits - Free of lien	-	450.00
	28,814.89	33,606.25
Total	**49,364.02**	**57,043.28**

(a) Details of term deposits under lien#

Rs. in Lacs

	As at March 31, 2015			As at March 31, 2014		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
(i) Term deposits for SLR	10,783.00	13,722.00	24,505.00	17,963.00	501.00	18,464.00
(ii) Collateral deposits for securitization transactions	17,469.88	4,615.12	22,085.00	9,621.00	10,575.00	20,196.00
(iii) Legal deposits	3.00	17.00	20.00	3.00	17.00	20.00
(iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	500.00	-	500.00	500.00	-	500.00
(v) Under lien with IRDA for broking license	-	60.00	60.00	10.00	50.00	60.00
Total	**28,755.88**	**18,414.12**	**47,170.00**	**28,097.00**	**11,143.00**	**39,240.00**

 # Term deposits with scheduled banks under lien include:

i) Rs. 24,505.00 Lacs (March 2014 : Rs. 18,464.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January, 2007 issued by The Reserve Bank of India.

ii) Rs. 22,085.00 Lacs (March 2014 : 20,196.00 retained exposure under credit enhancements pertaining to securitization transactions (refer note no. 42 (f)).

iii) Rs. 20.00 Lacs (March 2014 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

iv) Rs. 500.00 Lacs (March 2014 : Rs. 500 Lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

v) Term deposit with IRDA for broking licence Rs. 60

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 18 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated:		
Loans against assets (secured, including overdue loans)#	15,02,304.31	12,65,089.60
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no.42(f))	839.89	1,387.00
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 42(d))	19,175.40	15,910.53
Loans and advances (including overdue loans)@	13,560.56	7,932.85
Bills of Exchange	14,955.03	12,333.78
Trade Advances@	1,05,574.35	1,18,411.37
Inventory funding (secured, including overdue loans)	9,896.55	7,674.70
Inter corporate deposits given@	100.00	100.00
Other loans and advances:		
Loans and advances to related parties (Portfolio purchased from Mahindra Holidays & Resorts India Ltd. and Loan to Mahindra Retail Pvt. Ltd.)	-	1,091.74
Deposits for office premises / others	375.83	274.72
Advance payment of taxes (net of provisions)	6,343.48	6,204.81
Other Short term advances	2,548.51	736.76
# Includes non-performing assets of Rs. 1,36,103.12 Lacs (March 2014 : Rs. 87,726.30 Lacs) (refer note no. 5, 9, 33(a) and 34) @ Includes non-performing assets of Rs. 2,050.78 Lacs (March 2014 : Rs. 1,485.66 Lacs) (refer note no.5, 9, 33(a))		
Total	**16,76,198.37**	**14,38,062.21**

Rs. in Lacs

	As at March 31	
	2015	**2014**
NOTE 19 OTHER CURRENT ASSETS		
Interest accrued on		
a) Investments	958.56	741.98
b) Other deposits	2,281.44	2,300.13
Derivative contract receivables	784.47	1,083.00
Unamortised premium on forward contracts	722.96	-
Total	**4,747.43**	**4,125.11**

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	Year ended March 31 2015	2014
NOTE 20 REVENUE FROM OPERATIONS		
a) Interest		
Income from loans	5,30,058.94	4,65,926.82
Income from hire purchase	31.64	61.35
Interest on term deposits / Inter-corporate deposits / Bonds etc	5,542.22	3,377.31
Interest on retained interest in PTCs under securitization transactions	97.12	211.79
Interest on government securities:		
Long term	3,710.69	2,477.24
Income from insurance business / services	9,663.44	9,750.51
(a)	5,49,104.05	4,81,805.02
b) Other financial services		
Service charges and other fees on loan transactions	25,369.11	22,961.42
Income from hire purchase	0.20	0.21
Income from bill discounting	2,018.08	1,383.25
Income from lease	0.51	0.36
Income from assignment / securitisation transactions (refer note no. 42)	25,622.33	21,372.47
(b)	53,010.23	45,717.71
Total (a+b)	**6,02,114.28**	**5,27,522.73**

Rs. in Lacs

	Year ended March 31 2015	2014
NOTE 21 OTHER INCOME		
Dividend income on:		
- Current investments in mutual fund units	84.89	56.61
Profit/premium on sale/redemption of:		
- Current investments	468.64	9.15
Profit on sale / retirement of owned assets (net)	15.13	2.80
Income from shared services	2,418.96	1,793.00
Others	988.66	670.99
Total	**3,976.28**	**2,532.55**

Rs. in Lacs

	Year ended March 31 2015	2014
NOTE 22 EMPLOYEE BENEFITS EXPENSE		
Salary, bonus and incentives	49,931.47	44,455.92
Company's contribution to provident fund and other funds	3,704.05	2,937.03
Employee stock compensation costs# (refer note no.31(f))	1,288.63	368.14
Staff welfare expenses	1,786.04	1,689.42
Total	**56,710.19**	**49,450.51**

Inclusive of ESOP costs reimbursements (net) to the holding Company Rs. 19.15 Lacs (March 2014: Rs. 5.32 Lacs).

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	Year ended March 31 2015	2014
NOTE 23 FINANCE COSTS		
Interest expense	2,61,899.78	2,25,990.70
Other borrowing costs	2,400.03	2,105.74
Total	**2,64,299.81**	**2,28,096.44**

Rs. in Lacs

	Year ended March 31 2015	2014
NOTE 24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets #	4,269.01	2,487.53
Amortization of intangible assets	281.75	120.52
Total	**4,550.76**	**2,608.05**

Consequent to the enactment of the Act, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II to the Act or as assessed by the management (refer Accounting Policies, Note no.4 (b)). This has resulted in additional charge of depreciation of Rs.1,536.05 lacs for the year ended March 31, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 341.76 lacs (net of Deferred tax of Rs. 175.98 lacs) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at April 01, 2014.

