Mahindra FINANCE

Integrated Report 2021-22

Ready to grow.

Contents

FY2022 key highlights

Financial

Rs. 27,581 crores
Disbursement
45% ▲

Rs. 988.8 crores
Standalone Profit after tax
195% ▲

27.8%
Capital adequacy ratio

Non-financial

8,930
New employees recruited

Rs. 37.51 crores
CSR Spend

3,61,943
Lives impacted

6,849
EVs financed

Operational

- Pick-up in disbursement with the reopening of the economy
- Continue to maintain healthy Net Interest Margin at 7.6% assisted by reduced cost of borrowings and asset mix changes
- Continued with No. 1 market share position in Tractor Financing
- Entered the small ticket lending business through Digi Finco
- Entry into vehicle leasing and subscription business under Quiklyz brand
- Launched special deposit schemes for digitally affluent customers
- Ideal Finance rebrands itself as Mahindra Ideal Finance

▲ y-o-y growth

Ready *to grow*

Resilience and ambition go hand in hand, especially after times of turmoil. The last two years posed several challenges for us, but we remained true to our purpose of caring for people and emerged out of the storm with our eyes on newer horizons.

Our pursuit for growth has always been interwoven with the aspirations and desires of rural and semi-urban India. Today, as we redefine our operations and move with agility towards the next normal, we take great care to carry forth the dreams of all those who walk with us and share our vision of scaling incredible heights.

Technology and data are our biggest allies in this new journey towards greener pastures. We are constantly upgrading our operations and mindsets to stay ahead of the evolving landscape. Through it all, we remain steadfast about retaining sharp focus on our core competencies that have touched the lives of countless Indians since the very beginning.

Going forward, we plan to maintain a stable asset quality through better collections, product diversification and a better customer segment mix, guided by our digital tools and data-driven decisioning. We are conscious of our responsibilities towards the planet and our communities and are deeply invested in imbibing sustainability in every step of our journey, while also imbuing financial literacy among the masses.

Report profile

About our Integrated Report (IR)

Through this report, we aim to share our commitment of being transparent with various stakeholders, including staff, investors, customers, business partners, suppliers and lenders, the community and government.

Scope of reporting

Reporting period

This report is produced and published annually. It provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance, covering the year 1st April 2021 to 31st March 2022. There has been no restatements of information in this report, compared to the previous report of 2020-21.

Financial and non-financial reporting

This report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

Reporting boundary

The scope of the Report includes the entire business of Mahindra & Mahindra Financial Services Limited and its subsidiary companies, Mahindra Rural Housing Finance Limited ('MRHFL') and Mahindra Insurance Brokers Limited ('MIBL'). In the reporting year, the coverage has been expanded to all the 1,384 offices of MMFSL, ensuring 100% coverage.

Materiality

Our material issues are those that matter most to our key stakeholders and that have an impact on our ability to create value. An issue is considered to be material if it has the potential to considerably impact on our commercial viability, our social relevance and the quality of relationships with our stakeholders. Our material issues are informed by the economic, social and environmental context in which we operate.

Capitals

Every organisation depends on various forms of capital for their value creation. Our ability to create long-term value is interrelated and fundamentally dependent on various forms of capital available to us (inputs), how we use them (value-accretive activities), our impact on them and the value we deliver (outputs and outcomes).

- **Financial Capital**
- **Manufactured Capital**
- **Intellectual Capital**
- **Human Capital**
- **Social and Relationship Capital**
- **Natural Capital**

General disclosures: GRI 102-1, GRI 102-45, GRI 102-46, GRI 102-48, GRI 102-50, GRI 102-51

The report is aligned to

- **Global Reporting Initiative (GRI):** in accordance to the core option
- **International <IR> framework** of the International Integrated Reporting Council (IIRC) (now known as Value Reporting Foundation)
- **United Nations Sustainable Development Goals (UN SDGs)**
- **United Nations Global Compact (UNGC)** Principles
- **National Voluntary Guidelines** on Social, Environmental and Economic Responsibilities of business **(NVG-SEE)**
- **Companies Act, 2013**
- **Indian Accounting Standards**
- **Securities and Exchange Board of India** (Listing Obligations and Disclosure Requirements) Regulations, 2015
- **Secretarial Standards issued by the Institute of Company Secretaries of India**

External recognition

Dow Jones Sustainability Index (DJSI)
Received a score of 72 for Environment, 66 for Social and 45 for Governance and Economic performance. The overall score received was 55 for ESG performance.

Carbon Disclosure Project (CDP)
Attained performance band "B" for supplier engagement rating and "B-" in the Carbon Disclosure Project (CDP) assessment 2021-22 greater than the Sector average and Asia Regional average.

Included in FTSE4Good Index series for 3rd time in a row.

Futurescape
Ranked 29th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2021 by Futurescape.

CRISIL Sustainability Yearbook
Included in the 'CRISIL Sustainability Yearbook 2022, in the Leadership category for ESG performance.

Assurance

We safeguard the quality of information contained in this Report through a robust assurance process, leveraging our internal expertise and external assurance carried out by KPMG, an independent third-party assurance provider. You can find our Assurance Statement on page 72.

Please email your suggestions, views and opinions to
sustainability.mmfsl@mahindra.com

General disclosures: GRI 102-53, GRI 102-54

Value created for stakeholders

Catalysing value for the long haul

We keep the interests of all our stakeholders at the core of all our business strategies to ensure their needs are addressed and their aspirations are met.

We take great care to ensure that every decision taken, and every functional model adopted by us, creates long-term positive impact for all.

Our penchant to create a sustainable business instils inclusivity and diversity into the process, making our journey towards growth, a collective and passionate endeavour.

Maximising shareholder value

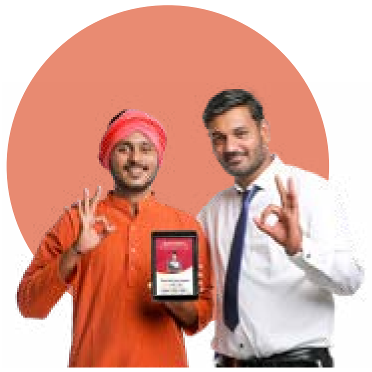
Net Interest Margin (NIMs)

7.6%

remained stable during the year

Gross Stage 3 assets (GS-3) at 7.7% as of March 2022, down from 11.3% in December 2021 led by Collection War Room with curated treatments for different customer segments, disciplined vehicle repossessions and legal efforts with legal tech, debt resolution platforms and stringent arbitration for bad debt & loss pools

Read more on **page 54**



Robust customer centricity

Deploying a whole new gamut of digital tools

for better consumer connect and technical assistance as well as enhanced consumer experience

110 Sampark branches

across the country

Read more on **page 56**

People focus

2,24,033

Training hours of employees

8,930

New employees recruited

Ranked 54th among India Best Companies to Work 2021 by Great Place to Work® Institute

Read more on **page 58**

Caring for the planet

1,06,439 GJ

Energy intensity

22,735.476

TCo_2 through project Hariyali

Carbon offset

39.25 tonnes

E-waste recycled

Read more on **page 68**

Supporting the communities

3,61,943

lives impacted through CSR programmes

4,950

Girls supported through Nanhi Kali

Read more on **page 64**

Suppliers and vendors

100%

Local suppliers

Read more on **page 67**

Transformation journey - the way forward

Setting our sights on *holistic growth*

In a bid to attain sustainable and profitable growth, we unveiled our *Transformation Journey-The Way Forward*. Through this, we aspire to improve our margins drastically and to this end we formulated goals for AUM growth, asset quality, NIM, cost ratios and RoA. We plan on translating these ambitions into well-executed strategies to keep delivering excellence and firmly secure the growth prospects of the Company.

Key Goals: FY 2025

Gross stage-3 assets<6%
Stable asset quality

2x
Assets Under Management (AUM)

15%
New business contribution

~7.5%
Maintain Net Interest Margins (NIMs)

Cost to Assets~2.5%
Operating leverage

~2.5%
Return on Assets (ROA)

Transformation priorities for achieving these targets

Stabilise asset quality
- Customer segment mix
- Product diversification
- Digital and technology
- Collections war-room
- Legal efforts

Recharge growth
2x AUM through core + diversification
- Vehicle lending leadership
- Scale new growth engines
- Cross-sell and premiumise
- Leverage partnerships

Strengthen technology and digital
- Digitising core with cloud 1st architecture
- Building next-gen API platform
- Leveraging Artificial Intelligence and Machine Learning based models
- Hiring high quality tech and data science team

Future ready human capital
- Optimising capability mix
- Empowering employees with the latest tech infrastructure to drive productivity
- Fostering a culture of digital and data first
- Improving productivity through process optimisation

Read more on **page 26**

Introducing Mahindra Finance

Revitalising rural and semi-urban India

Over the years, we have steadily diversified our offerings, extended and deepened our outreach, and the pledge with which we began our journey continues to grow stronger.

Mahindra & Mahindra Financial Services Limited (Mahindra Finance or MMFSL), part of the Mahindra Group, has emerged as one of India's leading Non-Banking Financial Companies (NBFCs).

For almost three decades, we have been primarily engaged in financing new pre-owned auto and utility vehicles, tractors, passenger cars and commercial vehicles. We also provide housing finance, personal loans, financing to small and medium enterprises, insurance broking and mutual fund distribution services.

Our offerings also include wholesale inventory-financing to dealers and retail-financing to customers in the United States (US) for the purchase of Mahindra Group products through Mahindra Finance USA LLC, our joint venture with a subsidiary of the Rabobank group.

We benefit from our close relationships with dealers and our long-standing relationships with Original Equipment Manufacturers (OEMs), allowing us to provide on-site financing at dealerships.

Vision

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

We articulated our transformation journey - way forward with goals on AUM growth, asset quality, NIMs, cost ratios, and RoA target going forward.

Read more on **page 6**

Mission

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

Core values

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

Core purpose

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

General disclosures: GRI 102-16

Key facts

7.9 million +
Customer base

1,384
Network/Pan-India offices

Rs. 64,961 crores
Business assets

Mahindra Finance architecture

Mahindra & Mahindra Limited

Mahindra & Mahindra Financial Services Limited
52.16%

Mahindra Insurance Brokers Limited (MIBL)	Mahindra Rural Housing Finance Limited (MRHFL)	Mahindra Finance USA LLC (Joint venture with Rabobank Group Subsidiary)	Mahindra Manulife Investment Management Private Limited (MMIMPL)	Mahindra Manulife Trustee Private Limited (MMTPL)	Mahindra Ideal Finance Limited, (MIFL) Sri Lanka	Mahindra Finance CSR Foundation
80%[1]	98.42%[2]	49%	51%[3]	51%[3]	58.2%[4]	100%[5]

Notes
1. Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of AXA XL Group
2. Balance 1.58% with MRHFL Employee Welfare Trust and employees
3. Manulife Investment Management (Singapore) Pte. Ltd. holds 49% of the shareholding of MMIMPL and MMTPL.
4. W.e.f 8th July 2021, MIFL has become a subsidiary of the Company, consequent to the Company acquiring an additional 20% in MIFL.
5. Mahindra Finance CSR Foundation is a wholly owned subsidiary to undertake all CSR initiatives under one umbrella

About Mahindra Group

Founded in 1945, the Mahindra Group is one of the largest and most admired multinational federation of companies with 2,60,000 employees in over 100 countries. It enjoys a leadership position in farm equipment, utility vehicles, information technology and financial services in India and is the world's largest tractor company by volume. It has a strong presence in renewable energy, agriculture, logistics, hospitality and real estate.

The Mahindra Group has a clear focus on leading ESG globally, enabling rural prosperity and enhancing urban living, with a goal to drive positive change in the lives of communities and stakeholders to enable them to Rise.

Rise tenets

- Accepting No Limits
- Alternative Thinking
- Driving Positive Change

General disclosures: GRI 102-5

Product portfolio

A lucrative portfolio *for diverse needs*

We methodically analyse the pulse of our customers to evolve our offerings in accordance with their changing preferences. We work intently to craft services and products that can help supplement the economic fabric of the areas in which we operate, stimulating activity and growth, while providing our customers with a new lease of life.

Our product portfolio includes a wide range of financing, investment and insurance solutions. A key focus area for our product development is fulfilling the needs of customers in semi-urban and rural India.

General disclosures: GRI 102-2

Vehicle and tractor financing

We are primarily engaged in asset financing of vehicles, which are divided into five categories:

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

Our customers include transport operators, farmers, small businesses and self-employed and salaried individuals.

6.47 lakhs

New contracts financed

45%

Increase in disbursements

Personal loans

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

SME financing

We provide loans for varied purposes such as project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to SMEs. We intend 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.

Rs. 2,140.48 crores

AUM of SME

as on 31st March 2022

Insurance broking

We provide insurance broking solutions to individuals and corporates through our 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.

18,63,160

Serviced insurance cases

5,02,508

Flagship product – Mahindra Loan Suraksha (MLS) cases registered

Housing finance

We provide housing finance to individuals through our subsidiary, MRHFL, a registered housing finance company. We grant housing loans for purchase, construction, extension and renovation of property.

Rs. 1,602 crores

Loan disbursements

for the year ended 31st March 2022

75,327

New customer contracts

Mutual fund schemes

Mahindra Manulife Mutual Fund offers rural and semi-urban India a secured means to move from simple saving instruments to investing in mutual funds. Our distribution team provides end-to-end solutions to invest in any of our 19 schemes spread across Equity, Tax Saver, Liquid, Debt or Monthly Income Funds.

Rs. 9,249 crores

Assets under management as on 31st March 2022

27%

Increase in distributors

Investments and advisory

- Fixed deposits
- Mutual fund distribution

General disclosures: GRI 102-2

Presence

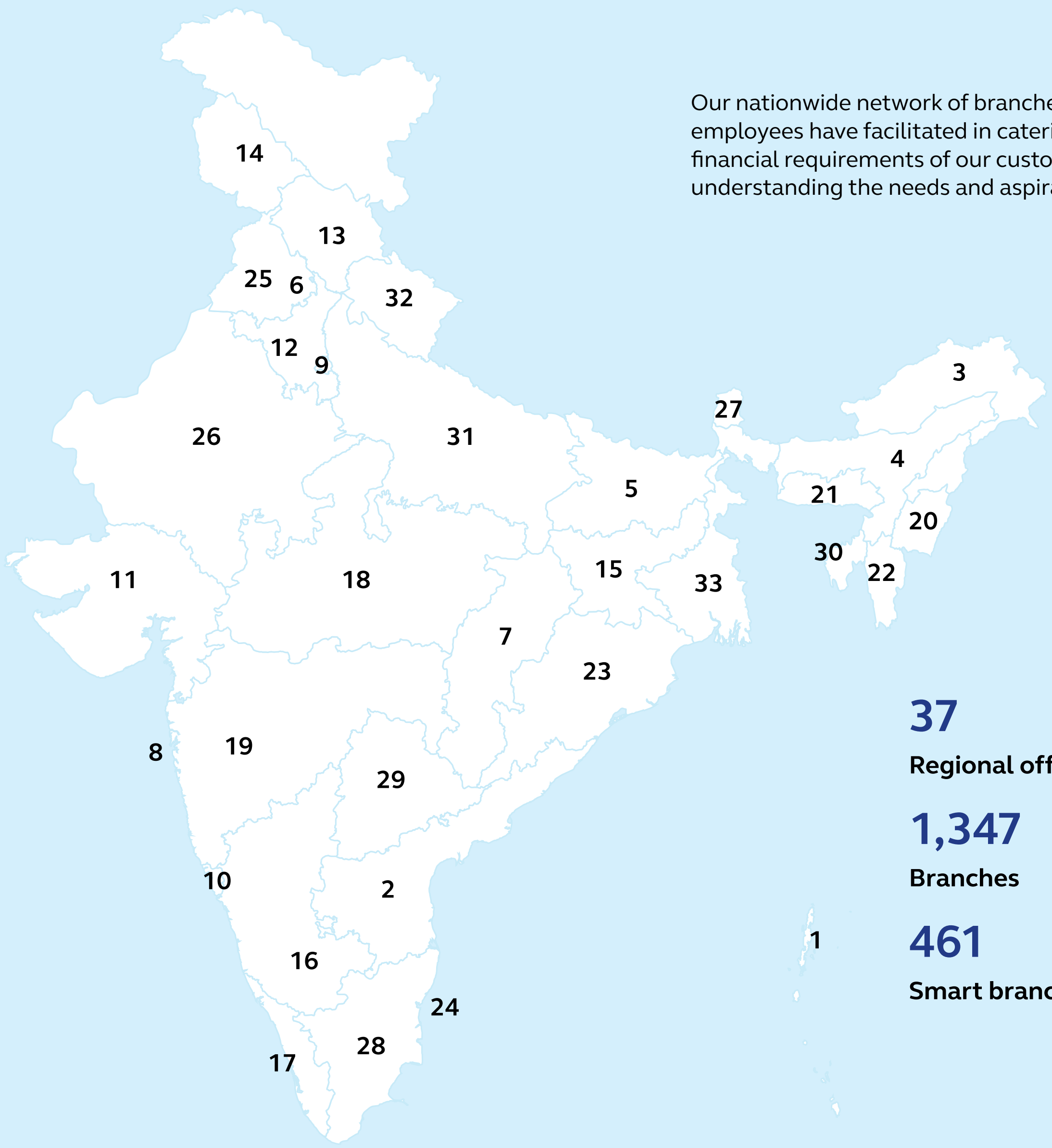
Expanding *our network of influence*

We have a strong presence across the lengths and breadths of the country and aspire to permeate deeper into uncharted terrains. We consistently work towards ramping up our operations, to meet the financial needs of rural and semi-urban India. Our expansive branch network is a testimony to the ever-growing connection we are nurturing with our customers, making our services accessible for people across diverse regions, backgrounds and identities.

State-wise customer penetration

	State/Union Territory	Customers serviced in FY 2022		
		MMFSL	MRHFL	MIBL
1	Andaman & Nicobar Islands	1,823		596
2	Andhra Pradesh	64,792	85,519	81,399
4	Assam	1,25,510		65,818
5	Bihar	1,91,047	10,295	1,15,873
6	Chandigarh	3,755		14,014
7	Chhattisgarh	57,430	6,476	58,181
8	Dadra & Nagar Haveli	2,080		1
9	Delhi	32,263		45,630
10	Goa			44
11	Gujarat	1,32,560	45,043	1,25,933
12	Haryana	76,213		57,684
13	Himachal Pradesh	35,912		22,687
14	Jammu And Kashmir	29,715		22,153
15	Jharkhand	68,923		44,497
16	Karnataka	97,221	2,085	1,02,478
17	Kerala	75,875	21,643	70,570
19	Madhya Pradesh	2,01,901	50,539	1,44,120
20	Maharashtra	1,93,553	2,45,680	159,051
21	Manipur	1,549		2
22	Meghalaya	12,823		4,713
23	Mizoram	9,856		56
24	Odisha	74,011	299	56,385
25	Pondicherry	2,513		5,954
26	Punjab	51,962		34,624
27	Rajasthan	1,34,683	22,999	1,19,753
28	Sikkim	6,775		3,008
29	Tamil Nadu	79,193	1,32,316	1,10,707
30	Telangana	79,743	32,355	61,412
31	Tripura	17,177		5,350
32	Uttar Pradesh	3,21,474	6,428	2,30,242
33	Uttarakhand	33,965	154	24,175
34	West Bengal	1,46,665		76,050
	Grand Total	**23,66,441**	**6,61,831**	**18,63,160**

General disclosures: GRI 102-4, GRI 102-6



Our nationwide network of branches and locally recruited employees have facilitated in catering to the diverse financial requirements of our customers, by identifying and understanding the needs and aspirations of the people.