Rs. in Lacs

	Year ended March 31 2015	2014
NOTE 25 LOAN PROVISIONS AND WRITE OFFS		
Bad debts and write offs (refer note no. 33(c))	48,804.81	24,164.78
Provision for Non performing assets (Net) (refer note no. 33(a), 34 and 35)	34,744.75	25,449.51
General provision for standard assets (refer note no. 33(b) and 35)	1,330.83	2,284.13
Higher provision on restructured standard advances (refer note no. 5,9 and 33 (d))	22.31	-
Provision for diminution in the fair value of restructured advances (refer note no. 5,9 and 33 (d))	9.56	-
Total	**84,912.26**	**51,898.42**

	Year ended March 31 2015	2014
NOTE 26 OTHER EXPENSES		
Electricity charges	1,676.72	1,446.48
Rent	5,799.81	4,868.71
Repairs and maintenance		
Buildings	382.45	460.97
Others	217.77	147.28
Insurance	1,442.69	1,218.73
Rates and taxes, excluding taxes on income	367.08	841.43
Directors' sitting fees and commission	216.83	147.32
Commission and brokerage	16,271.72	14,747.89
Legal and professional charges	6,670.64	7,437.38
Loss on sale / retirement of owned assets (net)	5.48	-
Payments to the auditor		
Audit fees	66.46	68.87
Taxation matters	7.00	4.49
Other services	25.97	17.50
Reimbursement of expenses	0.79	1.67
CSR expenses (including donations) (refer note no. 45)	2,645.80	786.45
General and administrative expenses	19,833.47	19,653.94

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 27 Above expenses include following expenditure incurred in foreign currency

Particulars	Year ended March 31 2015	2014
Travelling expenses	19.86	57.81
Legal and professional fees	126.68	115.24
Other expenses	55.97	53.38

NOTE 28 The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest
i) Mahindra Finance USA, LLC	United States of America	49.00%

NOTE 29 The subsidiary Company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

NOTE 30 The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. May 17, 2013 for next 3 years.

NOTE 31 EMPLOYEE STOCK OPTION PLAN

a) The Company had allotted 1,34,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February,2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,36,53,486 equity shares to employees (March 2014 : 1,30,37,934 equity shares) up to 31st March, 2015, of which 6,15,552 equity shares (March 2014 : 5,04,944 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under :

Particulars	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Particulars	Grant dated October 21, 2014
No. of options granted	16,01,507
Intrinsic value of shares based on latest available closing market price (Rs.)	278.80
Total amount to be amortized over the vesting period (Rs. in Lacs)	4,465.00
Charge to Statement of Profit and Loss for the year (Rs. in Lacs)	1,011.09
Compensation in respect of lapsed cases (Rs. in Lacs)	36.87
Unamortized amount carried forward (Rs. in Lacs)	3,417.04

The fair value of options, based on the valuation of the independent valuer as on the date of grant are:

	Grant dated October 21, 2014	
Vesting date	Expected Vesting	Fair Value (Rs.) per share
October 21, 2015	320299	267.23
October 21, 2016	320299	
October 21, 2017	320299	
October 21, 2018	320299	
October 21, 2019	320311	
	1601507	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables#	Grant dated October 21, 2014
1) Risk free interest rate	8.50%
2) Expected life	3.25 years
3) Expected volatility	38.83%
4) Dividend yield	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

	March 31, 2015		March 31, 2014	
Summary of Stock Options	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	11,63,249	12.70	16,44,675	21.61
Options granted during the year	16,01,507	2.00	1,17,625	2.00
Options forfeited/lapsed during the year#	26,249	11.07	94,107	37.64
Options exercised during the year	6,15,552	21.84	5,04,944	34.57
Options outstanding at the end of the year	21,22,955	2.00	11,63,249	12.70
Options vested but not exercised at the end of the year	1,24,345	2.00	4,36,039	30.55

including 13,225 (March 2014: 4,085) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding:

Grant date / Exercise price		March 31, 2015 No. of stock options	March 31, 2015 Weighted average remaining life	March 31, 2014 No. of stock options	March 31, 2014 Weighted average remaining life
Scheme 2005:					
18th September, 2008 at Rs.46.60		-	-	2,79,150	5 months
	(a)	-		2,79,150	
Scheme 2010:					
7th February, 2011 at Rs.2.00		3,55,735	13 months	6,34,749	18 months
25th January, 2012 at Rs.2.00		95,790	19 months	1,35,810	26 months
22nd July, 2013 at Rs.2.00		38,504	28 months	48,130	34 months
21st October, 2013 at Rs.2.00		44,644	31 months	65,410	37 months
21st October, 2014 at Rs.2.00#		15,88,282	37 months	-	-
	(b)	21,22,955		8,84,099	
Total	**(a + b)**	**21,22,955**		**11,63,249**	

net of 13,225 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
23-Apr-2014	247.08
19-May-2014	273.10
23-May-2014	314.43
18-Jun-2014	282.44
25-Jul-2014	238.78
21-Aug-2014	274.40
3-Sep-2014	286.16
23-Sep-2014	278.33
28-Oct-2014	287.62
17-Nov-2014	314.66
22-Dec-2014	294.69
19-Jan-2015	288.62
24-Feb-2015	252.75
23-Mar-2015	265.00

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note no. 32 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2005:

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

NOTE 32 EARNINGS PER SHARE

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee Share-based Payments” is as follows:

	Intrinsic Value Method		Fair Value Method *	
Particulars	2015	2014	2015	2014
Net profit after tax (Rs. in Lacs)	91,290.54	95,442.14	91,358.91	95,473.03
Weighted average number of equity shares of Rs.2/- each – Basic	563837362	563184678	563837362	563184678
Weighted Average number of equity shares of Rs.2/- each – Diluted	568764960	568764960	568764960	568764960
Basic Earnings Per Share (Rs.)	16.19	16.95	16.20	16.95
Diluted Earnings Per Share# (Rs.)	16.05	16.78	16.06	16.79

Dilution in Earnings per share is on account of 46,24,289 equity shares (March 2014 : 52,39,841 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 68.37 Lacs (March 2014 : Rs. 30.89 Lacs).

NOTE 33 LOAN PROVISIONS AND WRITE OFFS

a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential Company as on 31st March, 2014 is Rs.53,319.01 Lacs (March 2014 : Rs. 35,253.77 Lacs).

b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to on the Standard assets, the Company has made a provision of Rs. 1,057.00 Lacs (March 2014 : Rs. 2,110.00 Lacs).

The total amount of provision on Standard assets of Rs.12,682.00 Lacs (March 2014 : Rs.11,625.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs. 4,758.00 Lacs as at 31st March, 2015 (March 2014: Rs.4,370.00 Lacs).

c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

d. In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 31.87 Lacs on account of restructured advances which are included under this head.

NOTE 34 MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

Classification of loans are given below:

Rs in Lacs

	Standard assets	Sub standard assets	Bad and doubtful assets	Total
As at March 31, 2015				
Housing loans	1,97,566.35	8,274.60	3,990.68	2,09,831.63
Other loans	313.50	-	-	313.50
Percentage to total loans	94.16%	3.94%	1.90%	100.00%
As at March 31, 2014				
Housing loans	1,29,200.71	4,923.87	1,372.19	1,35,496.77
Other loans	227.88	-	-	227.88
Percentage to total loans	95.36%	3.63%	1.01%	100.00%

NOTE 35 MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The Company also makes additional provision on prudential basis. The cumulative additional provision made by the Company as on 31st March 2015 is Rs. 283.57 Lacs (previous year Rs. 140.91 Lacs).

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issued by National housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

Rs in Lacs

Provisions made:	Standard	Sub Standard	Doubtful	Loss
As at March 31, 2015				
Housing loans	790.30	1,438.36	1,267.68	80.34
Other loans	1.35	-	-	-
As at March 31, 2014				
Housing loans	516.90	857.61	397.04	152.33
Other loans	0.92	-	-	-

NOTE 36 As per section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at year end. The Company does not anticipate any withdrawal from Special Reserve in foreseeable future.

NOTE 37 Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

NOTE 38 In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

NOTE 39 Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

NOTE 40 EMPLOYEE BENEFITS

Defined benefit plans – as per actuarial valuation:

Leave Benefits (Non-funded)

Defined Benefit Plans -As per actuarial valuation on March 31, 2015

Rs. in Lacs

Particulars		As at March 31 2015	As at March 31 2014
I.	**Expense recognised in the Statement of Profit and Loss for the year ended 31st March**		
	Current service cost	1,291.84	1,060.34
	Interest cost	213.20	171.65
	Expected return on plan assets	-	-
	Actuarial (Gains)/Losses	(969.32)	(812.68)
	Total expense	**535.72**	**419.30**
II.	**Net asset/(liability) recognised in the Balance Sheet as at March 31**		
	Present Value of Defined Benefit obligation as at March 31	1,468.12	1,194.65
	Fair value of plan assets as at March 31	-	-
	Funded status (Surplus/(Deficit))	(1,468.12)	(1,194.65)
	Net asset/(liability) as at March 31	**(1,468.12)**	**(1,194.65)**
III.	**Change in the obligations during the year ended March 31**		
	Present Value of Defined Benefit obligation at the beginning of the year	1,137.71	950.53
	Current service cost	1,291.84	1,060.34
	Interest cost	213.20	171.65
	Actuarial (Gains)/Losses	(969.32)	(812.68)
	Benefits paid	(205.31)	(175.19)
	Present Value of Defined Benefit obligation at the end of the period	**1,468.12**	**1,194.65**
IV.	**Major category of plan assets as a percentage of total plan**		
	Funded with LIC	-	-
	Others	-	-
V.	**Actuarial Assumptions**		
	Discount Rate (p.a.)	8%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Gratuity (funded)

Defined Benefit Plans - As per actuarial valuation on March 31, 2015

Rs. in Lacs

Particulars	As at March 31 2015	As at March 31 2014
I. Expense recognised in the Statement of Profit and Loss Account for the year ended March 31		
Current service cost	1,002.05	838.04
Interest cost	120.89	94.61
Expected return on plan assets	(136.90)	(90.83)
Actuarial (Gains)/Losses	(421.23)	(408.01)
Funded amount to be transferred to Gratuity Fund	(70.18)	-
Adjustment due to change in opening balance of plan assets	(97.67)	(193.03)
Total expense	**396.96**	**240.77**
II. Net asset/(liability) recognised in the Balance Sheet as at March 31		
Present Value of Defined Benefit obligation as at March 31	1,771.78	1,371.09
Fair value of plan assets as at March 31	1,811.28	1,320.08
Funded status (Surplus/(Deficit))	39.50	(51.01)
Net asset/(liability) as at March 31	**39.50**	**(51.01)**
III. Change in the obligations during the year ended March 31		
Present Value of Defined Benefit obligation at the beginning of the year	1,336.79	1,046.46
Transfer of Projected benefit obligation from MBCSPL	0.30	-
Current service cost	1,002.05	838.04
Interest cost	120.89	94.61
Actuarial (Gains)/Losses	(553.74)	(488.66)
Benefits paid	(134.51)	(119.36)
Present Value of Defined Benefit obligation at the end of the period	**1,771.78**	**1,371.09**
IV. Change in the fair value of plan assets during the year ended March 31		
Fair value of plan assets at the beginning of the year	1,256.92	967.88
Expected return on plan assets	136.73	90.83
Contributions by employer	517.04	271.57
Actuarial (Gains)/Losses	(133.91)	(85.00)
Funded amount to be transferred to Gratuity Fund	70.18	-
Adjustment due to change in opening balance of Plan assets	98.83	193.03
Actual Benefits paid	(134.51)	(118.24)
Fair value of plan assets at the end of the year	**1,811.28**	**1,320.08**
V. Major category of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
Discount Rate (p.a.)	8%	8%
Expected rate of return on plan assets (p.a.)	8%	8%
Rate of Salary increase (p.a.)	5%	5%
In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Experience Adjustments (Gratuity)