37
Regional offices

1,347
Branches

461
Smart branches

Smart branches

In order to provide our customer a better experience in terms of service and having a closer association with dealers, we opened up more than 461 smart branches within the premises of our dealer partners. These branches have minimum infrastructure and lesser number of employees compared to regular branches and cater to a specific dealer partner.

Physical assets

Apart from our branch and infrastructure, we have IT assets including computers, laptops and printers to enable our staff to perform their work. We also have DG sets in across 96 locations with total capacity of 1,900 KW locations where they are used as an auxiliary source of power and solar installation across 27 leading to saving of 85,280 KW.

General disclosures: GRI 102-4, GRI 102-6

Ready to grow

Inspired by *shared aspirations*

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

With a renewed vigour and a fresh, digital-first approach, we are planning for a calibrated growth by investing in acquiring necessary competencies and building the required capabilities. As a part of this strategy, we are also reaching out to the masses by leveraging our leadership in vehicle financing to fuel our new growth engines.

Right customer mix

We have a very heavy dependence on the earn and pay segment, and we plan on continuing our operations in that segment. But the pandemic has made us aware of extremely fragile customer segments within that long tail. There is a burgeoning amount of affluent rural and semi-urban customers. To cater to their needs and wants, we have built some very interesting propositions and products and have started to reap swift and favourable results in this segment. As we go forward, we are making heavy bets to be a lender of choice for the RUSU affluent customer segments.

Read more on **page 56**

Product diversification

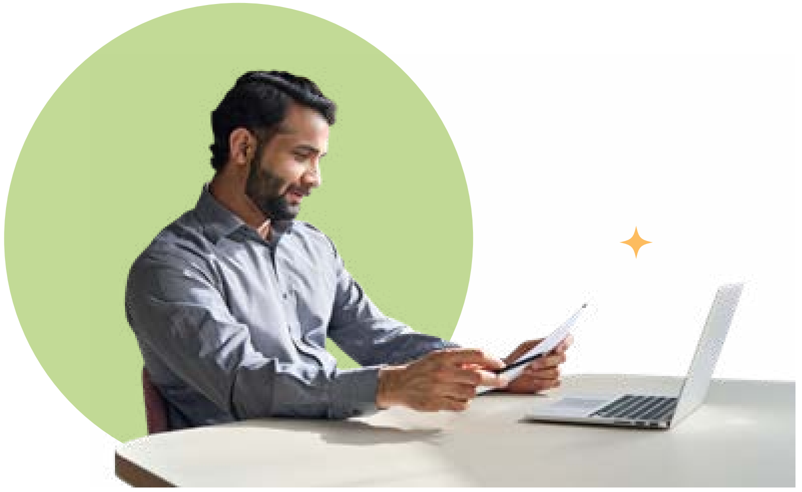
Today, our book is primarily vehicle lending. We have seeded what we think are complementary business segments in the form of SME, leasing business and of course, the Digi FinCo business. We believe that these businesses will provide good counter cyclical advantage to our main book. With this expansion, the potential for growth is bound to increase substantially.

Read more on **page 10**

Digital and technology

We continue to make sustained investments in technology to enhance our customer experience, improve operational efficiency and support business expansion. We leverage best-in-class technology platforms, which makes the transaction processing and sharing of information easier, secure and seamless. We have also on-boarded an API tech platform and have already started digitising various stages of our loan journeys, both at the acquisition and fulfilment stage. Our digital preparedness enabled us to adapt nimbly, operate efficiently, empower our people, offer seamless business continuity and meet customer expectations throughout the lockdowns.

Read more on **page 22**



Stabilising asset quality

Comfortable liquidity, robust equity and agile operating platforms form the foundation of our future growth. We have developed separate Collection War Rooms to further enhance our asset quality. Going forward, our comfortable capital position, control on asset quality and strengthened liquidity management practices will continue to boost our operations.

Read more on **page 55**

Focusing on people

We believe in nurturing our high-calibre talent, who are a source of our competitive advantage. We also depend on the engagement and motivation of our workforce to create sustainable and long-term growth of the organisation.

Read more on **page 58**

Key performance indicators

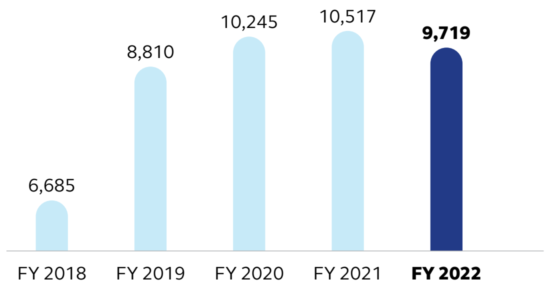
Charting *steady progress* despite headwinds

With the staunch determination and committed efforts of our people, we have been able to mitigate challenges and continue to maintain a healthy capital adequacy ratio. We uphold the interests of our investors and shareholders with our ability to balance our capital and debt positions every year, ensuring consistent and sustainable returns.

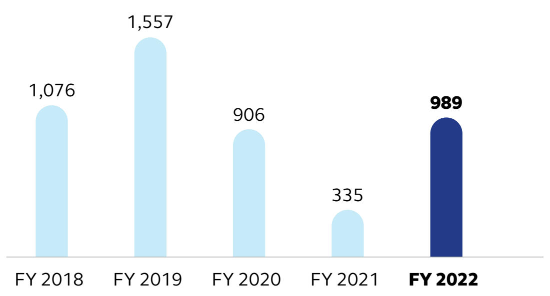
Powered by our strong lineage, solid parentage and a great liability franchise, we are well-poised to deliver on our articulations and aspirations.

Financial metrics

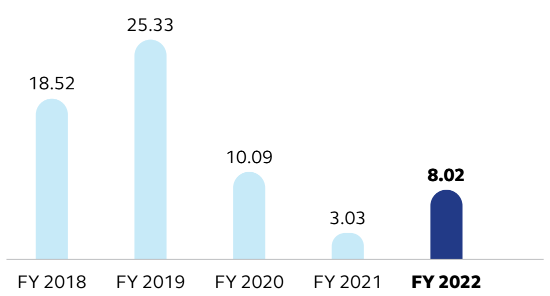
Total income *(Rs. in crores)*



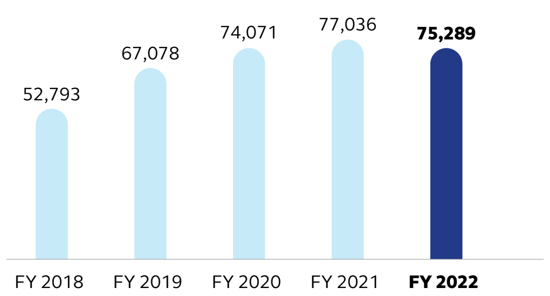
Profit After Tax *(Rs. in crores)*



Earnings Per Share (Basic) *(Rs.)*

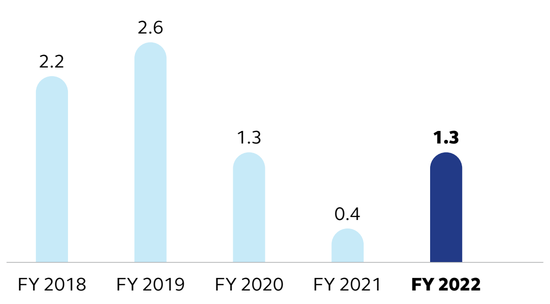


Total Assets *(Rs. in crores)*

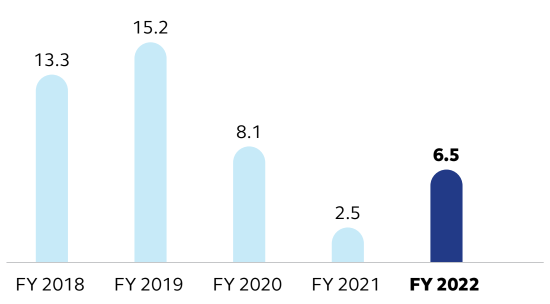


General disclosures: GRI 102-7

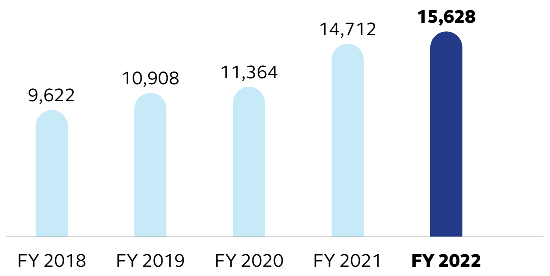
Return on Assets (ROA) *(%)*



Return on Net Worth (RONW) *(%)*



Networth *(Rs. in crores)*



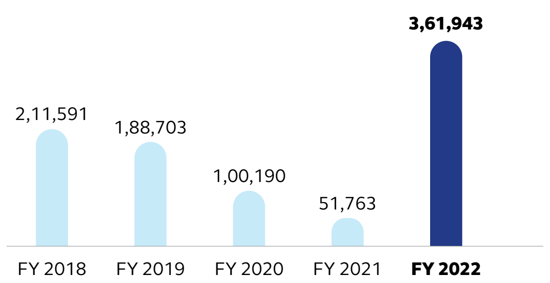
Assets financed

(as on 31st March 2022)

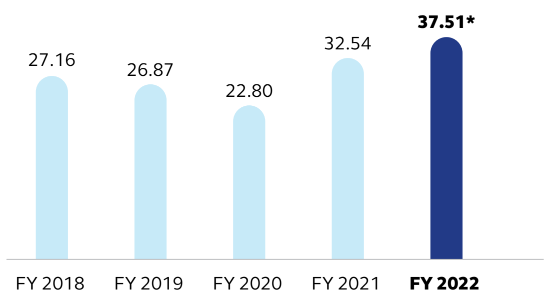
Asset class	%
1. Auto/Utility Vehicles	32
2. Tractors	16
3. Cars	22
4. Commercial Vehicles & Construction Equipment	12
5. Pre-owned vehicles	11
6. SME and others	7

Social metrics

Number of lives impacted



CSR spend *(Rs. in crores)*



General disclosures: GRI 102-7

* includes Rs. 7.86 crores transferred to unspent CSR account towards Company's ongoing project.

Chairman's message

Staying committed *for the long-term*

Dear Shareholders,

2021 was another year of extraordinary global turbulence, with the recovery from COVID-19 painting a mixed picture across the globe. During this unprecedented crisis, we remained proactive in our decision-making to build team resilience, preserve business continuity and reinforce customer-centricity. Throughout this period, we ensured the wellbeing of our people and supported our customers and communities. The undeterred spirit of our colleagues has been exemplary, and I am extremely proud of how we have all come out of 2021.

Despite the headwinds, our clear vision and a customer-centric portfolio have successfully created value for all our stakeholders

27.8%

Capital Adequacy Ratio

General disclosures: GRI 102-14

The overall Indian economic activity and output has recovered gradually since then and surpassed the pre-pandemic levels. As per projections from the International Monetary Fund, the Indian economy is expected to deliver a growth of 8.2% in FY2023 and 6.9% in FY2024. These estimates have pegged India as one of the fastest growing major economies in the world. We are cognisant of the headwinds brought in by global geo-political tensions, elevated commodity prices, supply chain disruptions and rising inflation, and are confident to remain nimble to changes and steer through these muddy waters.

In the last fiscal, we revalidated our business model. We took stock of some of the challenges we faced, especially the volatility regarding the asset quality. We have set up mechanisms which shall provide early warning signs to enable us to take timely action. We will continue to leverage digital tools and data intelligence to drive scale, stable asset quality, cost effectiveness and customer experience.

We are currently in the process to drive a multi-year transformation agenda which shall enable us to scale profitably. For this, we have built plans to invest significantly in technology and the right talent. Armed with these resources, we plan double digit growth in our vehicle book. We have witnessed early successes in our new growth engines, including SME, Leasing and Digital FinCo, wherein we shall deploy incremental capital. We believe the strength to reach out to our large customer database enables us to improve our current cross-sell ratios.

We continued to build on our culture of excellence, that revolves around customer-centricity, diversity and inclusivity, to meet our aspirations of delivering high-performance. The diversity of our people, our collaborative culture and our long-standing relationship with our partners have successfully created value for all our stakeholders. ESG is a key focus area for the Group and your Company has demonstrated its resolve to achieve Carbon Neutrality by 2040. Our CSR initiatives are aligned to transform rural lives and drive positive change in the communities around us, with Healthcare, Education & Livelihood and Environment as our key CSR thrust areas. We take pride in our Governance standards wherein transparency and performance are rewarded. I am further glad to convey that Mr. Siddhartha Mohanty, Managing Director of Life Insurance Corporation of India has joined our Board. I remain thankful to your Company's Board of Directors for their continued guidance.

With our resilient operating model, experienced and strengthened leadership team, strong capital adequacy, comfortable liquidity position, and robust risk management processes, we are confident of pacing ahead to a better future. We remain well-equipped to leverage the growing opportunities in the Indian financial services sector and can stay ahead of the changing industry dynamics.

Regards,

Dr. Anish Shah
Chairman

General disclosures: GRI 102-14

Vice-Chairman and MD's message

Consolidating *our fundamental strengths*

We will continue to make the requisite investments to build new digital platforms and strengthen the existing ones to elevate our relationship with our customers

Rs. 27,581 crores
Disbursements

Dear Shareholders,

The year 2021 continued to be plagued with the arduous headwinds of COVID-19, causing global supply chain disruptions and severe healthcare crisis. Through it all, our topmost priority was to protect the health, safety and well-being of our people. The long-term prospects for highly rated, established NBFCs remain robust, and as things begin to normalise, the segment will continue to catalyse India's economic growth. I am proud to state that your Company, by virtue of its proactive and prudent strategies, has remained resilient in the face of the challenges.

We have registered disbursements of Rs. 27,581 crores during the year, a growth of 45%. The effect of this was visible in the Loan Book which witnessed growth after a subdued recent past which was impacted due to the pandemic. The second wave of COVID-19 had a severe impact on your Company's customer base who are largely based in rural geographies. This led to a significant impact on the profitability during the first quarter. However, with concerted efforts focussed on recoveries and settlements ably supported by the positive change in market sentiments, your Company was able to deliver sequential improvement in the asset quality by the year end. The total income was at Rs. 9,719 crores for the year ended 31st March 2022, as against Rs. 10,517 crores for the previous year. The PAT stood at Rs. 989 crores for the year ended 31st March 2022, as against PAT of Rs. 335 crores for the previous year, registering a healthy growth. Your Company's capital and debt position is strong and the ALM position is well-balanced. During the year, your Company continued to raise funds at competitive rates aided by our strong brand and high credit rating. The Board of Directors has recommended a dividend of Rs. 3.60 per share, on equity share of Rs. 2 each.

During the year, we laid down our *Transformation Journey-The Way Forward*, which articulated the aspirational goals for AUM growth, asset quality, interest margins, cost ratios and ROA. In addition to the double-digit growth in our vehicle lending business on the back of visible improvement in the farm and infra sectors, we have zeroed in on Leasing, SME and Digi FinCo as additional pivots of growth. Under the leasing platform, we shall offer vehicle lease options to both institutions and individuals. We shall focus in the field of auto, agriculture and engineering sectors in our SME Lending space. In the Digital FinCo business, the emphasis shall be on lower ticket size loans for a short duration. We have set an aspiration of doubling the balance sheet over the next three years, with the possibility of over 20% annualised growth.

We foster strong partnerships with all our key stakeholders. Deep penetration and market knowledge, local connect through employees and a large customer base are some of our winning USPs. With a presence of over two decades in the industry, we have gathered a comprehensive understanding of the rural and semi-urban markets. The resilience, trust and integrity that binds our employees as one team, are the fundamentals of sustainable and successful partnerships, wherever we do business.

We have been at the forefront of technology adoption and intervention, offering solutions that enhances customer experience and improves convenience. We will continue to make the requisite investments to build new digital platforms and strengthen the existing ones to elevate our relationship with our customers which includes building scalable and resilient Tech solutions, Leveraging AI/ML based models for improved customer experience. We have increasingly been focussing on adoption of mobile app as a channel to provide our offerings which is available in multiple languages. We have witnessed upwards of 42% increase in userbase during the year.

We are working to instil a corporate culture that motivates teams to take initiatives and explore new opportunities. It is only through consistent innovation and empowerment of our people that we will be able to sustain leadership in our focus areas. We value each other's individuality and system of beliefs and work together to build on our capabilities, enabling us to incubate new ideas to be future-ready.

As we enter FY 2023, the changes adopted by the Company and the continued economic growth prospects make us feel good about our position, and even better about our long-term prospects. I want to conclude by thanking everyone at Mahindra Finance who continued to stand by our customers, each other and our communities, through another challenging year. I appreciate their hard work and resilience that helped us make progress towards a better future for the Company. I look forward to all that we will accomplish in the year ahead.

Regards,

Ramesh Iyer
Vice-Chairman and Managing Director

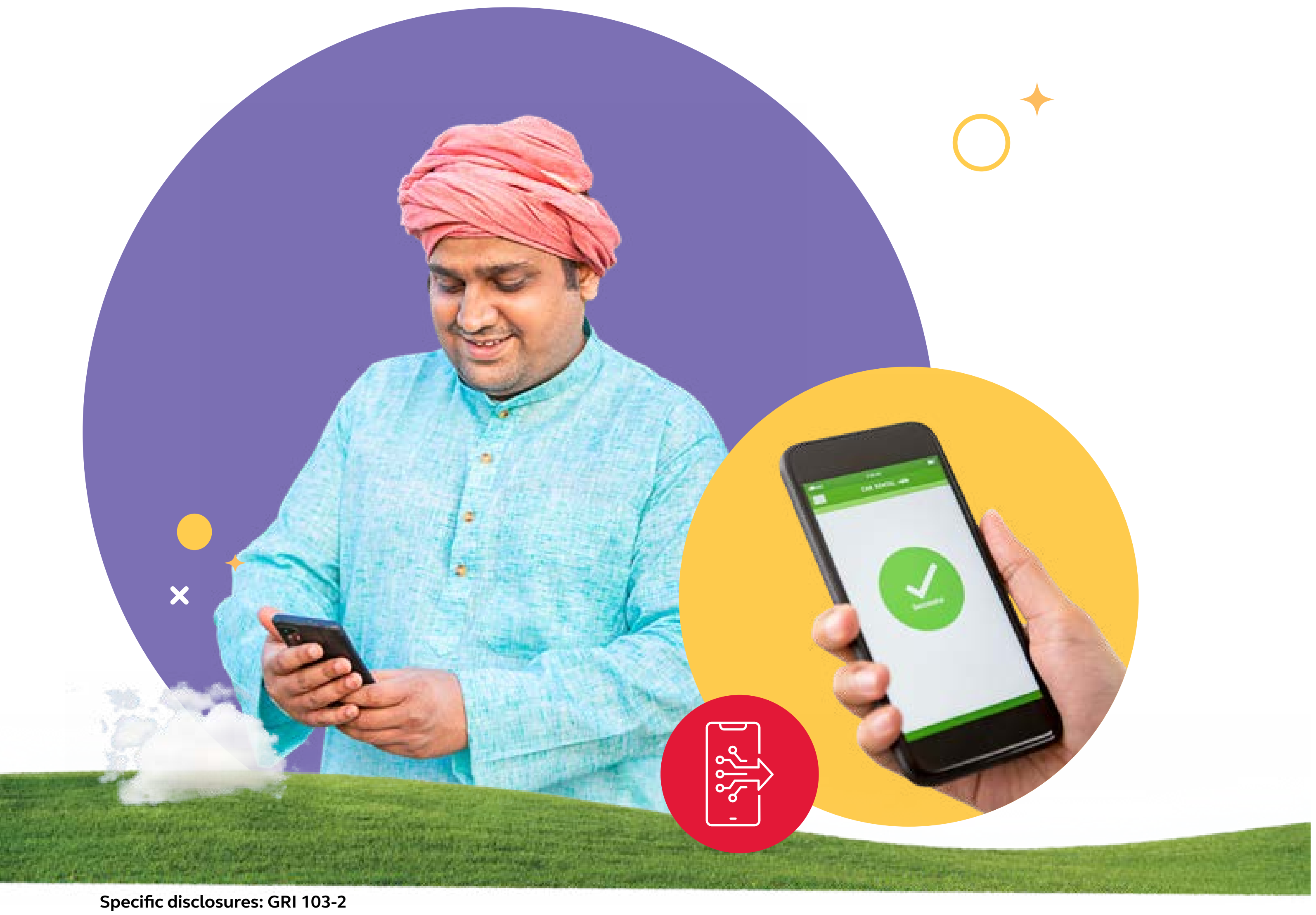
General disclosures: GRI 102-14

General disclosures: GRI 102-14

Digitisation

Driving efficiencies with *a digital-first approach*

We have adapted to the changing market dynamics in the post-pandemic world and have thoroughly focused on digitalising our operations as well as end-to-end customer journeys. With the deployment of digital tools and data analytics, we are staying on top of changing consumer preferences and are bolstering innovation across the organisational structure. With this digital first strategy, we have been able to create immersive customer experiences, optimise productivity and improve our decision-making processes.