Rs. in Lacs

Particulars	Year ending				
	31/03/2011	31/03/2012	31/03/2013	31/03/2014	31/03/2015
Defined Benefit obligation at the end of the year	489.26	764.35	1,046.46	1,371.09	1,771.78
Plan assets at the end of the year	428.44	564.89	967.88	1,320.08	1,811.28
Funded status Surplus/(Deficit)	(60.82)	(199.46)	(78.58)	(51.01)	39.50
Experience adjustments on plan liabilities (gain)/loss	(56.66)	(112.32)	(111.33)	(65.61)	(190.55)
Experience adjustments on plan assets gain/(loss)	(8.53)	(10.77)	(18.89)	(25.00)	(34.22)

NOTE 41 DISCLOSURE ON DERIVATIVES

Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2015

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US $ 872.71 Lacs (March 2014 : US $ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2015.

NOTE 42 SECURITISATION / ASSIGNMENT TRANSACTIONS

a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 27907 contracts (March 2014: 47122 contracts) amounting to Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) for a consideration of Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) and de-recognised the assets from the books.

b) During the year, the Company has without recourse assigned loan receivables of NIL contracts (March 2014: 6490 contracts) amounting to Rs. NIL (March 2014 : Rs. 19,850.83 Lacs) for a consideration of Rs. NIL (March 2014 : Rs. 15,554.19 Lacs) towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs. Nil (March 2014: Rs.1,985.08 Lacs) (equivalent to 10% of the receivables) have been recognized as "Retained interest in assignment transactions" representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated

The amount of profit in cash of Rs. Nil (March 2014: Rs.314.94 Lacs) on this assignment transaction has been held under an accounting head "Cash profit on loan transfers under assignment transactions pending recognition" and the same is amortized in line with above referred guidelines (refer note no. 4 and 8).

c) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs. 8,807.91 Lacs (March 2014 : Rs. 4,189.65 Lacs) considered no longer necessary (refer Accounting policy 4 (vii) A (iii)).

d) In terms of the accounting policy stated in 4 (vi) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).

e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs. 11,024.71 Lacs (March 2014 : Rs. 5,146.47 Lacs).

f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August

Applicable for transactions effected after the date of circular:

Rs. in Lacs

Sr. No.	Particulars	As at March 31 2015	As at March 31 2014
1	No of SPVs sponsored by the NBFC for securitization transactions	12	8
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,54,321.26	1,92,645.41
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First loss - Credit enhancement in the form of corporate undertaking (refer note no.42 (i) (c))	8,307.81	4,782.00
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss - Cash collateral term deposits with banks (refer note no.17 (a) (ii))	20,085.00	18,040.00
	* Others – Retained interest in Pass Through Certificates (refer note no.13 and 18)	1,242.81	2,213.95
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures	-	-
	i) Exposure to own securitizations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others – Excess Interest Spread	27,176.87	27,176.87
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	* First loss	-	-
	* Others – Cash collateral term deposits with banks	2,000.00	2,156.00
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others	-	-

g) Details of Assignment transactions undertaken by NBFCs (during the year)

Rs. in Lacs

Particulars	As at March 31 2015	As at March 31 2014
(i) No. of accounts	-	6490
(ii) Aggregate value (net of provisions) of accounts sold	-	19,850.83
(iii) Aggregate consideration	-	15,554.19
(iv) Additional consideration realized in respect of accounts	-	-

NOTE 43 There were 119 cases (March 2014: 77 cases) of frauds amounting to Rs.353.81 Lacs (March 2014 : Rs 560.32 Lacs) reported during the year. The Company has recovered an amount of Rs. 107.39 Lacs (March 2014: Rs 46.38 Lacs) and has initiated appropriate legal action against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

NOTE 44 The gold loans outstanding as a percentage of total assets is at 0.02% (March 2014: 0.03%).

NOTE 45 During the year, the Company has incurred expenditure of Rs. 2,532.24 Lacs towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.113.56 Lacs towards the CSR activities undertaken by the Company (refer note no. 26).

NOTE 46 The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The Company has appointed an expert to consult on the matter, who have opined that the Company has a strong case on merits to defend and the chances of getting an unfavourable outcome are remote.

NOTE 47 SCHEME OF AMALGAMATION

a. **Scheme details and balance sheet position:**

In terms of Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956 (the "Scheme") between the Company and Mahindra Business & Consulting Services Private Ltd. ("MBCSPL"), an erstwhile wholly owned subsidiary of the Company and their respective shareholders, all the assets and liabilities, including reserves, of MBCSPL were transferred and vested in the Company effective from April 01, 2014 ("the Appointed date"). The Scheme was approved by the Honourable High Court of judicature at Bombay ("the Court") vide its order dated March 20, 2015. The said Scheme became effective from April 18, 2015 (the '"Effective date") on filing of the certified Court order with Registrar of Companies, Maharashtra.

With effect from the appointed date, the whole of assets, properties, liabilities of MBCSPL including all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description relatable to the said business is transferred to and vested in and / or be deemed to be transferred to and vested in the Company.

Break up of assets and liabilities transferred to the Company as per the Court scheme as under:

(Rs. In Lacs)

Particulars	As at April 1, 2014
Assets	1,837.54
Liabilities	1,837.54
Net amount adjusted in opening balance of surplus in the Statement of Profit and Loss	**529.87**

b. **Consideration:**

The Scheme entails the amalgamation of MBCSPL, a wholly owned subsidiary of the Company with its parent MMFSL, with the consequent dissolution without winding up of MBCSPL. Accordingly, the scheme does not envisage any issue of shares or payment of the consideration.

c. **Accounting:**

a. The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statement of the Company at their

b. 1,00,000 Equity Shares of Rs.10/- each fully paid up in MBCSPL, held as investment by the Company stand cancelled and the difference, if any, is debited to opening balance of surplus in the Statement of Profit and Loss.

c. All inter-corporate deposits, loans and advances, outstanding balances or other obligations between MBCSPL and the Company, stands cancelled and there shall be no obligation/ outstanding in that behalf.

d. In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore certain figures may not be exactly comparable with the previous year's figures.

NOTE 48 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD 18:

A) List of the related parties which has transaction with our Company during the year:

Holding Company	:	Mahindra & Mahindra Limited
Fellow subsidiary Companies	:	2 x 2 Logistics Private Limited Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra First Choice Services Ltd. Mahindra Defence Systems Ltd. Mahindra Retail Pvt Ltd.
Key Management Personnel	:	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel	:	Ms. Janaki Iyer Ms. Ramlaxmi Iyer Mr. Risheek Iyer

B) Related Party transactions are as under:

Rs. in Lacs

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	* Key Management Personnel
1	**Income**			
	Loan income	-	3.52	-
		-	(1.79)	-
	Subvention income	3,663.07	-	-
		(2,322.68)	-	-
	Other income	64.21	-	-
		(1.02)	(54.11)	-
2	**Expenses**			
	Interest	-	-	20.11
		(339.45)	-	(18.09)
	Other expenses	1,503.21	432.33	-
		(1,414.56)	(168.99)	-
	Remuneration to MD	-	-	657.05
		-	-	(394.88)
3	**Purchase of fixed assets**	413.60	-	-
		(524.84)	(9.51)	-
4	**Finance**			
	Fixed deposits taken	-	-	202.90
		-	-	(207.50)
	Fixed deposits repaid	-	-	188.25
		-	-	(187.50)
	Dividend paid – for previous year	11,065.89	-	23.71
		(10,483.48)	-	(18.99)

Rs. in Lacs

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	* Key Management Personnel
	Inter corporate deposits taken	-	-	-
		(50,000.00)	-	-
	Inter corporate deposits repaid	-	-	-
		(50,000.00)	-	-
5	**Other transactions**			
	Reimbursement from parties	-	-	-
		(112.54)	-	-
	Reimbursement to parties	-	119.72	-
		-	(113.75)	-
6	**Balances as at the end of the period**			
	Receivables	1,234.25	-	-
		(363.69)	(1,091.74)	-
	Loans given (including interest accrued but not due)	-	43.29	-
		-	-	-
	Payables	-	157.98	-
		-	(107.79)	-
	Fixed deposits (including interest accrued but not due)	-	-	231.80
		-	-	(214.83)

Figures in bracket represent corresponding figures of previous year.
* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

C) The significant related party transactions are as under:

Rs. in Lacs

Nature of transactions		Holding Company	Fellow subsidiary Companies	* Key Management Personnel
Income				
Revenue from operations				
Subvention income	Mahindra & Mahindra Limited	3,663.07	-	-
		(2,322.68)	-	-
Loan income	Mahindra Retail Pvt. Ltd.	-	3.28	-
		-	-	-
Expenses				
Other expenses				
Commission & Valuation charges	Mahindra First Choice Wheels Limited	-	417.19	-
		-	(157.88)	-
Purchase of fixed assets	Mahindra & Mahindra Limited	-	413.60	-
		-	(421.36)	-
Finance				
Fixed Deposits	Ramesh Iyer and relatives	-	-	202.90
		-	-	(207.50)
Fixed deposits matured	Ramesh Iyer and relatives	-	-	188.25
		-	-	(187.50)
Dividend paid - for previous year	Mahindra & Mahindra Limited	11,065.89	-	-
		(10,483.48)	-	-
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	1,234.25	-	-
		(363.69)	-	-
Loan outstanding	Mahindra Retail Pvt. Ltd.	-	30.08	-
		-	-	-

Rs. in Lacs

Particulars	As at March 31 2015	2014
NOTE 49 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
i) Contingent liabilities		
a) Demand against the Company not acknowledged as debts		
i) Income tax	4,416.81	7,476.77
ii) Value Added Tax (VAT)	191.98	60.92
b) Corporate guarantees towards assignment transactions	31,338.63	55,631.29
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 42 (f))	8,307.81	4,782.00
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3,126.01	2,755.55
	47,381.24	**70,706.46**
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	606.62	445.74
b) Uncalled liability on shares and other investments partly paid (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share)	-	2,190.00
	606.62	2,635.74
Total	**47,987.86**	**73,342.20**

Rs. in Lacs

Particulars	As at April 1, 2014	Additional Provisions	Utilizations/ Reversals	As at March 31, 2015
NOTE 50 CHANGES IN PROVISIONS				
Provision for Standard assets	12,142.82	1,330.83	-	13,473.65
Provision for Non-performing assets	65,207.86	63,492.57	28,745.34	99,955.09

NOTE 51 SECURED LONG-TERM BORROWINGS

i) Secured non-convertible debentures

Rs. in Lacs

Particulars	As at March 31 2015 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity:				
Maturity beyond 5 years	8.70% - 8.95%	53,000.00	-	53,000.00
Maturity between 3 years to 5 years	8.65% - 10.25%	1,22,760.00	-	1,22,760.00
Maturity between 1 year to 3 years	8.65% - 10.20%	1,81,280.00	-	1,81,280.00
Maturity within 1 year	8.60% - 9.95%	-	1,52,270.00	1,52,270.00
Total		**3,57,040.00**	**1,52,270.00**	**5,09,310.00**