Specific disclosures: GRI 103-2

Material issues addressed

Digital innovation and disruption

Key risks considered

Information technology risk

SDGs impacted

We have improved our online and mobile presence to provide a better digital experience to our customers as well as to improve convenience for employees, customers and partners. The entire lending process is now digitally enabled, facilitating EMI collection via digital and online channels. We, along with our subsidiaries, provide customers with digital access to our products – fixed deposits, mutual funds and insurance.

More digital channels facilitate communication, which leads to increased customer retention and more consistent, on-time payments. Customers who prefer self-service can also deal with debt promptly, using digital alternatives, without having to speak with a collection agent. Customer satisfaction levels improve because of this alignment, and operational efficiency improves as the same number of employees are being able to handle more accounts.

The proactive adoption of digital processes has led to a surge in online transactions, with transactions on mobile apps and e-bill payments fundamentally becoming the norm. The complete digital makeover, leveraging data analytics tools and data intelligence, has given us an edge over our competitors:

- Assisting us in effectively capturing, analysing and leveraging data about our present and potential clients, making it easier to understand them and make better financing decisions
- Reducing the risks associated with dealing with cash; giving customers the benefit of the process of making payments through a safe and secure channel
- Helping us connect with our customers by sharing personalised messages about loan bill payment reminders, sending statements to customers, etc., thereby building the relationship between us and the customers
- Allowing for better utilisation of the available assets within less time and resources, helping us provide better services

Currently, our entire lending process is digitally enabled. By strengthening collections capabilities and embracing digital debt collection services, we are better prepared to address any possible increase in delinquencies.

We have been taking several measures to promote and encourage digital collections. To make the payment convenient, faster and easier for the customer and also to make it available 24*7, we have our own website and mobile application and have also tied-up with different collection agencies, Banks and other payment partners like Bharat Bill Payment System (BBPS).

Key highlights

Rs. 6,000 crores

Crossed in digital collections, 85% more than previous year

Cost optimisation

by migrating cash customers to digital mode

BBPS contributed to

>50% of total digital payments

Non-GRI disclosure for material topic – Digital innovation and disruption

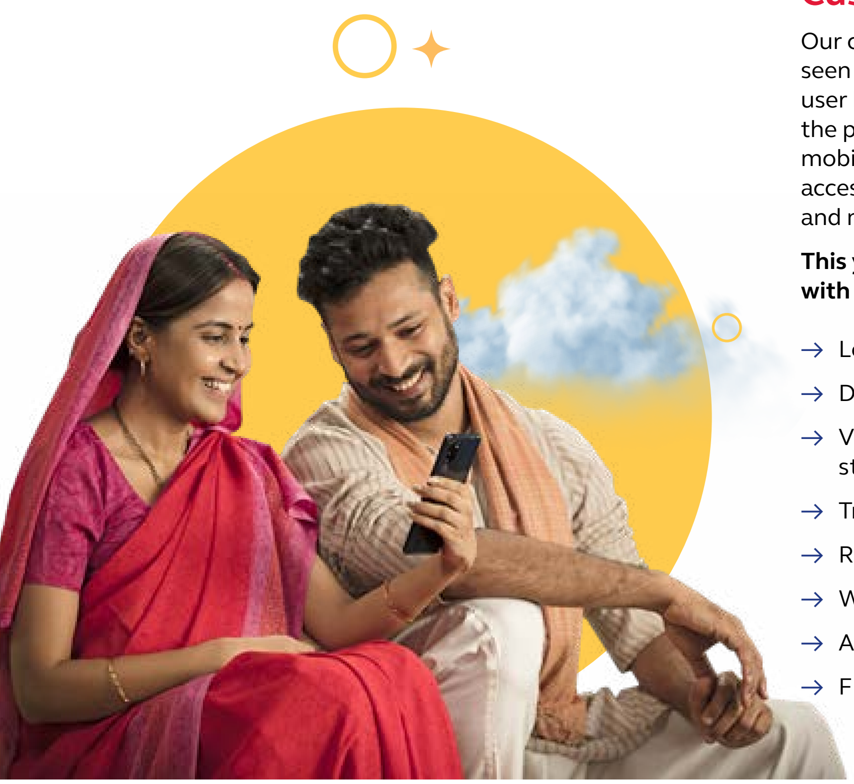
Digitisation

Digital portal for leasing

There was an immense need for the implementation of digital platforms, to target a larger set of our base and track the real-time status of the business, customers and prospects. Through rigorous discussions and brainstorming sessions, the first phase of B2C portal was put in place.

This platform reaches all retail/business customers who aspire to buy/lease cars for their day-to-day needs. As of now, we have ~1,80,000 number of visitors every day for corporate and business lease of cars.

Quiklyz car leasing solutions gives customers a host of benefits – the flexibility of modifying fleet as business needs change, the choice of various vehicles from all leading brands, financial benefits and most importantly, a hassle-free experience that every business desires. The support, reach and reliability of the Mahindra network is an added advantage.



Customer app

Our customer mobile app for lending and FD customers has seen a significant growth in users, from 5.5 lakhs registered user base in FY2021 to 7.11 lakhs users in FY2022. During the pandemic, users adopted digital channels, including the mobile app, to avail various services. The app ensures easy access to vehicle loan details, EMI payments, loan status and more.

This year, the customer app has been further enhanced with new features:

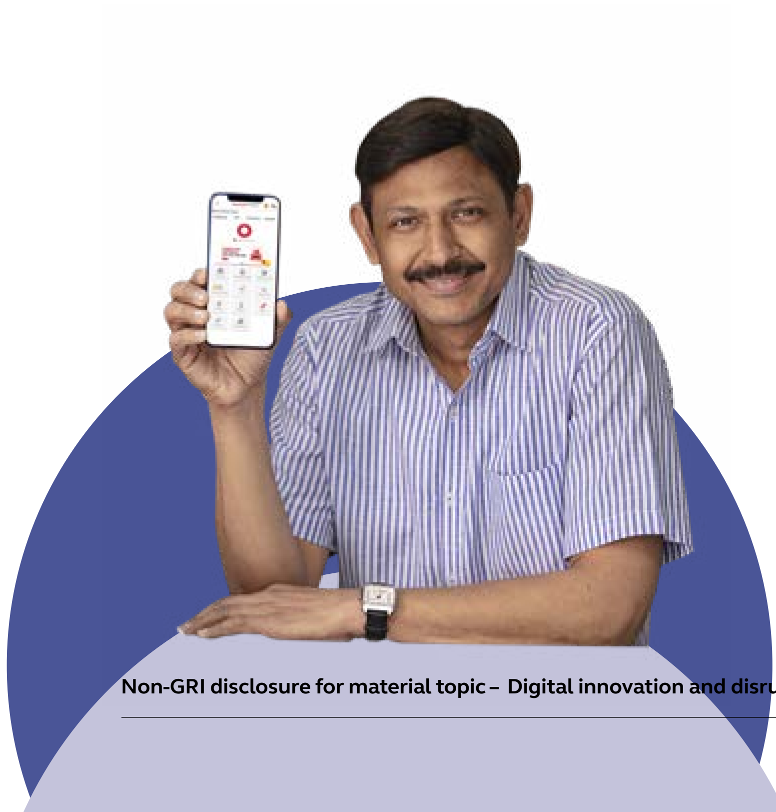
- Loan restructuring 2.0
- Download sanction letter for loan restructuring in app
- View and apply pre-approved car loan offers and track status via app
- Track customer's service request status via app
- Request foreclosure of loan via app
- Whatsapp integration in app
- Apply for life, health, two-wheeler insurance via app
- FINO/CSC locator in app

Non-GRI disclosure for material topic – Digital innovation and disruption

The app customer support process has been automated with a call centre, leading to faster resolution of customer issues and higher customer satisfaction. Customer surveys were conducted on app users to take timely feedback and derive further insights into customer behaviour and usage. Various marketing channels have been used through the year to increase awareness and adoption of the app including SMS, social media, Facebook ads and website.

Benefits of Customer App

- **Easy one-time registration and login with a 4-digit PIN or fingerprint**
- **Easy access to view loan account and FD details**
- **Tracking of new loan application**
- **Multiple payment options available on app – Debit card, Netbanking, Wallets**
- **Payment collection through MF app contributes to 15% (average) of the overall digital collection**
- **App achieved 4+ rating and is currently rated 4.3/5 on Playstore and 4.4/5 on ios platform with positive customer reviews**
- **Various customer servicing features available on the app, saving the customer's time and money, and reducing branch visits**



Process improvements

Digital technology has also helped make continual improvement in our business processes, thereby addressing key stakeholder expectations.

The initiatives can be divided into two categories:

Strategic

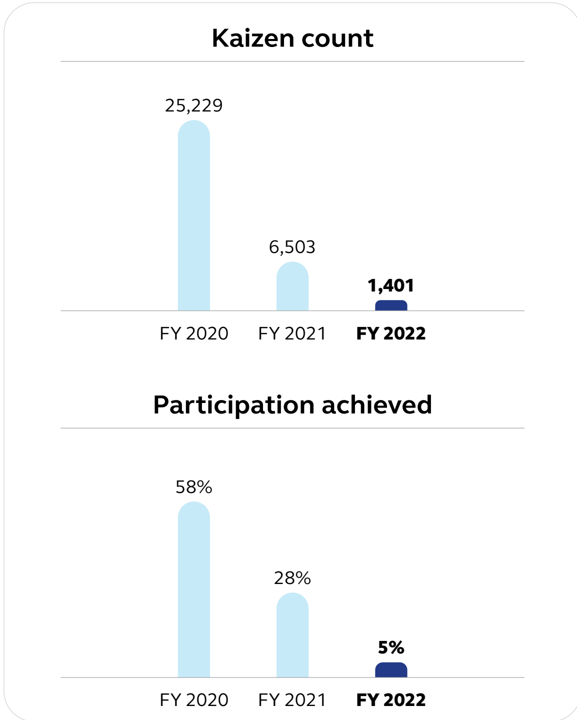
These are project improvements which are strategic in nature and span across different verticals and may involve external stakeholders as well.

Operational efficiency

This involves three aspects:

Pragati Kaizen Initiative

These indicate improvements achieved through individual effort.



Root Cause Analysis (RCA)/Mahindra Yellow Belt (MYB)

This indicates improvements achieved at the department head level and includes RCA/MYB projects and IT-enabled initiatives. They involve structured problem-solving such as the Six Sigma DMAIC (Define, Measure, Analyse, Improve and Control) methodology.

IT-enabled improvements

In addition to the above, we undertake various initiatives using IT as an enabler to fast-track the digitalisation of our ecosystem.

Non-GRI disclosure for material topic – Digital innovation and disruption

Strategic priorities

A refined roadmap for *scaling capabilities*

The growth and progress of our customers translates into our business success. Our strategic framework is deeply tied to the aspirations of all our stakeholders, and we are constantly revamping to ensure better, more prosperous outcomes for all.

Strategic priorities	Stabilise asset quality	Recharge growth	Strengthen technology and digital	Future ready human capital
Objective	GS-3 <6%	2X AUM through core and diversification	Differentiate through phygital	Realigned organisation
Progress made during the year	→ Increase in non-vehicle share through SME, Leasing and Digital FinCo. → Curated Collection War Room for improving asset quality	→ Entered in small ticket lending through DigiFinCo → Entered in Leasing business through Quiklyz → Beginning to cater to the rural affluent segment → Renewed focus to service SME's in the agri, auto and engineering space	→ Next generation API commissioned for scaling partnerships, integrating fintech ecosystems and create enterprise-wide microservices layer → Deployed digital assets on the cloud to auto scale as we grew and strengthened resiliency of technology platforms → Modernising applications by implementing digital processes → Provide outcome-based data driven visual dashboards for quicker and strategic business decisions	→ Structured framework which nurtures the functional and leadership capabilities of all employees across verticals → Ekincare – AI driven health and wellness app that closely monitors employee health needs → Virtual engagement platform 'MF-People First' launched to drive all celebrations and recognition activities → Financial assistance provided to employees who tested positive, monthly pay out to their families and reimbursement of children's education for employees who have lost life
Plan for FY2023	→ Reassess highly vulnerable and volatile cashflow segments → Increase non-vehicle segment share → Disciplined vehicle repossessions → Stringent arbitration for bad debt and loss pools	→ Vehicle lending leadership → Scale new growth engines → Increase focus on cross-selling and customer base → Leverage partnerships	→ Digitalising core by building scalable and resilient technology with Cloud first architecture → Leveraging AI/ML based models across customer lifecycle for better customer experience → Partnering with aggregator/co-lending platforms → Hiring a high quality technology and data science team to enable organic and inorganic growth	→ Optimising capability mix across the organisation through upskilling and hiring → Fostering a culture of digital and data first → Improving productivity through process optimisation
Capitals impacted				

Capitals

Financial

Manufactured

Intellectual

Human

Social and Relationship

Natural

Business model

Delivering enhanced *collective value*

Inputs

Financial Capital
NetWorth – **Rs. 15,628 crores**

Borrowings – **Rs. 55,814 crores**

Read more on **page 54**

Manufactured Capital
Number of offices – **1,384**

Smart branches – **461**

Read more on **page 12**

Intellectual Capital
Number of customers using Customer mobile app to – **7.11 lakh users**

Increase in digital collection - **85%**

Read more on **page 22**

Human Capital
Number of employees – **30,465**

Average training hours – **11.1 hours**

Read more on **page 58**

Social and Relationship Capital
Contribution by employees under various CSR programmes – **More than 1 lakh man-hours**

Number of customers serviced – **7.9 million**

Read more on **page 64**

Natural Capital
Water consumed – **2,58,430 KL**

Energy usage – **1,06,439 GJ**

Read more on **page 68**

Value creation process

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

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

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

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

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

Customised products and customer centricity
Offering customised products and a flexible repayment schedule, and partnering with customers in meeting the needs of rural India

Strategy

Strategic priorities
- **Stabilise asset quality**
- **Recharge growth**
- **Strengthen technology and digital**
- **Future ready human capital**

Read more on **page 26**

Sustainability roadmap
- People
- Planet
- Profit

Read more on **page 38**

Business activities
The product portfolio includes a wide range of financing, investment and insurance solutions.

Activities to sustain value

Financial Capital
Strengthened and sustainable business model

Maintaining strong corporate governance structures

Regular investor communication

Manufactured Capital
Value to customers

Intellectual Capital
Quicker turnaround time

Improvement in collection efficiency

Disbursement through digital channels

Human Capital
Performance oriented culture

Strong focus on diversity

Continuous productivity enhancement

Social and Relationship Capital
Engaged actively with regulators, pursuing full compliance and driving a societal contribution

Continued investment in ensuring strong positive customer experience

Natural Capital
Strong focus on energy efficiency

Operational excellence for resource conservation

Outcomes

Financial Capital
Total Income – **Rs. 9,719 crores**

EPS – **Rs. 8.02**

Manufactured Capital
E-waste disposed – **39.25 tonnes**

Percentage of local suppliers – **100%**

Intellectual Capital
Best-in-class ecosystem benefiting customers

Use of data-driven methods across business lifecycle operations

Human Capital
New recruits - **8,930**

Attrition rate - **MMFSL- 18.7%**
MIBL-29.0%
MRHFL-27.8%

Social and Relationship Capital
Lives impacted through various initiatives – **3,61,943**

Customer CaP score – **62**

Natural Capital
GHG emissions avoided – **200 Tco_2**

Operating context

Staying ahead of evolving dynamics

We are committed to propelling growth in the rural and semi-urban parts of India and staying on top of the changes that sweep those landscapes, is critical to our functioning. We are ever so agile at tapping into the pulse of the people and adapting to their changing preferences. Our data-driven analytics enables us to map the key trends driving the industry and help us deliver only the best offerings.

Financial inclusion

Financial inclusion plays an important role in the process of economic progress. This includes developing a culture of savings among a large segment of the population and broadening the resource base of financial systems. With multiple schemes like Jan Dhan Yojana and Mudra Yojana, among others, the Government of India has laid greater emphasis on furthering the cause of financial inclusion and bringing a larger part of the population into the ambit of formalised banking. The annual FI-Index for the period ending March 2021 is 53.9 as against 43.4 for the period ending March 2017. The index captures information on various aspects of financial inclusion in a single value ranging between 0 and 100, where 0 represents complete financial exclusion and 100 indicates full financial inclusion. Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts have grown over three-fold from 14.72 crores in March 2015 to 45.06 crores in April 2022.

45.06 crores

PMJDY accounts in April 2022

Technologies defining a new paradigm

Customers are now accustomed to carrying out complex tasks and transactions on their mobile devices, and they expect to be able to access a full range of banking services through such channels. Lenders must focus, not only on adding mobile as an additional channel, but also on tailoring customer journeys and aligning expectations during the product-creation process. FinTech NBFCs accounted for 45% of all personal loans disbursed in 2020. This demonstrates how at ease current loan seekers are with digital financial services because the solutions/apps are tailored to their needs and the customer journeys are simple. A 2020 Deloitte report in the aftermath of the lockdown found some noteworthy changes in consumer behaviour, with 96% of respondents willing to opt for digital transactions for meeting their day-to-day financing needs.

96%

Respondents willing to go for digital transactions

Reimagining customer relationships

Financial institutions realised the importance of anticipating customer needs and expectations during the pandemic. Becoming a customer-centric and customer-first organisation is critical not only for market survival but also for retaining existing customers and growing the segment. NBFCs must shift their focus from transaction-focused services to value-driven advisory services for their customers. The perceived value addition from such services will assist them in developing long-term relationships with their customers.

Companies must therefore prioritise the implementation of appropriate software solutions to serve as an intelligent middle layer to receive and retrieve the necessary intelligence on customers. This information will assist them in customising and personalising their services for customers, providing appropriate advice and transitioning away from transactional-focused tactical relationships.

Scale Based Regulation (SBR): Revised regulatory framework for NBFCs

With the Reserve Bank of India (RBI) emphasising on financial inclusion and digital banking models, further regulations are being put in place, requiring NBFCs to be more regulatory-sensitive. The RBI's scale-based regulations for lending by non-banking finance companies are aimed at reducing risks for the financial sector.

The scale-based framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation and others. The regulatory structure for NBFCs will comprise of four layers based on their size, activity, and perceived riskiness. Under the new framework, the RBI has tweaked the non-performing asset (NPA) classification to more than 90 days for all categories of NBFCs. When it comes to the experience of the Board, considering the need for professional experience in managing the affairs of NBFCs, at least one of the directors must have relevant experience of having worked in a bank/NBFC.