Rs. in Lacs

Particulars	As at March 31 2014 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity:				
Maturity between 3 years to 5 years	9.25% - 10.25%	44,550.00	-	44,550.00
Maturity between 1 year to 3 years	9.00% - 10.20%	2,52,470.00	-	2,52,470.00
Maturity within 1 year	9.04% - 10.25%	-	1,69,020.00	1,69,020.00
Total		**2,97,020.00**	**1,69,020.00**	**4,66,040.00**
2) Repayable in yearly installments:				
Maturity between 1 year to 3 years	9.95%	24,500.00	-	24,500.00
Maturity within 1 year	9.95% - 13.00%	-	14,500.00	14,500.00
Total		**24,500.00**	**14,500.00**	**39,000.00**
Total (1+2)		**3,21,520.00**	**1,83,520.00**	**5,05,040.00**

ii) Secured term loans from banks

Rs. in Lacs

Particulars	As at March 31 2015 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 3 years	10.25%	30,000.00	-	30,000.00
Maturity between 1 year to 3 years	9.70% - 10.30%	2,37,500.00	-	2,37,500.00
Maturity within 1 year	9.45% - 10.40%	-	1,27,000.00	1,27,000.00
Total		**2,67,500.00**	**1,27,000.00**	**3,94,500.00**
2) Repayable in installments :				
i) Bimonthly				
Maturity within 1 year	10.25%	-	6,200.00	6,200.00
Total		**-**	**6,200.00**	**6,200.00**
ii) Quarterly				
Maturity beyond 3 years	10.00%	3,095.24	-	3,095.24
Maturity between 1 year to 3 years	9.95% - 10.80%	1,00,768.46	-	1,00,768.46
Maturity within 1 year	9.95% - 10.80%	-	36,054.34	36,054.34
Total		**1,03,863.70**	**36,054.34**	**1,39,918.04**
iii) Half yearly				
Maturity beyond 3 years	10.25%	21,666.67	-	21,666.67
Maturity between 1 year to 3 years	10.0% - 10.25%	2,26,066.67	-	2,26,066.67
Maturity within 1 year	10.0% - 10.25%	-	1,67,200.00	1,67,200.00
Total		**2,47,733.33**	**1,67,200.00**	**4,14,933.33**
iv) Yearly				
Maturity beyond 3 years	10.20% - 10.25%	55,333.33	-	55,333.33
Maturity between 1 year to 3 years	10.20% - 10.25%	1,13,166.67	-	1,13,166.67
Maturity within 1 year	10.25%	-	7,500.00	7,500.00
Total		**1,68,500.00**	**7,500.00**	**1,76,000.00**
Total for repayable in installments		**5,20,097.03**	**2,16,954.34**	**7,37,051.37**

Rs. in Lacs

Particulars	As at March 31 2014 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity:				
Maturity beyond 3 years	10.20% - 10.25%	73,500.00	-	73,500.00
Maturity between 1 year to 3 years	9.70% - 10.40%	2,94,000.00	-	2,94,000.00
Maturity within 1 year	7.75% - 10.35%	-	62,500.00	62,500.00
Total		**3,67,500.00**	**62,500.00**	**4,30,000.00**
2) Repayable in installments:				
i) Bimonthly				
Maturity between 1 year to 3 years	10.25%	6,200.00	-	6,200.00
Total		**6,200.00**	-	**6,200.00**
ii) Quarterly				
Maturity beyond 3 years	10.00%	27,445.87	-	27,445.86
Maturity between 1 year to 3 years	10.00% - 10.80%	54,972.18	-	54,972.18
Maturity within 1 year	10.00% - 10.80%	-	49,167.42	49,167.42
Total		**82,418.04**	**49,167.42**	**1,31,585.47**
iii) Half-yearly				
Maturity beyond 3 years	10.25%	85,233.33	-	85,233.33
Maturity between 1 year to 3 years	10.20% - 10.25%	3,30,533.34	-	3,30,533.33
Maturity within 1 year	10.20% - 10.25%	-	1,45,533.33	1,45,533.33
Total		**4,15,766.67**	**1,45,533.33**	**5,61,300.00**
iv) Yearly				
Maturity beyond 3 years	10.20% - 10.25%	81,666.66	-	81,666.66
Maturity between 1 year to 3 years	10.20% - 10.25%	73,333.33	-	73,333.33
Maturity within 1 year	9.25% - 10.25%	-	55,000.00	55,000.00
Total		**1,54,999.99**	**55,000.00**	**2,09,999.99**
Total for repayable in installments		**6,59,384.70**	**2,49,700.76**	**9,09,085.46**
Total (1+2)		**10,26,884.70**	**3,12,200.76**	**13,39,085.46**

iii) Secured term loans from others

Rs. in Lacs

Particulars	As at March 31 2015 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments				
Maturity beyond 5 years	9.15% - 10.05%	2,305.80	-	2,305.80
Maturity between 3 years to 5 years	9.15% - 10.05%	7,786.39	-	7,786.39
Maturity between 1 year to 3 years	6.00% - 10.15%	11,590.30	-	11,590.30
Maturity within 1 year	6.00% - 10.30%	-	7,039.44	7,039.44
Total for repayable on installments		**21,682.49**	**7,039.44**	**28,721.93**

Rs. in Lacs

Particulars	As at March 31 2014 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments				
Maturity beyond 5 years	9.45% - 10.25%	3,579.68	-	3,579.68
Maturity between 3 years to 5 years	6.50% - 10.25%	8,554.79	-	8,554.79
Maturity between 1 year to 3 years	6.00% - 10.30%	11,409.66	-	11,409.66
Maturity within 1 year	6.00% - 10.30%	-	6,219.68	6,219.68
Total for repayable on installments		**23,544.13**	**6,219.68**	**29,763.81**

iv) **Foreign currency loans from banks**

Rs. in Lacs

Particulars	As at March 31 2015 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity				
Maturity between 1 year to 3 years	8.95%	12,500.00	-	12,500.00
Maturity within 1 year	9.05% - 9.98%	-	42,044.47	42,044.47
Total		**12,500.00**	**42,044.47**	**54,544.47**