Rise in pre-owned vehicle market

According to OLX Autos – CRISIL Study 2021, in FY 2021, the pre-owned car market stood at 3.8 million units which is predicted to reach more than 7 million vehicles by FY 2026. Given the steep increase in demand for pre-owned cars, the market is outpacing the new car market. Due to limited availability and people's growing awareness of social distancing and personal safety, the use of public transportation fell precipitously during the COVID-19 crisis. As a result, consumer demand has shifted towards personal mobility mediums, particularly in non-metro cities. People of various income levels, particularly first-time and non-metro city buyers, prefer better pricing alternatives to meet their mobility needs. This has resulted in a significant shift in favour of the pre-owned car market.

7 million units

Pre-owned vehicle market in FY 2026

Our response

- Committed to financial inclusion by providing our customers with a diverse range of financial solutions to help them achieve their goals
- Announced the launch of our leasing and subscription business 'Quiklyz', a new-age digital platform that aims to provide great convenience, flexibility and choice to retail and corporate customers across cities
- Invested in advanced technology, translating into cutting-edge products and service offerings, while stepping up the digitisation momentum
- Used vehicle business is incrementally close to 20% of our sourcing; we have increased our presence both in the tractor and the auto segments, and we see headroom for increasing market share going forward

Stakeholder engagement

Nurturing relationships to *deepen trust*

Our stakeholders are the cornerstones of our growth story, and everything we do is connected to their progress and well-being. Despite the hardships during crisis situations, we managed to strengthen our mutual trust and remained aligned to our collective aspirations. Through robust engagement processes and listening mechanisms, we address their concerns, keep them informed of our activities and create shared value for the long-term.

Our efforts towards building a strategic and proactive dialogue with our key stakeholders, enables us to gain deeper insights into our business drivers as well as the needs of society. This has helped us improve our internal processes, capitalise on business opportunities, reduce our operational risk and remain ahead of competition while creating greater value for all stakeholders.

	Community/NGOs	Employees	Customers	Regulators	Shareholders/Investors	Dealers and OEMs	Lenders	Vendors and Suppliers
Why they are important	**A harmonious relationship with the communities where we operate is key to our social license to continue operations; our partners in progress**	**Our employees are at the centre of all our operations; their collaborative skill and expertise are essential for our growth**	**Customer feedback, or as we call it, the Voice of Customer, is key to process improvements, quality enhancement, service performance and cost optimisation**	**Key for ensuring compliance, interpretation of regulations and uninterrupted operations**	**As providers of capital, they are key to our growth and expansion plans**	**Key for providing enhanced purchase experience along with best after sales service**	**A positive relationship enables us to raise growth capital in a timely and cost-effective manner**	**Our operations are closely linked with the timely availability and services that we source, which in turn, have a material impact on the efficiency of our service delivery**
Key priorities	→ Livelihood opportunities → Environmental protection → Community development	→ Capability building, development and enhancement of skills → Positive and enabling work environment → Safety and security → Employee wellbeing	→ Service quality → Differentiation and product relevance → Safety and privacy → Ethical business practices → Environmental impact	→ Timely compliance with regulations → Transparent and open operations → Timely tax payments → Support to various schemes of central and state governments	→ Financial performance and dividends → Good governance → Transparency → Growth and expansion → Operational and resource efficiencies	→ Business performance → Health of assets → Operational and resource efficiencies	→ Timely repayment of both principal and interest → Adherence to a healthy credit discipline → Timely updates on financial performance of the company	→ Quality and availability of goods and services → Resource efficiency → Supplier development
Mode and frequency of engagement	→ CSR initiatives – ongoing → Volunteering activities → Community need identification – ongoing as per CSR project requirements → Community engagement initiatives → Impact assessment studies	→ Training calendar – annual → Talent management and employee development initiatives – ongoing → Performance appraisal – bi-annual and annual → Employee engagement activities – ongoing → Diversity and inclusion initiatives - annual	→ Gram Sabha – ongoing → Customer meets/Shikhar Sammelan – ongoing → Dealer and OEM events such as loan mela and roadshows – ongoing → Mandi Diwas – weekly → Saathiya Diwas – ongoing → NOC Activity – monthly	→ Continued engagement and representation → Quarterly and annual compliance reports → Performance reports filed with Ministry of Corporate Affairs, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and other regulatory bodies	→ Quarterly investor calls/ presentations → Newspaper/Notices/ Press releases → Company's website → Stock exchange announcements → Annual General Meeting (AGM)/EGM/Postal Ballot → Annual Report → Business Responsibility Report and Integrated Report	→ Dealer portal – formal mechanism → Informal engagement – ongoing → Dealer and OEM events such as dealer meets and roadshows – ongoing	→ Quarterly and Annual Results → AGM and other disclosures → Engagement with Treasury and Corporate Affairs team – ongoing	→ Informal engagement – ongoing → Dealer engagement meets
Topics of engagement	→ Local employment generation → Gender equality → Carbon emissions/footprint → Waste management → Financial literacy → Community initiatives	→ Local employment generation → Happy and productive employees → Employee growth and development → Human rights → Safety → Diversity and equal opportunity → Community initiatives	→ Digital disruption → Customer need identification and satisfaction → Brand → Customer privacy → Product portfolio → Financial product and services information	→ Credit rating → Governance → Transparency and disclosures → Investor security → Representation with regulators → Environmental, Social and Governance (ESG) aspects	→ Credit rating → Sustainable business model → Governance → Return on Net Worth/Earnings Per Share → Communications with investors → Exponential growth → Cost rationalisation	→ Market share → Business profitability → Dealer relations and satisfaction → Service and support → Sustainable supply chain	→ Credit rating → Sustainable/relevant business model → Governance and risk management → Lender relationship → ESG risks and opportunities	→ Sustainable supply chain → Fair procurement practices → Brand → Supplier engagement and development → Compliance with regulatory/ statutory requirements → Community initiatives

General disclosures: GRI 102-40, GRI 102-42, GRI 102-43

General disclosures: GRI 102-40, GRI 102-42, GRI 102-43

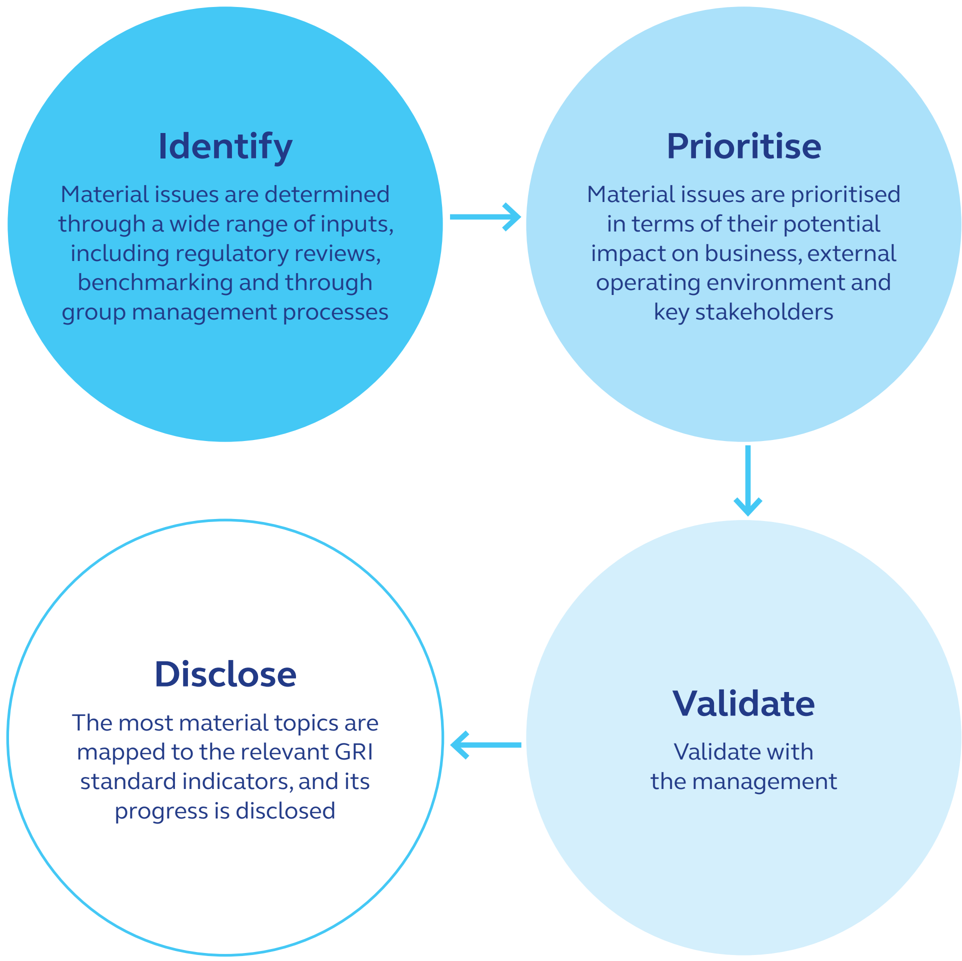
Materiality

Discerning matters of utmost priority

We are cognisant of our internal and external operating environment and regularly identify factors that impact our performance and value creation process. As a responsible and sustainable business, we meticulously evaluate the material issues that influence our functioning and guide the perception and decisions of all our stakeholders.

The material matters support our thought and reporting processes, governance and strategy development. Each focus area impacts the Company's ability to create value in the short, medium and long term. We believe that effectively managing our material issues are critical to achieving our strategic objectives and meeting stakeholders' expectations. Even the scope of reporting changed to 1,384 offices in the reporting year.

Materiality process



General disclosures: GRI 102-44, GRI 102-47, GRI 102-49

Specific disclosures: GRI 103-1, GRI 103-2, GRI 103-3

Material issues

Material topics	GRI/ Non-GRI	GRI standard indicator used	Boundary	Impact	KPIs
Financial Capital					
Credit ratings	Non-GRI	Non-GRI	Within Mahindra Finance	We believe that our strong credit rating improves access to capital at competitive rates, eventually helping us to fund the aspirations of rural India. Thus, credit ratings have an impact on operational and financial decisions along our value chain, from ensuring investor security to meeting our customers' needs.	Credit rating from two rating agencies
Economic performance	GRI	201-1, 201-2, 201-3	Within Mahindra Finance	We focus on delivering sustainable value to our customers and the wider fraternity of stakeholders, despite challenges such as industry volatilities or economic hardships. We take a wider view of the business and evolve an appropriate roadmap to strengthen the core fundamentals of our business.	Refer GRI- KPI

Note: Material issues were identified through the Materiality Assessment carried out at the sector level in 2020. We have conducted an extensive Stakeholder Consultation.

The assesment stands Valid for 3 years starting from the base year.

General disclosures: GRI 102-44, GRI 102-47

Specific disclosures: GRI 103-1, GRI 103-2, GRI 103-3

Materiality

Material topics	GRI/ Non-GRI	GRI standard indicator used	Boundary	Impact	KPIs
Human Capital					
Employee training and education	GRI/Some Non-GRI internal KPIs	404-1, 404-2, 404-3	Within Mahindra Finance	Employees are our brand ambassadors who carry forward the Company's mission of transforming rural lives and driving positive change in the communities. We have accordingly placed great emphasis on employee learning and development, mentoring and knowledge sharing through various initiatives and structured programmes.	Increase in training coverage
Diversity and equal opportunity	GRI	405-1	Within Mahindra Finance	We are an equal-opportunity employer when it comes to attracting, retaining and developing new talent. This helps drive a respectful and inclusive workplace for our colleagues, deliver better service to our customers and improve engagement with our communities.	Refer GRI-KPI
Employee engagement	Non-GRI	Non-GRI	Within Mahindra Finance	Mahindra Finance makes employee engagement a high priority, recognising that an engaged workforce performs better, is more committed and delivers a stronger customer focus.	Employee engagement/ satisfaction survey
Intellectual Capital					
Digital innovation and disruption	Non-GRI	Non-GRI	Within Mahindra Finance	We have been at the forefront of leveraging state-of-the-art technology platforms for deriving business benefits and differentiation in the marketplace through automation, digitalisation and analytics. The full set of digital payment options and the integration with partner networks has significantly supplemented the collection efforts on the field and at the branches.	Onboarding on mobile app for customers Increase digital collections

General disclosures: GRI 102-44, GRI 102-47

Specific disclosures: GRI 103-1, GRI 103-2, GRI 103-3

Material topics	GRI/ Non-GRI	GRI standard indicator used	Boundary	Impact	KPIs
Natural Capital					
Climate strategy	GRI/Some Non-GRI internal KPIs	305-1, 305-2, 305-3, 305-4, 302-1, 302-3	Within and outside Mahindra Finance	We are committed to minimising our environmental impact and building operational resilience to the effects of climate change on our business and the communities we serve. We have also mapped and identified risks pertaining to sustainability and climate change and shared them for inclusion in our risk register.	Maintaining declining trend in CO_2 emissions per employee (tons of CO_2eq per employee) Increase the plantation with focus on survival rate Financing M&M Electric vehicles
Social and Relationship Capital					
Customer relationship management	Non-GRI	Non-GRI	Within and outside Mahindra Finance	We maintain a high level of customer centricity in our business and endeavour to meet the changing needs of customers by offering customised financial products and services. Through our vast experience and market knowledge, we are providing financial resources to the under serviced parts of the nation. Thus, being instrumental in financial inclusion.	CaP score survey
Local communities and corporate citizenship	GRI/Some Non-GRI internal KPIs	413-1	Within and outside Mahindra Finance	Our Corporate Social Responsibility (CSR) initiatives attempt to transform the landscape of our businesses by creating value for indigent communities that desire a secure future. We strive to create sustainable livelihoods for them.	Increase in number of beneficiaries for flagship programme for Drivers

General disclosures: GRI 102-44, GRI 102-47

Specific disclosures: GRI 103-1, GRI 103-2, GRI 103-3

Sustainability strategy

Infusing sustainability into our DNA

We believe in a future that is not just sound and secure but one that adequately fulfils the needs of the generations to come. Sustainability is the need of the hour for all successful businesses and we, at Mahindra Finance, are constantly working towards safeguarding a better tomorrow for all our stakeholders.

We align our performance with the three pillars of the Mahindra Group Sustainability Framework for long-term value creation. The alignment with material topics of the framework allows us to remain consistent with our parent organisation's vision and strategy. In line with our sustainability strategy, we have taken a precautionary approach to avoid negative impacts on the environment.

Mahindra Sustainability Framework

Building enduring businesses by rejuvenating the environment and enabling stakeholders to Rise

People

Enabling Stakeholders to Rise

- Build a great place to work
- Foster inclusive development
- Make sustainability personal
- Enhance brand equity

Planet

Rejuvenating the environment

- Achieve carbon neutrality
- Become water positive
- Ensure no waste to landfill
- Promote biodiversity

Profit

Building Enduring Business

- Grow green revenue
- Mitigate risk including climate risk
- Make supply chain sustainable
- Embrace technology and innovation
- Enhance brand equity

Partnering. Learning. Sharing.

Giving back more than we take.

General disclosures: GRI 102-11

Sustainability roadmap

People

Enabling Stakeholders to Rise

Material topics	Goal statement	Measure of performance	FY 2021 target	FY 2022 target	FY 2023 target	FY 2022 performance
Human Capital						
Employee training and education	Create a more engaged work environment	Satisfaction survey		MMFSL ≥ **4.45**		4.59
				MRHFL – **4.40+**		4.5
				MIBL – ≥ **4.45**		4.24
	Build people capabilities	Increase in training coverage		MMFSL – > **60%**		98.87%
				MRHFL-Maintain training coverage of 85% and above for all employees		96.2%
			MIBL – **83%**	**84%**	**85%**	80%
Social and relationship capital						
Local communities and corporate citizenship	Uplift communities through need-based interventions and increase beneficiaries' coverage under CSR programmes	Increase in number of beneficiaries for flagship programmes for Drivers	25,000	27,500	30,250	3,61,943

Material topic - Non-GRI – employee engagement

Sustainability strategy

Planet

Minimising our environmental impacts

Material topics	Goal statement	Measure of performance	FY 2021 target	FY 2022 target	FY 2023 target	FY 2022 performance
Natural Capital						
Climate Strategy (managing carbon emissions)	Ensure continual reduction in carbon emissions	Maintaining declining trends in CO² emissions per employee (tons of CO_2eq per employee)	MMFSL – **0.77**	MMFSL – **0.69**	MMFSL – **0.63**	0.70
			MRHFL – **0.24**	MRHFL – **0.22**	MRHFL – **0.21**	0.30
			MIBL – **0.65**	MIBL – **0.59**	MIBL – **0.53**	0.58
	Increase plantation of trees across India	Increase the plantation with focus on survival rate	30,000	34,500	39,675	Planted 42,000+ saplings across India through employee volunteering
	Increase financing of electrical vehicles	Financing M&M electric vehicles	**41%** market share	**50%** market share	**50%** market share	40%

Profit

Building evergreen businesses

Material topics	Goal statement	Measure of performance	FY2021 target	FY2022 target	FY2023 target	FY2022 performance
Intellectual capital						
Digital innovation and disruption	Digital innovation and disruption	Onboarding on mobile app for customers	**5 lakh** registered users	**6 lakh** registered users	**7 lakh** registered users	**7.11 lakh** registered users
		Increase digital collections	MMFSL - **Rs. 3,500 crores**	MMFSL - **Rs. 4,000 crores**	MMFSL - **Rs. 5,000 crores**	MMFSL – **Rs. 6,000 crores**
			MRHFL – **20%**	MRHFL – **25%**	MRHFL – **30%**	MRHFL – **27%**
Financial capital						
Credit ratings	Maintaining Credit Rating at par with M&M	Credit Rating from two Rating Agencies	MMFSL - Maintaining Highest Level of Credit Rating applicable for our sector			MMFSL – AAA ratings received
			MRHFL - Maintaining current rating of AA+			AA+ rating received
Customer relationship management	Improve CaP score	CaP score survey	MMFSL – Maintain score of 60 and above	MMFSL – Maintain score of 60 and above	MMFSL – Maintain score of 60 and above	MMFSL – 62
			MRHFL – Maintain score of 30 and above	MRHFL – Maintain score of 30 and above	MRHFL – Maintain score of 30 and above	MRHFL – not conducted
			MIBL – NA for 2021	CaP score of 55	CaP score of 60	MIBL - 55

Non-GRI disclosure for material topic – Digital innovation and disruption

Governance

Strengthening foundations *for a better tomorrow*

Ethical compliance is of utmost priority to build a strong and resilient organisational ecosystem. Our Board of Directors ensure the strategic implementation of our governance processes, embedding sustainability and diversity at every stage of our operations.

We engage openly and transparently with all our stakeholders to strengthen their trust and create a fair and favourable business environment. Robust policies, standards and management systems enrich our steady foundations and help us deliver stellar performances to meet our goals.

Governance structure

M&M Group Sustainability Council (At M&M Group Level)
A cross-sector committee of senior executives chaired by a member of the Group Executive Board.
Mr. Ramesh Iyer, Vice Chairman & Managing Director - Financial Services Sector, is a member of the Mahindra and Mahindra Group Sustainability Council.

Mahindra Finance Sustainability Council
To act as a liaison between the Mahindra Finance businesses and the Group Sustainability council. Consists of a cross-functional team using an integrated network. Responsibilities are to:

- Effectively integrate sustainability into business strategy and practices
- Ensure all relevant sustainability policies and goals are well informed, aligned and efficiently executed
- Ensure a high level of organisational understanding, alignment and engagement of the sustainability vision throughout the Company

Sustainability Champions (FSS Level)
Leading sustainability for each business with responsibility for:

- Disseminating information, ensuring monitoring and review of data and information
- Being a single-point of contact between the businesses and the sustainability cell
- Ensuring reporting under the GRI framework
- Implementing initiatives and driving sustainability awareness programmes

Region-wise Sustainability Champions (Regional Office level)
Overall responsibility at the regional office for data collection. They are aided by a team of sustainability enthusiasts to implement various sustainability activities.

General disclosures: GRI 102-16, GRI 102-18

The Board's role

The Board is responsible for determining the strategic direction of the Company and exercising judicious control over its affairs. The process of a Board establishing the direction for the corporation; reviewing, assessing, and approving strategic directions and initiative; and assessing and understanding the issues, forces and risks that characterise and propel the Company's long-term performance.

Expertise

Our Board brings together a wealth of knowledge, perspective, professionalism, divergent thinking and experience. Our Board members have a deep understanding of governance, technical, financial and non-financial issues.

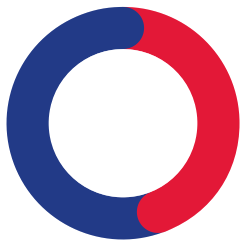
	Business experience	Financial experience and risk oversight	Technology and innovation	Governance and regulatory oversight	Consumer insights and marketing exposure (mainly rural and semi-urban markets)
Dr. Anish Shah	✓	✓	✓	✓	✓
Mr. Ramesh Iyer	✓	✓	✓	✓	✓
Mr. Dhananjay Mungale	✓	✓	x	✓	✓
Mr. C. B. Bhave	✓	✓	✓	✓	✓
Ms. Rama Bijapurkar	✓	✓	✓	✓	✓
Mr. Milind Sarwate	✓	✓	✓	✓	✓
Mr. Amit Raje	✓	✓	✓	✓	✓
Dr. Rebecca Nugent	✓	x	✓	x	✓
Mr. Amit Kumar Sinha	✓	✓	✓	✓	✓

Specific disclosures: GRI 405-1

Governance

Board demographics

Experience as Board Members



5-10 years	44%
>20 years	56%

Board age profile

36-55 years	44%
56-74 years	56%

Board diversity

Male	78%
Female	22%

58 years
Average Director's age

5.38 years
Average tenure of Independent Directors

96.89%
Average attendance at board meetings

Committees constituted by the Board of Directors

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

- **AC** Audit Committee
- **NRC** Nomination and Remuneration Committee
- **SRC** Stakeholders' Relationship Committee
- **CSR** Corporate Social Responsibility Committee
- **ALCO** Asset Liability Committee
- **RMC** Risk Management Committee
- **CSI** Committee for Strategic Investments
- **ITSC** IT Strategy Committee
- **DAIC** Digital and AI Committee

Policies and standards

We have developed policies for our businesses considering our Group policies, values and principles. We empower our employees to learn, understand and apply improvement techniques to reach industry best standards and aspire to go beyond them. To know more about polices, please refer - https://mahindrafinance.com/investor-zone/corporate-governance

A culture of integrity

Ethical conduct of business, prevention of corruption and unlawful disclosure or use of inside information, and observance of human rights are among Mahindra Finance's essential principles of operations and elements of its risk management system. In the year under review, no corruption or bribery cases were reported to the Board Committee.

We strive to foster a healthy culture of feedback in which employees can feel free to voice any concerns they may have. Should employees become aware of irregularities or wrongdoings, they can also report their concerns anonymously through our Whistle Blower policy. This policy provides adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee. The Whistle Blower policy per se provides for protected disclosure and protection to the whistle blower.

Whistle Blower Policy

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Whistle Blower Policy. While the law prescribes a vigil mechanism to enable Directors and Employees to raise their concerns, we have as a voluntary good governance practise adopted and established a vigil mechanism to enable Directors, Employees and Stakeholders associated with the Company to report their genuine concerns.

As per the Whistle Blower Policy implemented by the Company, the employees, Directors, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to an Independent Ethics Helpline Service Portal or the Chairperson of the Audit Committee of the Company or to Toll Free No. 000 800100 4175.

Zero Tolerance on Violations under The Sexual Harassment of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

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

All employees (permanent, contractual, temporary and trainees) are covered under this Policy. The Policy has been widely communicated internally and is placed on the Company's intranet portal. The Company ensures that no employee is disadvantaged by way of gender discrimination.

To ensure that all the employees are sensitised regarding issues of sexual harassment, the Company conducts an online Induction Training through the learning platform M-Drona (Internal Training App) covering topics including POSH awareness, reconciliation before filing POSH complaint(s) and consequences of filing false complaint(s). During FY 2022, no complaints were received on POSH.

Our approach to public policy and advocacy

We are a member of several industry associations that share our common goals, and we routinely work together to advance public policies of interest to us and the financial services industry.

Name of the industry association/institution	Type of association/position held
Finance Industry Development Council (FIDC)	Chairman of FIDC
Federation of Indian Chambers of Commerce and Industry (FICCI)	Member of the NBFC Taskforce
Confederation of Indian Industry (CII)	Co-Chairman of National committee on Financial Inclusion & Digitisation
Bombay Chamber of Commerce and Industry	Member of Banking & Finance Committee
IITB-Washington University	Member of the Board of Advisors
IMC Chamber of Commerce & Industry	Co-Chairman of NBFC Committee
Assocham	Chairman of National Council on Non- Banking Finance Services & Infrastructure Finance

General disclosures: GRI 102-12, GRI 102-13

Specific disclosures: GRI 205-1, GRI 205-2, GRI 205-3

Governance

Board of Directors*

1. Mr. Amit Raje
Whole-Time Director

2. Mr. Amit Kumar Sinha
Non-Executive Director

3. Mr. Dhananjay Mungale
Independent Director

4. Mr. Milind Sarwate
Independent Director

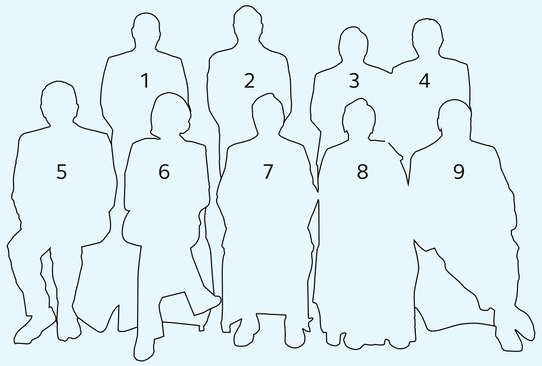
5. Mr. C.B. Bhave
Independent Director

6. Dr. Rebecca Nugent
Independent Director

7. Dr. Anish Shah
Non-Executive Chairman

8. Ms. Rama Bijapurkar
Independent Director

9. Mr. Ramesh Iyer
Vice Chairman and Managing Director



*As on 31st March, 2022

Dr. Anish Shah
Non-Executive Chairman

Dr. Anish Shah is the Managing Director & CEO of Mahindra & Mahindra Ltd. He joined Mahindra Group in 2014, as Group President (Strategy), and worked closely with all businesses on key strategic initiatives, built capabilities such as digitisation and data sciences and enabled synergies across Group companies. In 2019, he was appointed Deputy Managing Director and Group CFO, with responsibility for the Group Corporate Office and full oversight of all businesses other than the Auto and Farm sectors, as a part of the transition plan to the CEO role.

Dr. Shah was President and CEO of GE Capital India from 2009-2014, where he led the transformation of the business, including a turnaround of its SBI Card joint venture. His career at GE spanned 14 years, during which he held several leadership positions at GE Capital's US and global units. As Director, Global Mortgage, he worked across 33 countries to drive growth and manage risk. As Senior Vice President (Marketing and Product Development) at GE Mortgage Insurance, he led various growth initiatives and played a key role in preparing the business for an IPO, as a spinoff from GE. In his initial years with GE, he also led Strategy, e-Commerce and Sales Force Effectiveness and had the unique experience of running a dot-com business within GE. Dr. Shah also received GE's prestigious Lewis Latimer Award for outstanding utilisation of Six Sigma in developing a "Digital Cockpit."

He has diverse experience with global businesses beyond GE. He led Bank of America's US Debit Products business, where he launched an innovative rewards programme, led numerous initiatives in payment technology and worked closely with various teams across the Bank to enhance value for the customer.

As a strategy consultant at Bain & Company in Boston, he worked across multiple industries, including banking, oil rigs, paper, paint, steam boilers and medical equipment. His first role was with Citibank in Mumbai, where he issued bank guarantees and letters of credit as Assistant Manager, Trade Services.

Dr. Shah holds a Ph.D. from Carnegie Mellon's Tepper School of Business where his doctoral thesis was in the field of Corporate Governance. He also received a Master's degree from Carnegie Mellon and has a post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad. He has received various scholarships, including the William Latimer Mellon Scholarship, Industry Scholarship at IIMA, National Talent Search and Sir Dorabji Tata Trust.

NRC CSI

Mr. Ramesh Iyer
Vice Chairman and Managing Director

Mr. Ramesh Iyer's key mandate at Mahindra Group is to drive inclusive growth, aligned to our guiding belief of driving rural prosperity. He has been instrumental in building Mahindra Finance since 1994 into one of India's leading rural finance companies.

Mr. Iyer manages the Financial Services Sector of the Mahindra Group which includes Mahindra & Mahindra Financial Services Limited, Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Manulife Investment Management Private Limited and Mahindra Manulife Trustee Private Limited. He also oversees the operations of Mahindra Finance USA, LLC., a U.S. joint venture with De Lage Landen Financial Services Inc., (DLLFS) a wholly-owned subsidiary of the Rabobank Group. The total Assets Under Management (AUM) of the Sector is more than Rs. 81,000 crores (around 11 billion US$).

Mr. Iyer has been closely involved in the development of the Country's dynamic Financial Services Sector. Mr. Iyer is the Chairman of Finance Industry Development Council (FIDC) and the Confederation of Indian Industry (CII) WR Task Force Committee on Human Resources and also co-chairs the NBFC Committee of IMC Chamber of Commerce & Industry. He is an active member on various committees like CII National Committee on Financial Inclusion and Digitisation, CII National Committee on Leadership & HR, Banking & Finance Committee of the Bombay Chamber of Commerce and Industry (BCCI) and the Taskforce of NBFCs of the Federation of Indian Chambers of Commerce and Industry (FICCI). He also serves on the Boards of several Mahindra Group Companies.

Apart from being on the various bodies of the Financial Services Sector, Mr. Iyer is also on the Advisory Boards of various Educational Institutions like IITB-Washington University, Vidyalankar Institute Of Technology – School Of Management, WeSchools' PGDM-Rural Management Committee and on the College Development Committee of Vivek College of Commerce.

Mr. Iyer holds a Bachelor's degree in Commerce and a Master's degree in Business Administration.

ALCO SRC CSR ITSC CSI DAIC RMC

● Chairperson ● Member (Committee positions as on 2nd May, 2022)

Governance

Mr. Amit Raje
Whole-Time Director

Mr. Amit Raje is currently Whole-Time Director of Mahindra & Mahindra Financial Services Limited designated as Chief Operating Officer Digital Finance – Digital Business Unit. He joined the Mahindra Group in July 2020 as Executive Vice President – Partnerships & Alliances and was responsible for leading M&A and Investor Relations. Prior to joining Mahindra Group, Mr. Raje was the Managing Director in the Principal Investing Area of Goldman Sachs. He has cumulative experience of over 20 years in Corporate Finance, Mergers & Acquisitions and Private Equity. Prior to Goldman Sachs, he worked with Kotak Investment Advisors Ltd, the alternate asset arm of Kotak Mahindra Bank, and Deloitte & Co in the Transaction Advisory Services.

Mr. Raje is a postgraduate from Mumbai University and an MBA with a specialisation in Finance & Private Equity, from the London Business School.

SRC ALCO DAIC

Mr. Dhananjay Mungale
Independent Director

Mr. Dhananjay Mungale, is a seasoned banker and finance professional with extensive global experience of investment banking, corporate banking and private banking across Europe and India. Over 25 years he served at leadership positions in Europe and India at Bank of America and DSP Merrill Lynch.

Since 1999, Mr. Mungale serves on the Boards of eminent companies in India as an Independent Director. Over the period these have included Mahindra Finance, JP Morgan Asset Management, L&T Infra Finance, LIC Housing Finance, Mahindra CIE Automotive, TN Petro Products, DSP Blackrock, Kalpataru Ltd., NOCIL Ltd., Chowgule Steamship etc.

He also serves on Advisory Boards of select private equity organisations and investment committees of family office in India and London. He also regularly mentors' young talent in the Fintech start-up sector, across India and abroad.

Besides his business and professional achievements, Mr. Mungale also finds time to work with eminent institutions in educational and not-for-profit domains as a member of their Governing Councils. These have included Mahindra United World Colleges and Oxford Centre for Hindu Studies.

He is an undergraduate in Commerce and Law from University of Mumbai, and an Associate Member of the Institute of Chartered Accountants of India.

NRC CSR CSI

AC ALCO RMC

● Chairperson ● Member

Mr. C. B. Bhave
Independent Director

Mr. Chandrashekhar Bhave started his career in the Indian Administrative Service (IAS) in 1975 after completing his Bachelor's degree in Electrical Engineering. He worked in different positions in the Central and State Governments and also won awards from the Government of Maharashtra for his outstanding work in the area of family welfare and excellence in administration. He then worked in Securities and Exchange Board of India (SEBI) as a Senior Executive Director from 1992–1996, helping create the regulatory infrastructure for Indian capital markets.

Mr. Bhave then took voluntary retirement from the IAS to set up the National Securities Depository Limited (NSDL) in 1996 and was its Chairman and Managing Director from 1996 to 2008. Mr. Bhave was the Chairman of SEBI, India's capital markets regulator, from 2008 to 2011. He was also the Chairman of the Asia-Pacific Regional Committee and a member of the Technical and the Executive Committees of the International Organisation of Securities Commissions (IOSCO), over this period.

Mr. Bhave is the Non-Executive Chairman of Indian Institute for Human Settlements (IIHS) a not-for-profit organisation established for the purpose of creating and disseminating knowledge related to human settlements in the context of urban areas.

AC RMC

NRC SRC ITSC

Ms. Rama Bijapurkar
Independent Director

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

She is an experienced Independent Director having served on the Boards of several blue chip corporates including in the financial services sector, and social organisations and is a professor of management practice at Indian Institute of Management Ahmedabad, and author of acclaimed books on India's consumer market and consumer based business strategy.

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

SRC

AC RMC CSR

● Chairperson ● Member

Governance

Mr. Milind Sarwate
Independent Director

Mr. Milind Sarwate is the Founder & CEO of Increate. He provides advice and mentorship in business and social value creation, governance, and capability-building, leveraging his 38-year experience including long stints as CFO and CHRO in Marico & Godrej.

Mr. Sarwate's Independent Directorships, all with audit committee roles, cover companies across a range- both listed – Asian Paints, Mahindra Finance, FSN e-Commerce (Nykaa), Metropolis Healthcare, SeQuent Scientific and Matrimony.com, and unlisted- Hexaware, OmniActive Health, Eternis & WheelsEMI. His previous Board memberships include Mindtree, Geometric, Glenmark, International Paper, House of Anita Dongre, and CARE Ratings.

He has recently set up a not-for-profit Company - Increate Foundation - that will focus on SEWA segments: Specially-abled, Education, Women and Aspirant under-privileged. He also serves on the Advisory Board of Educo, a School Support NGO.

He is a Chartered Accountant (1983), Cost Accountant (1983), Company Secretary (1984) and a CII-Fulbright Fellow (Carnegie Mellon University, U S A, 1996). He has been awarded ICAI CFO Award (2011), CNBC TV-18 CFO Award (2012) & CFO India Hall of Fame induction (2013).

ITSC

AC NRC RMC CSI ALCO DAIC

Dr. Rebecca Nugent
Independent Director

Dr. Rebecca Nugent is the Stephen E. and Joyce Fienberg Professor of Statistics & Data Science and Department Head for the Carnegie Mellon Statistics & Data Science Department, and an affiliated faculty member of the Block Centre for Technology and Society. She has over 15 years of experience in university-level academia in statistics & data science consulting, research, applications, education, and administration. Dr. Nugent is the co-chair of the National Academy of Sciences, Engineering, and Medicine study on Improving Defence Acquisition Workforce Capability in Data Use and recently served on the NASEM study Envisioning the Data Science Discipline.

She is the Founding Director of the Statistics & Data Science Corporate Capstone programme, Dr. Nugent has worked extensively in clustering and classification methodology with an emphasis on high-dimensional, big data problems and record linkage applications and has served in related leadership positions including President of the International Federation of Classification Societies (slated for 2022).

She has won several national and university teaching awards including the American Statistical Association Waller Award for Innovation in Statistics Education and serves as one of the co-editors of the Springer Texts in Statistics.

She received her PhD in Statistics from the University of Washington, her M.S in Statistics from Stanford University, and B.A. in Mathematics, Statistics and Spanish from Rice University.

DAIC ITSC

● Chairperson ● Member

Mr. Amit Kumar Sinha
Non-Executive Non-Independent Director

Mr. Amit Kumar Sinha is a member of Group Executive Board. He joined Mahindra in November 2020. In his current role, he is leading the Group Strategy Office and works with Group's overall portfolio of businesses for growth over the short and long term. He also champions the International Council and helps coordinate international synergies across geographies. His portfolio includes the Risk and Economist functions. He also leads the Group's sustainability efforts.

Prior to joining Mahindra, Mr. Sinha was a Senior Partner and Director with Bain & Company. Over 18 years at Bain, he led some of their larges-cale strategy, organisation, digital and performance improvement engagements. He has also led several commercial due diligences and full potential transformation projects for global Private Equity funds. He started his career with Tata Motors and worked with IGate Patni (now Capgemini) in technology leadership roles in India, Singapore and US.

Mr. Sinha holds a dual MBA from The Wharton School, University of Pennsylvania, specialising in Finance and Strategy, where he was a Palmer scholar and received Siebel Scholarship. He holds a Bachelor of Engineering (Electrical and Electronics) from the Birla Institute of Technology, Ranchi. He is also an Ananta Aspen Fellow as part of their India leadership fellowship programme.

AC DAIC ITSC

Mr. Siddhartha Mohanty*
Non-Executive Non-Independent Director

Mr. Siddhartha Mohanty has been appointed as Non-Executive Director of Mahindra & Mahindra Financial Services Limited. He took charge as Managing Director of Life Insurance Corporation of India ("LIC") on 1st February 2021.

Mr. Mohanty started his career as a direct recruit officer with LIC in 1985 and worked in different capacities in various departments giving him exposure to multi-dimensional experience especially in the field of Marketing, Human Resources, Investments, Legal and Personnel.

Prior to taking charge as Managing Director of LIC, he was the Managing Director & Chief Executive Officer of LIC Housing Finance Limited (LIC HFL), one of the largest housing finance companies in India. He was also LIC HFL's Chief Operating Officer. Before joining LIC HFL, he was Executive Director-Legal with LIC. He has also headed few Divisions in the capacity of Senior Divisional Manager in-charge, spearheading the Divisions to successfully achieve the business targets.

Mr. Mohanty is an MA and holds a degree in Law. Other qualifications include postgraduate certificate in Business Management and Licentiate from the Insurance Institute of India.