Rs. in Lacs

Particulars	As at March 31 2014 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity				
Maturity between 1 year to 3 years	9.05% - 9.98%	40,305.51	-	40,305.51
Maturity within 1 year	9.60%	-	11,983.00	11,983.00
Total		**40,305.51**	**11,983.00**	**52,288.51**

v) **Foreign currency loans from others**

Rs. in Lacs

Particulars	As at March 31 2015 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity				
Maturity beyond 5 years	1.99% - 3.69%	4,045.72	-	4,045.72
Maturity between 3 years to 5 years	1.99% - 3.69%	22,282.02	-	22,282.02
Maturity between 1 year to 3 years	1.99% - 3.69%	48,773.57	-	48,773.57
Maturity within 1 year	1.99% - 3.69%	-	35,853.50	35,853.50
Total		**75,101.31**	**35,853.50**	**1,10,954.81**

Rs. in Lacs

Particulars	As at March 31 2014 Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity				
Maturity beyond 5 years	1.99% - 3.17%	2,980.32	-	2,980.32
Maturity between 3 years to 5 years	1.99% - 3.17%	13,942.47	-	13,942.47
Maturity between 1 year to 3 years	1.99% - 3.17%	31,626.30	-	31,626.30
Maturity within 1 year	1.99% - 3.17%	-	22,539.68	22,539.68
Total		**48,549.09**	**22,539.68**	**71,088.77**

NOTE 52 UNSECURED BORROWINGS

i) Subordinated debts (long-term)

Rs. in Lacs

Particulars	As at March 31 2015			
	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity				
Maturing beyond 5 years	9.18% - 10.50%	78,550.00	-	78,550.00
Maturing between 3 years to 5 years	9.85% - 11.75%	15,480.00	-	15,480.00
Maturing between 1 year to 3 years	10.50% - 12.00%	6,880.00	-	6,880.00
Total		**1,00,910.00**	**-**	**1,00,910.00**

Rs. in Lacs

Particulars	As at March 31 2014			
	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity				
Maturing beyond 5 years	9.50% - 10.50%	71,550.00	-	71,550.00
Maturing between 3 years to 5 years	10.50% - 12.00%	7,860.00	-	7,860.00
Total		**79,410.00**	**-**	**79,410.00**

ii) Term loan from banks

Rs. in Lacs

Particulars	As at March 31 2015			
	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		**10,000.00**	**-**	**10,000.00**

Rs. in Lacs

Particulars	As at March 31 March 2014			
	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		**10,000.00**	**-**	**10,000.00**

iii) Fixed deposits

As at March 31, 2015

Rs. in Lacs

Particulars	Rate range	(a) Short-Term	Long Term		Total
			(b) Non-current	(c) Current maturity	
Repayable on maturity					
a) Maturing beyond 3 years	8.90% - 10.10%	-	6,561.15	-	6,561.15
b) Maturing between 1 year to 3 years	9.15% - 10.60%	-	3,15,132.68	-	3,15,132.68
c) Maturing within 1 year	8.40% - 10.75%	6,943.06	-	1,29,621.50	1,36,564.56
Total		**6,943.06**	**3,21,693.83**	**1,29,621.50**	**4,58,258.39**

As at March 31, 2014

Rs. in Lacs

Particulars	Rate range	(a) Short-Term	Long Term (b) Non-current	Long Term (c) Current maturity	Total
Maturing beyond 3 years	9.40% - 10.25%	-	4,608.37	-	4,608.37
Maturing between 1 year to 3 years	8.65% - 10.75%	-	2,70,554.77	-	2,70,554.77
Maturing within 1 year	8.65% - 10.75%	5,931.15	-	76,425.51	82,356.66
Total		**5,931.15**	**2,75,163.14**	**76,425.51**	**3,57,519.80**

NOTE 53 SHORT – TERM BORROWINGS

i) Secured term loans from banks and cash credit facilities

Rs. in Lacs

Particulars	As at March 31, 2015 Rate range	As at March 31, 2015 Total
Repayable on maturity		
Maturing within 1 year	14.00% - 10.15%	1,35,354.56
Total		**1,35,354.56**

Rs. in Lacs

Particulars	As at March 31, 2014 Rate range	As at March 31, 2014 Total
Repayable on maturity		
Maturing within 1 year	10.50% - 13.25%	1,14,232.21
Total		**1,14,232.21**

ii) Foreign currency loans from others (secured)

Rs. in Lacs

Particulars	As at March 31, 2015 Rate range	As at March 31, 2015 Total
Repayable on maturity		
Maturing within 1 year	0.60%	36,064.98
Total		**36,064.98**

Rs. in Lacs

Particulars	As at March 31, 2014 Rate range	As at March 31, 2014 Total
Repayable on maturity		
Maturing within 1 year	0.63%	28,664.24
Total		**28,664.24**

iii) Unsecured term loans from banks

Rs. in Lacs

Particulars	As at March 31, 2015			
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		**10,000.00**	**-**	**10,000.00**

Rs. in Lacs

Particulars	As at March 31, 2014			
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing within 1 year	9.75%	-	2,200.00	2,200.00
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		**10,000.00**	**2,200.00**	**12,200.00**

iv) Commercial papers

Rs. in Lacs

Particulars	As at March 31, 2015	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year	8.88% - 9.15%	3,47,500.00
Total		**3,47,500.00**

Rs. in Lacs

Particulars	As at March 31, 2014	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year	**Nil**	
Total		

NOTE 54 The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of the Companies Act, 2013 is not given.