● Chairperson ● Member

*joined on Board w.e.f. 1.4.2022

Governance

Steering Committee & CS

Mr. Ramesh Iyer
Vice-Chairman & Managing Director

Mr. Amit Raje
Chief Operating Officer - Digital Finance Business

Mr. Mohit Kapoor
Vice President & Group Chief Technology Officer
Mahindra & Mahindra Limited

Mr. Rajnish Agarwal
Managing Director & CEO - Mahindra Rural Housing Finance Limited

Mr. Anthony Heredia
Managing Director & CEO - Mahindra Manulife Investment Management Private Limited

Mr. Atul Joshi
Chief - HR & Admin

Mr. Raul Rebello
Chief Operating Officer - Core Business

Mr. Ruzbeh Irani
President - Group HR & Communications
Member of Group Executive Board
Mahindra & Mahindra Limited

Mr. Vivek Karve
Chief Financial Officer

Ms. Mallika Mittal
Chief Risk Officer

Mr. Vedanarayanan Seshadri
Managing Director & Principal Officer - Mahindra Insurance Brokers Limited

Ms. Brijbala Batwal
Company Secretary (CS)

Investors

Securing *steadfast returns*

Our long-term financial resilience is hinged on the unwavering support of our investor community. We operate and communicate with transparency to bolster our relationships with them while taking care to firmly uphold their diverse interests.

Despite challenges pertaining to industry volatilities or economic hardships, we at Mahindra Finance, are always focused on delivering sustainable value to our customers, as well as the wider fraternity of stakeholders. We take stock of budding prospects in the market and evolve an appropriate roadmap to strengthen the core fundamentals of our business.

Adding economic value to stakeholders

We are committed to doing business the right way, adopting best practices and continuously assessing our performance on financial as well as non-financial parameters.

Economic value contribution

(Rs. in crores)

Economic Value Generated and Distributed (EVG&D)	FY2022 (Ind-AS)	FY2021 (Ind-AS)
Economic Value Generated		
Revenue	9,718.80	10,516.81
Economic Value Distributed	**9,174.84**	**10,286.60**
Operating costs	3,272.77	4,358.17
Employee wages and benefits	1,171.40	1,015.23
Payments to providers of capital	4,333.03	4,798.70
Payments to government	368.16	87.28
Community investments	29.48	27.21
Economic Value Retained (Calculated as economic value generated less economic value distributed)	**543.96**	**230.21**

FY2022 performance

The first quarter of the year was impacted by the second wave of COVID-19 resulting in lockdowns thus impacting the earning capability of our customers. Since then, the business environment continued to improve with each quarter passing by and with normal monsoons, we were able return to normalcy in our disbursement trends, bringing it back to pre-pandemic levels. Contact intensive businesses have reopened with better visibility on cash flows from the agriculture, infrastructure and tourism industry. These have resulted in a 45% annual growth in disbursement. Collection efficiency which was subdued in the initial months of the year gradually improved and thereafter stood at 100% for the last quarter.

In the Tractor and Mahindra UV (utility vehicles) financing segments, we continue to maintain our leadership position. Through our smart branches, we are offering very attractive programmes for new product lines. In the pre-owned vehicle finance space, the Company is witnessing an uptick which augers well for growth and margins. Quiklyz, the newly launched leasing solution, has been able to enhance presence in the B2B segment. With the changing consumers' mindsets to adopt asset-light models, our leasing and subscription business is gradually gaining scale.

The Total Income declined by 7.6% at Rs. 9,718.8 crores for the year ended 31st March 2022, as against Rs. 10,516.8 crores in the previous year. The Board of Directors has recommended a dividend of Rs. 3.60 per share on equity share of Rs. 2 each, i.e. 180%.

45%
Y-o-Y growth in disbursement

Specific disclosures: GRI 103-2, GRI 201-1

Material issues addressed

Credit ratings

Economic performance

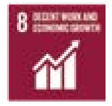
Key risks considered

Liquidity risk

Business risk

Market risk

SDGs impacted



Capital adequacy

As on 31st March 2022, the Capital to Risk Assets Ratio (CRAR) stood at 27.8% which is well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India. Out of the above, Tier I capital adequacy ratio stood at 24.3% and Tier II capital adequacy ratio stood at 3.5% respectively.

Credit rating

The Company's long term and subordinated debt has been highly rated by several credit rating agencies

- IND AAA/ Stable
- CARE AAA/ Stable
- BWR AAA/ Stable
- CRISIL AA+/ Stable

Proactive risk management

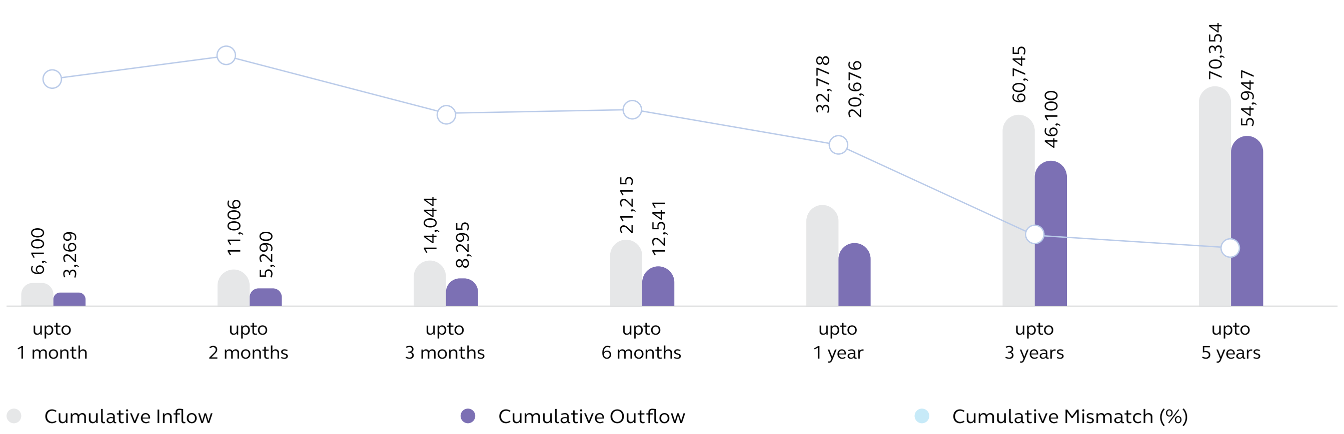
We have constantly refined our underwriting and credit risk management practices to meet the needs of the changing economic environment. Our robust credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio. The Net Stage 3 ratio stood at 3.36% and Stage 3 provisioning coverage ratio stood at 58.1% as on 31st March 2022. With our robust risk management framework, we have consistently maintained higher asset quality across business cycles.

We set-up Collection War Rooms to build on our on-ground collections strength and construct our collection analytics influence. We are using analytics to perceive an early warning signal about a potential GNPA that needs to be corrected, based on which, the collection machinery is activated in advance.

Asset liability management (ALM)

We have a stable business model which has withstood the test of time. It has been steadily strengthened by the rich insight gathered by us, through the decades. Over the years, we have continued to stick to our core business with a strong sense of discipline. We have strategically chosen the semi-urban and rural geography as our primary areas of focus. A strong balance sheet, well-diversified funding mix, comfortable liquidity profile and steady returns guided us through turbulent times and retained our customer's trust. We always ensure that prudent Loan-to-Value (LTV) ratios are strictly adhered to, while lending.

ALM Position and Liability Maturity *(Rs. in crores)*



Specific disclosures: GRI 103-2

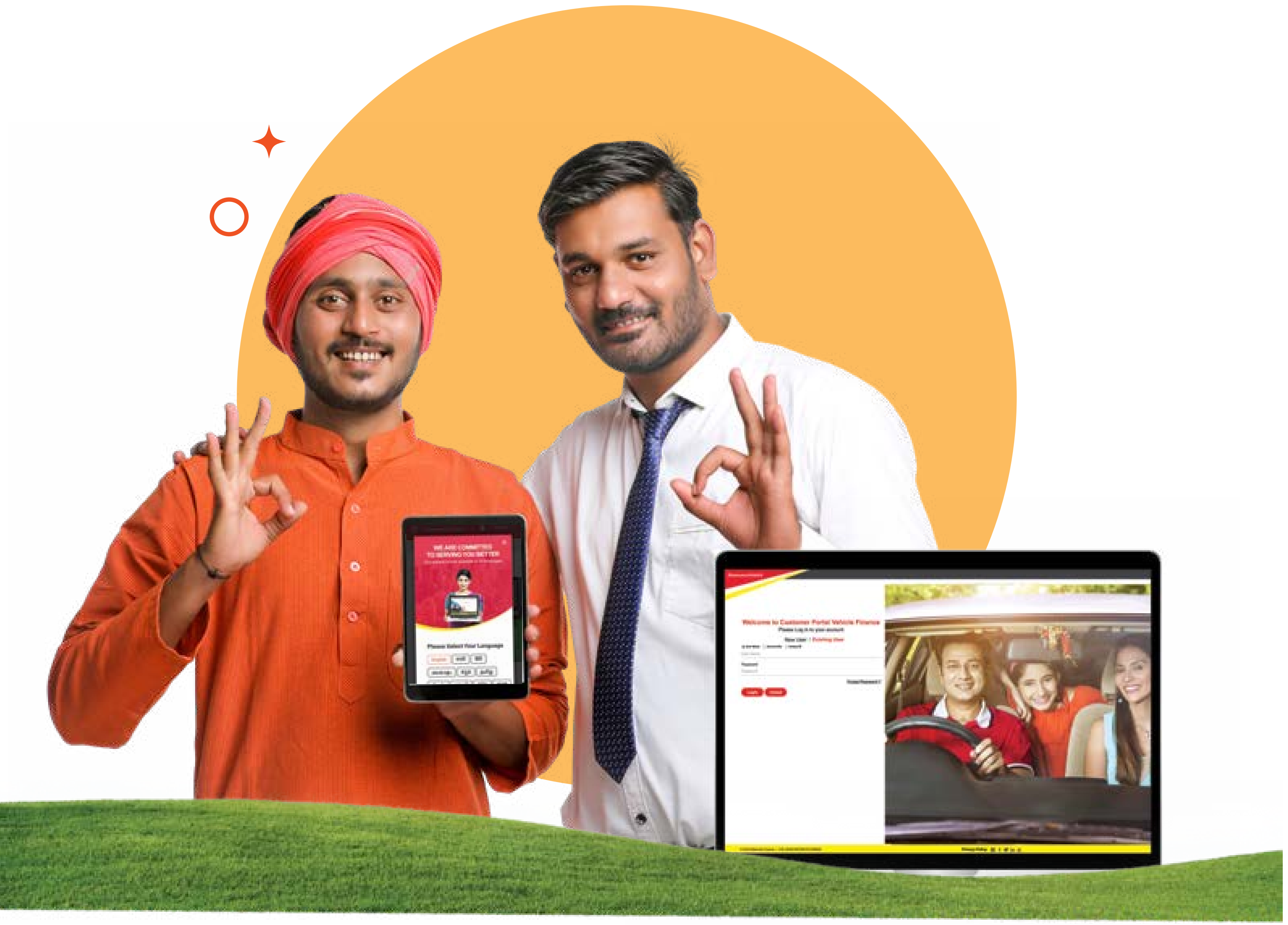
Non-GRI disclosure for material topic – credit rating

Customers

Maintaining our customer-first attitude

As a leading and respected NBFC company, millions of customers in rural and semi-urban India trust us to meet their financial requirements. They form the backbone of our business and we take great pride in instilling customer obsession within every layer of our operations.

We design and deliver services and products that are tailored to their needs and enhance their convenience and experience with the use of latest technologies.



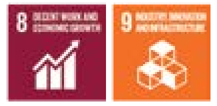
Material issues addressed

Customer relationship management

Key risks considered

Pandemic risk

SDGs impacted



Customer servicing through WhatsApp

We launched some of our key customer services over WhatsApp in phase one in 2021. We have now enhanced our bouquet of services and features on the platform, with an aim to refine our customers' convenience and experience. We have also made the service multilingual with customers now being able to interact with us in two languages i.e., English and Hindi. WhatsApp has now become an important and relevant service delivery channel for us, allowing us to serve and connect better with our customer base, a majority of whom are situated in rural and semi-urban parts of the country. With multiple value additions and consistent promotions, 3 lakh+ customers have opted for our services through WhatsApp, till date.

Shubh Utsav Mega campaign

A special festive campaign 'Shubh Utsav' was initiated in the month of October, keeping in mind the upcoming festivities. The objective was to create awareness and promote our product offerings to prospective customers during the festive season. The campaign consisted of various marketing interventions including:

- Communication at key touchpoints like branches and dealerships
- Direct-to-customer communication through various mediums
- BTL activations at car and tractor dealerships, Market and Mandi activations, etc.
- Hyperlocal digital marketing campaign targeted at priority districts across 10 states
- Multiple CRM campaigns (SMS and e-mailer) were executed using internal as well as external databases

Hyperlocal events and activations

We crafted multiple hyperlocal activations in various locations across the country to create awareness about our various offerings, special festive schemes and to generate leads. The activities were carried out at mandis, melas, parking lots, petrol pumps, toll gates etc., to target relevant groups.

Real-time customer pulse through Real time NPS

We launched the Real time Net Promoter Score (RNPS) programme in February 2022. This is an end-to-end digitally managed programme which captures customer advocacy levels on a real-time basis. Customers are contacted through SMSs within 72 hours of the Demand Order (on boarding) being generated and at the NOC (loan closure) stage. A link for the questionnaire is shared with the customer over SMS in vernacular languages, which the customer fills in and the response get tabulated on a dashboard in real time.

MF-Sutradhaar programme

MF-Sutradhaar is a unique customer-get-customer programme. Through this, existing customers with a good track record are enrolled as MF-Sutradhaars, who with their strong local connect, can refer more customers to us.

To take this to the next stage, we created the Sutradhaar Samruddhi Programme, an event that brings together Sutradhaars located in a particular region under one roof, to engage with them, inform them about new products and schemes and to also gather their feedback.

Sampark and mini branches

Sampark branches are located in niche rural markets, with an aim to cover surrounding villages and extend our services to the customers. This initiative takes us closer to our customers and helps us activate the market with all our offerings available at one place, providing easy accessibility. The Sampark branch EDMT does Gram Pravesh activity in the beginning of the month. This will help generate more leads from potential customers and each day three villages are covered under this activity. We are also appointing existing customers as MF Sutradhaars in these regions, providing them with an alternate source of income. As of 2022, we have 89 mini branches and 110 Sampark branches all across the country.

Specific disclosures: GRI 103-2, GRI 417-1

Non-GRI disclosure for material topic – Customer relationship management

Specific disclosures: GRI 417-1

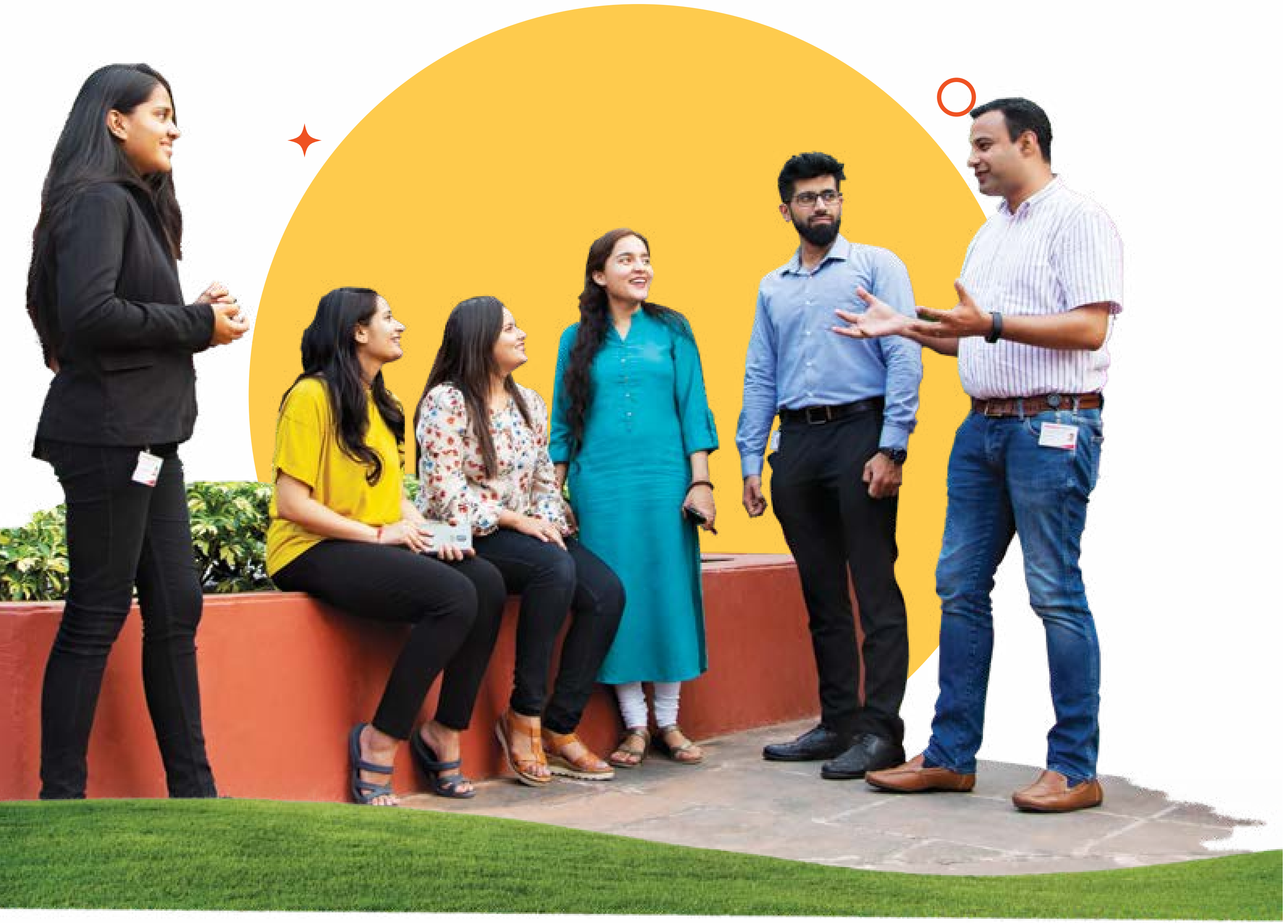
Non-GRI disclosure for material topic – Customer relationship management

People

Inculcating a *winning and caring culture*

Our people are the driving force behind our success, the well-oiled engine that keeps the machine running without a stop. At Mahindra Finance, we nurture our employees by providing them with a safe and inclusive workplace that regularly recognises their contributions.

We have implemented several initiatives and programmes to enhance their skills and competencies to help them in their journey of personal and professional progress.



Specific disclosures: GRI 103-2

Material issues addressed

Employee training and education

Diversity and equal opportunity

Employee engagement

Key risks considered

Human capital risk

Pandemic risk

SDGs impacted

Diversity and inclusion

Our people practices across the organisation, reflects our commitment to being a truly inclusive business. We are an equal-opportunity employer when it comes to attracting, retaining and developing fresh talent. We continuously refine our policies to create an open, stimulating and supportive workplace for our colleagues, helping them in turn, to better serve our customers and communities with utmost dedication.

Supporting our women employees

We truly value our women employees and strive to boost their career progression through every means possible. We always work hard to uphold the safety and comfort of our women employees during their time with us. Our new policies for women aim to facilitate safety, comfort, convenience, and financial support at critical milestones for all women employees.

The policies include:

- Maternity travel reimbursement
- Maternity hybrid working
- Air travel for all women
- Upgraded hotel entitlements to ensure safe and convenient accommodation
- Additional support for maternity expenses
- Creche/nanny expense allowance
- Cab travel for women in odd hours outside base location
- Cab reimbursement for female colleagues with late working hours
- Performance appraisal norms for employees on maternity leave

Women Affinity Group: Mahindra World of Women

We launched a 'Women Affinity Group' called Mahindra – World of Women (MWOW) in May 202, with an orientation session. We have created the platform to enable our women employees to learn, share and connect with each other. The main purpose is to enable women to collectively drive positive change for themselves, the community and the organisation as a whole.

Focused diversity hiring

One of the goals of our D&I roadmap is to increase women representation at Mahindra Finance from 4% to 10% by FY2023.

In order to achieve this goal, we are investing our efforts in several initiatives:

- **Identification of 'Women Friendly' Roles –** Through various discussion with Business Heads and BHRs, we have identified safe branches (407) and women friendly roles (92) for hiring women with mutually agreed hiring targets in all the business divisions
- **Special hiring drive for women and Mission 300 –** Focused diversity hiring for women friendly roles through concerted efforts and special project to hire women in back office and cashier roles in new branches
- **Women only DSA hiring in auto loan –** A step towards improving the gender diversity for field roles, our management has launched special hiring of women only candidates for the role of Dealer Sales Associate (DSA); this role of DSA will be based at dealer outlets and will be off-role positions
- **Diversity hiring specialist –** We have partnered with diversity hiring specialist consultants to expedite hiring of women candidates

- **Incentives scheme for current recruitment consultants –** 2% additional consultancy fees to regular consultants for promoting more women candidate conversions
- **College hiring –** We have identified 118 women colleges for entry-level graduate trainee recruitment

Sensitisation training module for people managers

To create a diverse workforce and foster an inclusive culture across the organisation, it is critical that our workforce understands the significance of diversity in business. We believe that people managers play a significant role in bringing any cultural change and creating an inclusive employee experience. To this end, we have launched a D&I Sensitisation module for all our people managers (L80 to L5M). 53% of people managers have completed the digital module.

Learning and development

Daksh – capability building programme for business and collection executives

Our business and collection executives play a crucial role in achieving our set targets, even in a fiercely competitive market. Hence, it is important for us to focus on building their capabilities to help them achieve greater heights. Through this programme, we aim to develop the frontline employees on capability and productivity. Divisional managers (DMs) underwent a Train the Trainer programme which equipped them with all the necessary knowledge, SOP and competence, to train their team of BEs and CEs (Business and Collection Executives). 87% of area managers and 75% of executives have been trained by DMs in classroom session format.

Samarth – capability development programme for accounts vertical

This is a flagship programme to standardise the quality of Branch accountants (TAT and operational efficiency) across all our branches, maintain the first-time-right work standards and to provide customer delight at every touch point the customers/stakeholders interact with the accounting teams. 372 employees with a minimum of two years of experience have undertaken this programme. Adopting a blended learning approach, the programme was conducted through webinars, in-house videos and e-learning modules. The behavioural part of the programme has been conducted and have acquired both qualitative and quantitative feedback, at a satisfaction level of 4.5/5 for the batches.

Leasing business orientation programme

This programme was the first-ever intervention planned for all the new joiners in the vertical to align them to our new business. The three-day intervention included deep insights from CRISIL about the leasing industry, key market information, financial detailing, product discussion, stakeholder needs and leasing sales strategy for various target segments. The programme was instrumental in standardising operations in the vertical, and various other key cross-functional SPOCs were also included in the programme. 17 employees from cross-functional teams and 42 from Leasing Business verticals were trained to create the desired outcome.

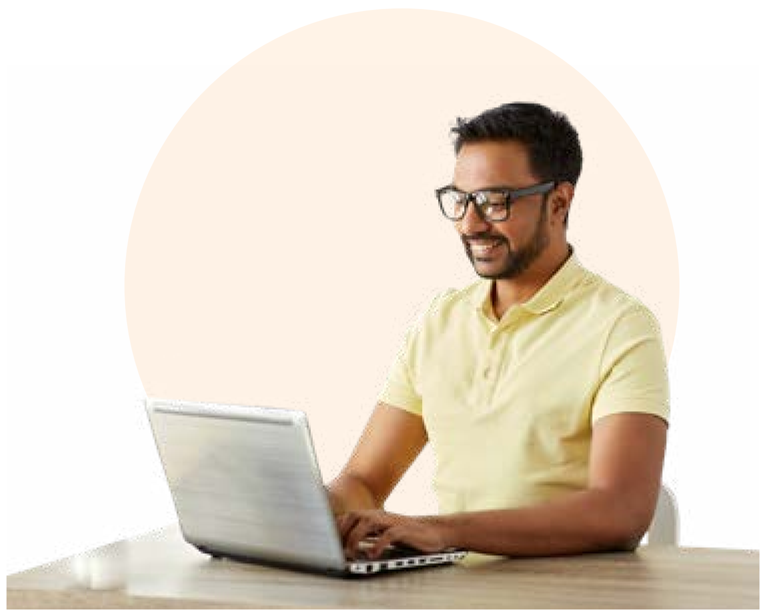
Employee engagement

MF People First platform

We have created a digital recognition and rewards platform to create a seamless employee experience. MF People First platform has improved employee engagement by strengthening connections between employee social interactions. It contains automated gift points for birthdays and anniversaries and the employee can redeem the points as per their choice of brands available on the platform. The former rewards and recognition programme was enhanced as the reward points are now easily available and accessible to digital certificates, which helped save time and cost incurred in delivering physical certificates.

Ekincare – Health and wellness platform

Through this platform, employees and their family members have access to doctor consultations and psychological counselling services at the click of a button. This has helped the organisation to engage with the workforce across multi-locations and help them and their family members to look after their physical and psychological wellbeing.



Specific disclosures: GRI 404-2

MF Got Talent

This is an internal talent hunt competition in which the employee can participate in categories like singing, dancing, music, shayari, and more. It encourages employees to keep their passion for arts alive while they continue to pursue their professional goals. Since the competition is conducted online, it lets help us involve employees across locations.

Utsav celebration

We organised a virtual festival which gave us an opportunity to reach out to the family members of our employees and celebrate important events together – birthdays, Republic day, Independence day, etc.

Protecting the health and safety of our employees

Keeping people safe is a moral and business imperative. We are committed to providing a safe and healthy workplace to ensure a culture of safety throughout the organisation. It is every employee's right to work in a safe and healthy environment. There were 2 reportable fatalities and 7 work-related injuries. Corresponding to 14 work-related injuries, lost day rate was MMFSL: 2.26, MRHFL: 3.72, MIBL: 50.35 and absentee rate was MMFSL: 0.002%, MRHFL: 0.003%, MIBL: 0.040%.

Ziman app
We introduced a safety App named "Ziman". This will help employees to trigger the alert and get instant help. This app will give confidence to our employees and boost their morale with respect to safety and security.

SOS trigger
The panic button is just a click away in the app when someone senses danger

Tracking
Track your parents, children or pets

Emergency map
You can locate and navigate anything around you. The map will give the co-ordinates

ChatBot
Chat and seek immediate help or information from the command centre

Employee COP
It is a feature that facilitates the employees to record any unusual incident, and send it to the authorised individuals for further action

Safety Advisories

We introduced Safety Advisories at Mahindra Financial Service sector sites. This initiative will help employees create and follow a safe work culture on site, thereby enhancing their morale and productivity.

Type of campaign raised through safety advisories – Our workplace - our responsibility, Be Vigilant -Be responsible campaign enhanced the awareness level of employees on the safety aspect.

Safety Advisories on various safety topics like COVID precautions, Pollution control, Electrical safety and Operation of fire extinguisher, work place safety was communicated to employees on a periodic basis.

Train the Trainer programme

Train the Trainer programme initiated at various sites, helped us in creating awareness amongst employees on safety aspects like fire safety, COVID appropriate behaviour and workplace safety. We provided this programme for 45 (Circle and Regional Admin) representatives. We have seen increased employee participation using this training model which has in turn led to reduction in workplace incidents.

2,892

Participants who attended train the trainer programme

Human rights

Respect for human rights, ethically and environmentally sound business practices as well as fair and safe working conditions to ensure employees' well-being, are fundamental parts of our culture and identity. We believe it is important to explicitly identify human rights as a part of our policies, procedures and ethics training, to help everyone be aware of their right and to avoid any transgressions in the future.

Specific disclosures: GRI 403-9

People

Performance table

Workforce distribution

(Count in Nos.)

Workforce level	As on 31st March 2022											
Age	**<30**		**Total**	**30-50**		**Total**	**>50**		**Total**	**Total**		**Total**
Gender	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Employees**
Senior Management	0	0	**0**	51	7	**58**	24	0	**24**	75	7	**82**
Middle Management	21	4	**25**	1,798	150	**1,948**	152	5	**157**	1,971	159	**2,130**
Junior Management	9,376	407	**9,783**	17,665	660	**18,325**	138	7	**145**	27,179	1,074	**28,253**
Total	**9,397**	**411**	**9,808**	**19,514**	**817**	**20,331**	**314**	**12**	**326**	**29,225**	**1,240**	**30,465**

Employees joining during the reporting year

(Count in Nos.)

Workforce level	FY 2022											
Age	**<30**		**Total**	**30-50**		**Total**	**>50**		**Total**	**Total**		**Total**
Gender	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Employees**
Senior Management	0	0	**0**	11	1	**12**	0	0	**0**	11	1	**12**
Middle Management	16	3	**19**	147	31	**178**	1	0	**1**	164	34	**198**
Junior Management	4,940	200	**5,140**	3,482	94	**3,576**	3	1	**4**	8,425	**295**	**8,720**

Employees leaving in the Reporting Year

(Count in Nos.)

Workforce level	FY 2022											
Age	**<30**		**Total**	**30-50**		**Total**	**>50**		**Total**	**Total**		**Total**
Gender	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Employees**
Senior Management	0	0	**0**	8	2	**10**	4	2	**6**	12	4	**16**
Middle Management	4	2	**6**	212	24	**236**	12	0	**12**	228	26	**254**
Junior Management	3,266	132	**3,398**	4,570	97	**4,667**	10	1	**11**	7,846	**230**	**8,076**

Employees joining and leaving in the Reporting Year

(Count in Nos.)

Workforce level	FY 2022											
Age	**<30**		**Total**	**30-50**		**Total**	**>50**		**Total**	**Total**		**Total**
Gender	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Employees**
Senior Management	0	0	**0**	2	0	**2**	0	0	**0**	2	0	**2**
Middle Management	0	1	**1**	8	2	**10**	0	0	**0**	8	3	**11**
Junior Management	918	24	**942**	659	8	**667**	1	0	**1**	1,578	**32**	**1,610**

General disclosures: GRI 102-8, GRI 405-1, GRI 401-1

Training hours of employees *(Hours)*

Financial services sector

Workforce level	FY 2022		
Gender	**Male**	**Female**	**Total**
Senior Management	590	83	**672**
Middle Management	25,969	1,396	**27,365**
Junior Management	1,90,331	5,666	**1,95,996**
Total	**2,16,889**	**7,144**	**2,24,033**

Parental leaves by employees

(Count in Nos.)

FY 2022		
Reporting parameters	**Male**	**Female**
Employees entitled for parental leave in Reporting Period	29,225	**1,240**
Employees that availed parental leave in Reporting Period	438	**81**
Employees who returned to work after availing Parental Leave in reporting period	437	**49**
Employees who were due for return to work after availing Parental Leave in reporting period	1	**32**
Return to work rate	**100%**	**60%**
Total number of employees currently working who completed 12 months in the reporting period after returning to work following a period of parental leave	309	**43**
Total number of employees who were supposed to complete 12 months in the current reporting period after returning from parental leave in the prior reporting period(s)	438	**60**
Retention rate	**71%**	**72%**

Specific disclosures: GRI 404-1, GRI 401-3

Community

Enriching lives, *one day at a time*

Our success is meaningless without the growth and prosperity of the communities around us. We proactively engage with our communities through rigorously curated social programmes to create positive change in and around our areas of operation.

Specific disclosures: GRI 103-2

Material issues addressed

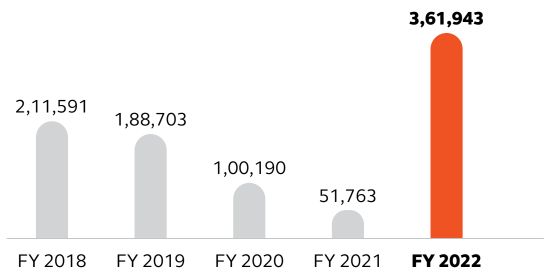
Local communities and corporate citizenship

Key risks considered

Pandemic risk

SDGs impacted

Number of lives impacted



Our Corporate Social Responsibility (CSR) initiatives attempt to transform the lives of indigent communities. Our specially curated programmes help them achieve a better life through financial security, improved choices and access to sustainable livelihoods. To this end, our focus remains on health, education, employment and livelihood generation, rural development and community welfare. The Mahindra Finance CSR Foundation, formed in 2019, undertakes CSR initiatives for the Company.

Sanitation and hygiene project

Open defecation is a serious problem that affects the health and safety of people in rural India, especially women and children. In order to tackle this problem, the Government of India launched the 'Swachh Bharat Mission' in the year 2014. We have been actively involved in this mission for the last six years and have contributed towards the world's biggest behavioural change programme to eliminate open defecation through our 'Sanitation and Hygiene Project'. This year, the project was undertaken in the Bhandara and Gondia districts of Maharashtra. Through this project, we constructed 218 individual household latrines in the aforesaid districts. The beneficiaries were sensitised on sanitation and hygiene practices to improve their overall health.

Women in these regions are majorly dependant on the male members of their family for meeting their expenses and do not have a source of income. Through this project, we trained 36 women in masonry work to help them earn a livelihood through small construction work in the village.

218

Individual household latrines constructed

Watershed development project

We partnered with the NGO Dilasa Janvikas Prathisthan an organisation that has been working relentlessly in the field of Rural development since 1993, to implement the Watershed Development Project in the Malgani village of Buldhana district. Through this project, we constructed new watershed structures and renovated the existing ones to increase the ground water level and reduce the water crisis in the district. To prevent soil erosion and conserve vegetation, hilly regions were treated, and periodic evaluation was carried out during the construction of the watershed structures, ensuring that the project was completed on time. In order to increase the water storage potential, 2 cement nala bunds, 2 earthen nala bunds and 5 gabion structures were constructed, and 1 percolation tank was de-silted. A total of 1,517 beneficiaries were impacted through the project. These interventions helped in

- → Increasing crop productivity
- → Increasing income of farmers
- → Increasing cropping area and crop yield
- → Increasing ground water levels
- → Improving fodder generation for livestock

1,517

Beneficiaries of watershed development project

Specific disclosures: GRI 413-1

Saksham

We are providing scholarships to students belonging to LMV/LCV drivers across the states of Uttar Pradesh, Gujarat, Telangana, Uttarakhand and Tamil Nadu. The programme was rolled out by combining both grassroot mobilisation as well as Cloud Based Scholarship Management System (SMS). The community benefited immensely from this intervention. Several children were able to continue their education and 10,000+ families were successfully impacted. Driver associations, cab aggregators, volunteers and youth leaders were roped in as part of a massive outreach strategy. The entire implementation became a very innovative solution to help address access to education using technology and financial assistance.

7,000

Children benefited through programme Saksham

Road safety programme

The main purpose of the programme was to train 600 LMV/LCV drivers on road safety and was rolled out in Delhi and Mumbai. The implementation involved a step-by-step approach to maximise the benefits to the drivers and ensure that the programme objectives were met. The training covered topics like pre-inspection of vehicles, motor vehicle act/rules, fuel consumption, soft skills, responsible road behaviour etc., which empowered them with knowledge to address the daily challenges they face while driving. More than 700 drivers could be mobilised in less than a month and out of those 600 drivers completed the full duration of the training.

Skill development training

We have launched the JEET (Job Entrepreneurship and Empower Training) programme, which is a three-month free of cost training programme for persons with disability.

After three months of Training at Vizag Centre, Penchala Konda was placed in AGS Healthcare Pvt. Ltd as Trainee Process Associate with Work from Home option and Konda is very happy because that is more feasible for him due to limited movement.

COVID relief projects

Relief project at Uttarakhand

Due to heavy rainfall in September-October 2021, all six districts of Kumaon region were adversely affected by floods, landslides, mud slides etc. Hundreds of houses were completely destroyed and many were left partially damaged. With the support of local volunteers, Habitat for Humanity India (HFHI) identified 1,381 flood affected beneficiaries in four blocks of two districts of Kumaon region. HFH India reached out to us to support the flood-affected beneficiaries with disaster relief kits.

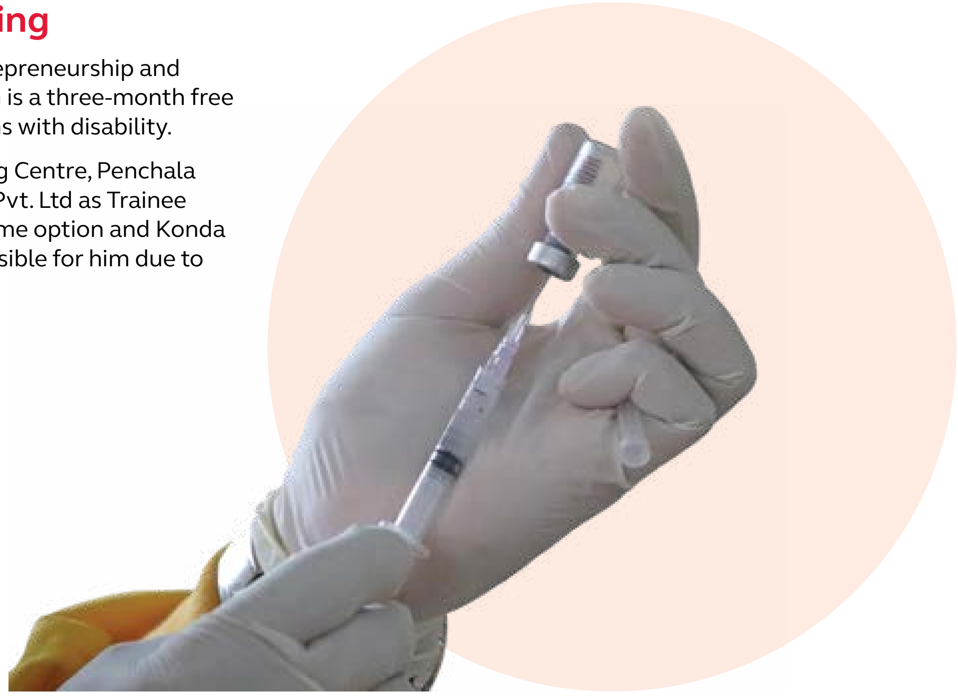
Medical equipment donation

Habitat for Humanity India has planned to support the government hospitals exclusively providing services to the COVID-19 patients in the Ambad block of Jalna districts in Maharashtra. They were able to expand their reach with our help by providing medical equipment to the General Hospital, Ambad-Jalna. Rural poor and middle-class families were benefited through these equipment which could be accessed with very minimum fees.

COVID care centre in Chandrapur

In partnership with local government, Habitat for Humanity India has planned to set up a Habitat COVID Care Centre in Christ Hospital, Chandrapur city, Chandrapur district in Maharashtra. With our support, they set up 50 beds in the hospital under the R2R strategy.

We also aided the COVID-19 vaccination drive in four districts of Maharashtra by deploying mobile vaccination teams.



Specific disclosures: GRI 413-1

Addressing integral parts *of the value chain*

Material issues addressed

Customer relationship management

Key risks considered

Pandemic risk

SDGs impacted

Our supplier base consists of human resource service providers, utilities providers, technology partners, office stationery suppliers, office infrastructure vendors and service providers.

They form an important part of our operations and ensure our smooth functioning. We work with them to ensure our sustainability expectations are clear and that products and services are compliant with our standards.

As a result of our continued engagement with suppliers and sharp focus on quality and delivery time, our suppliers have noticeably improved their service levels. We also encourage them to adopt sustainable practices, and appreciated and recognised the good practices followed by them.