NOTE 55 SEGMENT INFORMATION AS PER ACCOUNTING STANDARD 17

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2015

Rs. in Lacs

Particulars	Year ended 31st March 2015			Year ended 31st March 2014		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
External revenue	5,96,345.22	9,745.34	6,06,090.56	5,20,167.77	9,887.51	5,30,055.28
Inter segment revenue	1,938.24	2,875.03	4,813.27	1,377.80	18,067.13	19,444.93
Total revenue	5,98,283.46	12,620.37	6,10,903.83	5,21,545.57	27,954.64	5,49,500.21
Segment results (Profit before tax and after interest on financing segment)	1,33,467.22	6,519.64	1,39,986.86	1,39,338.73	6,928.56	1,46,267.29
Less: Interest on unallocated reconciling items	-	-	-	-	114.54	114.54
Net Profit before tax	1,33,467.22	6,519.64	1,39,986.86	1,39,338.73	6,814.02	1,46,152.75
Less: Income taxes	-	-	47,500.11	-	-	49,675.33
Net profit	-	-	92,486.75	-	-	96,477.42
Other information:						
Segment assets	38,25,440.90	1,735.87	38,27,176.77	33,64,910.73	2,098.08	33,67,008.81
Unallocated corporate assets	-	-	48,469.25	-	-	38,740.65
Total assets	38,25,440.90	1,735.87	38,75,646.02	33,64,910.73	2,098.08	34,05,749.46
Segment liabilities	32,48,207.89	1,062.22	32,49,270.11	28,71,477.47	1,254.64	28,72,732.11
Unallocated corporate liabilities	-	-	-	-	-	-
Total liabilities	32,48,207.89	1,062.22	32,49,270.11	28,71,477.47	1,254.64	28,72,732.11
Capital expenditure	4,053.74	164.62	4,218.36	4,279.71	46.59	4,326.30
Depreciation / amortisation	4,426.64	124.12	4,550.76	2,572.84	35.21	2,608.05
Non cash expenditure other than depreciation	37,243.79	152.29	37,396.08	28,060.24	41.54	28,101.78

NOTE 56 DISCLOSURE REQUIRED UNDER SCHEDULE III OF COMPANIES ACT, 2013

Name of Entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In lacs)	As % of consolidated profit & loss	Amount (Rs. In lacs)
Parent				
Mahindra & Mahindra Financial Services Limited	95.63%	5,73,002.49	89.12%	82,422.16
Subsidiaries				

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Indian				
1. Mahindra Insurance Brokers Limited	1.75%	10,466.17	3.95%	3,649.54
2. Mahindra Rural Housing Finance Limited	1.29%	7,751.09	4.18%	3,865.17
3. Mahindra Asset Management Company Limited	-	(6.27)	(0.01%)	(5.78)
4. Mahindra Trustee Company Private Limited	-	(2.53)	-	(2.53)
Foreign				
Minority Interests in all Subsidiaries	0.82%	4,929.6	1.29%	1,196.21
Associates				
Indian				
Foreign				
Joint Ventures (as per proportionate consolidation / investment as per the equity method				
Indian				
Foreign				
1. Mahindra Finance USA, LLC	0.51%	3,060.75	1.47%	1,361.98
Total	**100.00%**	**5,99,201.30**	**100.00%**	**92,486.75**

NOTE 57 MAMCL was incorporated under the Companies Act, 1956 on June 20, 2013. The Company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company is incorporated to function as an investment manager to the proposed “Mahindra Mutual Fund”. The Company is in the process of applying for a license from SEBI. Consequently, during the period under audit the Company has not started its operations.

NOTE 58 MTCPL was incorporated under the Companies Act, 1956 on July 10, 2013. The Company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company is incorporated to function as a Trustee to the proposed “Mahindra Mutual Fund”. The Company is in the process of applying for a license from SEBI. Consequently, during the period under audit the Company has not started its operations.

NOTE 59 Previous year figures have been regrouped / reclassified wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Bharat Doshi
Chairman

Ramesh Iyer
Managing Director

Piyush Mankad
Director

V. S. Parthasarathy
Director

Rama Bijapurkar
Director

Uday Y. Phadke
Director

M. G. Bhide
Director

C. B. Bhave
Director

V Ravi
Chief Financial Officer

Arnavaz Pardiwala
Company Secretary

Place : Mumbai
Date : 23rd April, 2015

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____
Mr. Ramesh Iyer, Vice-Chairman and Managing Director

Date: December 5, 2017
Place: Mumbai

DECLARATION

We, the Directors of the Company certify that:

(i) our Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____

Mr. Ramesh Iyer, Vice-Chairman and Managing Director

I am authorized by the Securities Issue Committee, a committee of the Board of Directors of the Company, *vide* resolution number 6 dated October 6, 2017 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Mr. Ramesh Iyer, Vice-Chairman and Managing Director

Place: Mumbai
Date: December 5, 2017

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Registered Office	Corporate Office
Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra, India	4th Floor, A wing, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018, Maharashtra, India

Address of Compliance Officer

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

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited	Citigroup Global Markets India Private Limited	ICICI Securities Limited	JM Financial Institutional Securities Limited	Nomura Financial Advisory and Securities (India) Private Limited
1st Floor, 27 BKC, Plot No. 27, "G"Block, Bandra Kurla Complex, Bandra (East), Mumbai, 400051, Maharashtra, India	1202,12th Floor, First International Financial Centre, G Block, C 54 & 55, Bandra Kurla Complex, Bandra (East), Mumbai 400098, Maharashtra, India	ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400020 Maharashtra, India	7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India	Ceejay House, Level 11, Plot F Shivsagar Estate, Dr. Annie Besant Marg, Worli, Mumbai 400 018, Maharashtra, India

LEGAL ADVISER TO OUR COMPANY
As to Indian law

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013, Maharashtra, India

LEGAL ADVISERS TO THE BOOK RUNNING LEAD MANAGERS

As to Indian law	*As to United States law*
Cyril Amarchand Mangaldas 5th Floor, Peninsula Chambers Peninsula Corporate Park Ganpatrao Kadam Marg, Lower Parel Mumbai 400 013, Maharashtra, India	**Sidley Austin LLP** Level 31 Six Battery Road Singapore 049 909

AUDITORS TO OUR COMPANY

B S R & Co. LLP
Chartered Accountants
5th Floor, Lodha Execelus, Apollo Mills Compound,
N. M. Joshi Marg, Mahalaxmi,
Mumbai 400 011, Maharashtra, India.
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Firm registration number: 101248W/W-100022