Proportion of spending on local suppliers

	(Rs. in crores)		(%)
	Purchase from Top 10 suppliers	Purchase from local suppliers (within top 10)	Of local suppliers (within top 10)
MMFSL	449.29	449.29	100%
MRHFL	95.64	95.64	100%
MIBL	18.85	18.85	100%

General disclosures: GRI 102-9, GRI 102-10

Specific disclosures: GRI 204-1

Environment

Minimising our footprint for *a greener world*

We believe in creating sustainable value through sustainable business practices and optimal utilisation of natural resources is a primary focus in that journey. By making changes to our everyday functioning and switching to greener alternatives, we are reducing our impact on the environment and creating behavioural change amongst our people as well.

Protecting the environment, conserving natural resources, combating climate change, and achieving sustainable economic development are all strategically factored in, while planning, developing and implementing our practices and policies.

Some key pillars for this endeavour include:

- Protecting the environment by preventing adverse impacts
- Improving and promoting the environmental sustainability of products and services
- Complying with legal obligations and voluntary commitments and promoting ambitious environmental management practices

Specific disclosures: GRI 103-2

Material issues addressed

Climate strategy (managing carbon emissions)

Key risks considered

Climate risk

SDGs impacted

Key highlights

- Included in the 'CRISIL Sustainability Yearbook 2022' in the Leadership category for ESG performance
- Included in the renowned FTSE4Good Emerging Markets Index series for ESG Performance for the 3rd time. FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices
- Selected as the winner of the 'The Mahindra Group Sustainability Performance Award, 2021
- Ranked 29th amongst Top 100 Indian companies for Sustainability & CSR 2021 by Futurescape

Energy/emission reduction initiatives

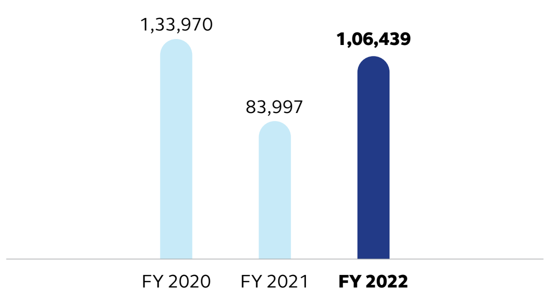
In order to manage and reduce our environmental footprint, we have undertaken several emission and energy reduction initiatives.

Energy conservation

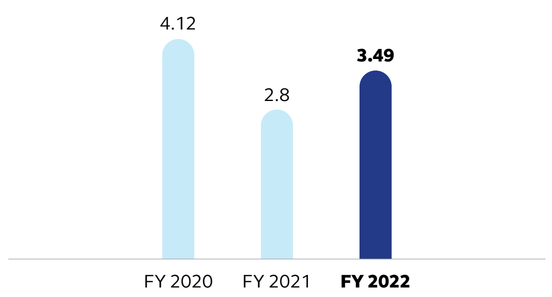
- LED lights replaced in 884 branches in place of CFL lights
- Installation of higher efficiency air conditioners and blade servers; old 3-star fixed speed ACs were replaced with 5-star inverter split ACs at 223 branches, resulting in a total of 15,133 kWh electricity being saved
- Quality improvement initiatives with actions focused on energy conservation
- Installed 82 kVA solar system at 27 branches
- Replaced conventional fans with efficient BLDC fans at 15 branches (75 no.)

2,53,191 kWh
energy saved in FY2022

Total energy consumption (GJ)



Energy intensity (GJ/employee)



1. For energy consumption we have considered scope 1(direct emissions) and scope 2 (indirect emissions)
2. Energy consumption calculation is done based on dividing amount spent for fuel or electricity/average rate of fuel for FY 2021-22 or average tariff rate per unit across India.

Specific disclosures: GRI 302-1, GRI 302-2, GRI 302-3

Environment

	FY 2020		FY 2021		FY 2022	
	GHG emissions	GHG intensity	GHG emissions	GHG intensity	GHG emissions	GHG intensity
Scope 1	3,370.27	0.10	1,523.33	0.05	2,518.41	0.08
Scope 2	18,847.08	0.58	13,858.73	0.46	14,957.33	0.49
Scope 3	22,921.71	0.71	13,051.28	0.44	1,809.81	0.06

GHG Intensity is calculated as tonnes of CO_2eq/Total Employees considered for all locations in the boundary of reporting

1. For Scope 1 The emission factors and GWP (Global Warming Potential) values have been taken from the GHG protocol
2. Our Scope 1 emission comprises of carbon emission through the Fuel consumed by DG Set, Company Owned Vehicles and CTC Vehicles.
3. Our Scope 2 Emissions comprises of Carbon Emissions through Purchased Electricity from Grid.
4. For Scope 2 The emission factors have been taken from CEA's (Central Electrical Authority) CO_2 Baseline Database, Version 16
5. For Scope 3 The emissions related to transportation have been calculated by taking the average fuel price for various states and other relevant emissions factors (Defra, EPA, Paper calculator 4.0) has been used for other sources
6. Our Scope 3 Emission comprises of Carbon emissions through Paper Consumption and Business Travel.

Water saving

Water is a necessary component in the operation of our facilities and an indispensable part of the daily life of our communities. It is therefore critical to manage the resource carefully for our communities and operations, as well as for the future generations.

- → Aerators in taps of offices
- → Watershed management and rainwater harvesting project together with communities on a pilot basis

Total water consumption

	FY 2020	FY 2021	FY 2022
Total water consumption (KL)	3,52,237	1,12,642	2,58,430

For 2021-22, the amount includes 3594 KL bottled water and the remaining amount is attributed to 35 liters per employee per day and 239 days working. For the previous reporting year, it was 107 working days.

Waste reduction

We make focused efforts within the boundary of our operations to facilitate proper waste segregation and resource conservation by minimising waste generation.

- → Use of technology and digitisation of processes to make them paperless
- → Reusing and recycling of waste
- → Segregation of dry and wet waste
- → Usage of compostable bags for garbage disposal

Waste generation

Dry waste

We have sent 5,683.54 kg of waste generated at HO for responsible disposal and recycling. In return we had received 21,084.93 Swachh Bharat Points which can be redeemed for environmentally friendly office stationery items from the vendor partner.

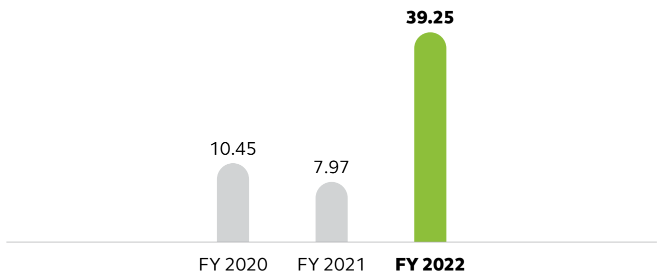
Record management

Recycling of e-waste at record level of 39.25 tonnes for FY2022.

Wet waste

We have started the initiative of disposing wet waste through government authorised vendors appointed by the building management.

Total e-waste generated and recycled *(tonnes)*



Specific disclosures: GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 303-5, GRI 306-1

Results: 10 Years at a Glance

(Rupees in Crores unless indicated otherwise)

Sr. No.	Particulars	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013
1	Estimated Value of Assets Financed	36,217	25,249	42,388	46,210	37,773	31,659	26,706	24,331	25,400	23,839
2	No. of Contracts	79,58,897	73,11,675	68,58,082	61,00,619	53,39,238	47,13,066	41,56,944	36,34,688	31,19,034	25,57,172
3	Total Assets*	75,289	77,036	74,071	67,078	52,793	45,837	39,462	35,074	31,666	25,492
4	Total Income*	9,719	10,517	10,245	8,810	6,685	6,238	5,905	5,585	4,953	3,895
5	Profit before depreciation & tax*	1,484	548	1,462	2,443	1,711	666	1,079	1,295	1,370	1,301
6	Depreciation*	127	126	118	60	44	46	41	42	24	22
7	Profit before tax*	1,357	422	1,344	2,382	1,667	620	1,038	1,254	1,346	1,279
8	Profit after tax*	989	335	906	1,557	1,076	400	673	832	887	883
9	Dividend %	180	40	0	325	200	120	200	200	190	180
10	Equity Share Capital*	247	246	123	123	123	113	113	113	113	113
11	Reserves & Surplus*	15,381	14,465	11,241	10,785	9,499	6,364	5,975	5,557	4,982	4,342
12	Net Worth*	15,628	14,712	11,364	10,908	9,622	6,477	6,088	5,669	5,094	4,455
13	No. of Employees Engaged	19,998	19,952	21,862	21,789	18,733	17,856	15,821	14,197	12,816	11,270
14	No. of Offices	1,384	1,388	1,322	1,321	1,284	1,182	1,167	1,108	893	657
15	Earnings Per Share - Basic (Rupees)* (Face value - Rs.2/- per share)	8.02	3.03	10.09	25.33	18.52	7.09	11.92	14.75	15.75	16.59
16	Earnings Per Share - Diluted (Rupees)*	8.01	3.02	10.08	25.28	18.49	7.04	11.83	14.62	15.60	16.40
	(Face value - Rs.2/- per share)										

*Figures for FY-2018 to FY-2022 are as per Ind AS and for other financial years as per IGAAP.

Assurance Statement

KPMG Assurance and Consulting Services LLP
2nd Floor, Block T2 (B Wing)
Lodha Excelus, Apollo Mills Compound,
N M Joshi Marg, Mahalaxmi,
Mumbai 400011 India

Telephone: +91 (22) 3989 6000
Fax: +91 (22) 3090 2210
Internet: www.kpmg.com/in

Independent Limited Assurance Statement to Mahindra & Mahindra Financial Services Limited on select non-financial disclosures in the Integrated Report for Financial Year 2021-22

To the Management of Mahindra & Mahindra Financial Services Limited, Mahindra Tower, 4th Floor, Dr. G M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai- 400 018.

Introduction

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG') have been engaged by Mahindra & Mahindra Financial Services Limited and its subsidiaries namely Mahindra Rural Housing Finance Limited and Mahindra Insurance Brokers Limited hereafter referred as ('MMFSL' or 'the Company') for the purpose of providing an independent assurance on the select non–financial disclosures presented in the Integrated Report of the Company ('the Report') for the reporting period from 1st April 2021 to 31st March 2022. Our responsibility was to provide limited assurance on selected non–financial disclosures in the Report as described in the scope, boundary and limitations.

Reporting Criteria

MMFSL applies its own sustainability reporting criteria derived from Global Reporting Initiative (GRI) Standards 'in-accordance' core option and the principles of the International Integrated Reporting Framework (<IR>) published by the International Integrated Reporting Council (IIRC).

Assurance Standard

We conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
    - Under this standard, we have reviewed the information presented in this Report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
    - Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement.

Scope, Boundary and Limitations

- The scope of assurance covers the environmental and social disclosures of MMFSL as mentioned in the table below, for the period 01 April 2021 to 31 March 2022.
- The reporting boundary includes operations of MMFSL and its subsidiary companies in India only, as mentioned in the Report.

General disclosures: GRI 102-56

Assurance Statement

The Disclosures[1] subject to assurance based on GRI Standards are as follows:

Universal Standards

- **General Disclosures**
    - Organizational profile: 102-2, 102-4, 102-6, 102-8
    - Strategy: 102-14
    - Ethics & Integrity: 102-16
    - Stakeholder engagement: 102-40, 102-42
    - Reporting practice: 102-46 to 102-52, 102-54, 102-55

Topic Specific Standards

- **Environment**
    - Energy (2016): 302-1, 302-2, 302-3
    - Water and Effluents (2018): 303-5
    - Emissions (2016): 305-1, 305-2, 305-3[2], 305-4
    - Waste (2020): 306-5[3]
- **Social**
    - Employment (2016): 401-1, 401-3
    - Occupational Health and Safety (2018): 403-9
    - Training and Education (2016): 404-1
    - Diversity and Equal Opportunity (2016): 405-1
    - Local Communities (2016): 413-1

Limitations

Assurance scope excludes the following:

- Disclosures other than those mentioned under the scope above
- Data and information outside the defined reporting period
- Data related to Company's financial performance
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues
- Data review outside the operational sites as mentioned in the boundary above
- Strategy and other related linkages expressed in the Report

Assurance Procedure

Our assurance processes involve performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the selected non-financial disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances.

Our assurance procedure also included:

- Assessment of MMFSL's reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the report.
- Review of systems and procedures used for quantification, collation, and analysis of selected non-financial disclosures included in the Report
- Review of materiality and stakeholder engagement framework deployed by MMFSL
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by MMFSL for data analysis.
- Testing on a sample basis the evidence supporting the data and information.
- Discussion with the personnel responsible to ensure the reliability of data and information presented in the report.
- Assessment of data reliability and accuracy.

[1] For details regarding the disclosures, please refer the GRI Content Index

[2] The data disclosed under 305-3 includes Business travel (Road, air), Purchased goods & services (Paper consumption), Employee commute.

[3] The data disclosed under 306-5 consists of E-waste directed to disposal.

General disclosures: GRI 102-56

KPMG

The data was reviewed through virtual interactions through screen sharing tools at the corporate office and the following sample locations:

- Mumbai Head Office
- Thane Regional Office
- Patna Regional Office

Conclusion

We have reviewed the selected non-financial disclosures in the Report of MMFSL. Based on our review and procedures performed, nothing has come to our attention that causes us not to believe that the non-financial disclosures as per the scope of assurance presented in this Report are appropriately stated in all material respects, and in accordance with GRI Standards.

We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusion regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard of Quality Control (ISQC1) and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

MMFSL is responsible for developing the Report contents. MMFSL is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of MMFSL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to MMFSL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than MMFSL for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to MMFSL on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura

Partner, ESG
KPMG Assurance and Consulting Services LLP
June 30, 2022

General disclosures: GRI 102-56

GRI Content Index

GRI Standards	Ref No.	Disclosure	Page No.
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	**Organisational profile**		
	102-1	Name of the organisation	2
	102-2	Activities, brands, products, and services	10-11
	102-3	Location of headquarters	Back cover
	102-4	Location of operations	12-13
	102-5	Ownership and legal form	9
	102-6	Markets served	12-13
	102-7	Scale of the organisation	16-17
	102-8	Information on employees and other workers	62
	102-9	Supply chain	67
	102-10	Significant changes to the organisation and its supply chain	67
	102-11	Precautionary principle or approach	38
	102-12	External initiatives	45
	102-13	Membership of associations	45
	Strategy		
	102-14	Statement from senior decision-maker	18-21
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	8, 42
	Governance		
	102-18	Governance structure	42
	Stakeholder engagement		
	102-40	List of stakeholder groups	32-33
	102-41	Collective bargaining agreements	As there are no trade unions, there is no collective bargaining agreements
	102-42	Identifying and selecting stakeholders	32-33
	102-43	Approach to stakeholder engagement	32-33
	102-44	Key topics and concerns raised	34-37
	Reporting practice		
	102-45	Entities included in the consolidated financial statements	2
	102-46	Defining report content and topic Boundaries	2
	102-47	List of material topics	34-37
	102-48	Restatements of information	2
	102-49	Changes in reporting	34
	102-50	Reporting period	2
	102-51	Date of most recent report	2
	102-52	Reporting cycle	2
	102-53	Contact point for questions regarding the report	3
	102-54	Claims of reporting in accordance with the GRI Standards	3
	102-55	GRI content index	75-77
	102-56	External assurance	72-74
Material Topics			
GRI 200 Economic Standard			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 54-55
	103-3	Evaluation of the management approach	34-37
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	54

General disclosures: GRI 102-55

GRI Content Index

GRI Standards	Ref No.	Disclosure	Page No.
GRI 300 Environmental			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 68
	103-3	Evaluation of the management approach	34-37
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	69
	302-2	Energy consumption outside of the organisation	69
	302-3	Energy intensity	69
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 68
	103-3	Evaluation of the management approach	34-37
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	70
	305-2	Energy indirect (Scope 2) GHG emissions	70
	305-3	Other indirect (Scope 3) GHG emissions	70
	305-4	GHG emissions intensity	70
GRI 400 Social Standards Series			
Employee engagement			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 58
	103-3	Evaluation of the management approach	34-37
GRI 401: Employment 2016	Non-GRI	Employee engagement survey	39
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 58
	103-3	Evaluation of the management approach	34-37
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	63
	404-2	Programmes for upgrading employee skills and transition assistance programmes	60
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 58
	103-3	Evaluation of the management approach	34-37
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	43, 62
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 64
	103-3	Evaluation of the management approach	34-37
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programmes	65-66

General disclosures: GRI 102-55

GRI Content Index

GRI Standards	Ref No.	Disclosure	Page No.
Digital Innovation and disruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 22
	103-3	Evaluation of the management approach	34-37
	Non-GRI	Information on material issues	23-25, 41
Customer relationship management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 56
	103-3	Evaluation of the management approach	34-37
	Non-GRI	Information on material issues	56-57
Credit Rating			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 54
	103-3	Evaluation of the management approach	34-37
	Non-GRI	Information on material issues	55
Non-Material Topics			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	67
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	45
	205-2	Communication and training about anti-corruption policies and procedures	45
	205-3	Confirmed incidents of corruption and actions taken	45
GRI 303: Water and Effluents 2018	303-5	Water consumption	70
GRI 306: Waste 2020	306-1	Waste by type and disposal method	70
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	62
	401-3	Parental leave	63
GRI 403: Occupational Health and Safety 2018	403-9	Work-related injury	61
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labelling	56-57
	417-2	Incidents of non-compliance concerning product and service information and labelling	The Company operates in a highly regulated sector with strong systems, and no such incidents were reported
	417-3	Incidents of non-compliance concerning marketing communications	The Company operates in a highly regulated sector with strong systems, and no such incidents were reported

General disclosures: GRI 102-55

Sustainable Development Goals (SDGs) Mapping

Goal No	Sustainable Development Goals	Page no.
1	End poverty in all its forms everywhere	65
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	65
3	Ensure healthy lives and promote well-being for all at all ages	65,69
4	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	65
5	Achieve gender equality and empower all women and girls	65
6	Ensure availability and sustainable management of water and sanitation for all	65,70
7	Ensure access to affordable, reliable, sustainable and modern energy for all	65
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	55,57
9	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	23,57
10	Reduce inequality within and among countries	65
11	Make cities and human settlements inclusive, safe, resilient and sustainable	65,69
12	Ensure sustainable consumption and production patterns	67,69
13	Take urgent action to combat climate change and its impacts	69
14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	-
15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	40
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	43-53, 56-67
17	Strengthen the means of implementation and revitalise the global partnership for sustainable development	65, 67, 69

National Voluntary Guidelines (NVGs) Mapping

NVG Principle	Description	Page no.
1	Ethics, Transparency and Accountability	42-53
2	Goods and Services which contribute to sustainability throughout the lifecycle	68-70
3	Employee wellbeing	58-72
4	Responsiveness towards all stakeholders, especially those who are marginalised and disadvantaged	26-29
5	Respect and promote human rights	61
6	Protect and restore environment	68-70
7	Influencing regulation and public policy	42-53
8	Influencing regulation and public policy	64-67
9	Engagement and responsible value for customers and consumers	56-57

Board's Report

Dear Shareholders,

Your Directors are pleased to present their Thirty-Second Report together with the audited financial statements of your Company for the Financial Year ended 31st March, 2022 ("FY 2022").

Financial Summary and Operational Highlights

Rs. in Crores

Particulars	Consolidated		Standalone	
	FY 2022	FY 2021	FY 2022	FY 2021
Total Income	**11,400.5**	**12,170.5**	**9,718.8**	**10,516.8**
Less : Finance Costs	4,417.4	5,307.6	3,920.2	4,733.2
Expenditure	5,347.3	6,046.3	4,314.9	5,241.4
Depreciation, Amortisation and Impairment	152.0	150.5	126.8	125.9
Total Expenses	**9,916.7**	**11,504.4**	**8,361.9**	**10,100.5**
Profit before exceptional items and taxes	1,483.8	666.1	1,356.9	416.3
Share of profit of Associates & Joint Ventures	45.0	39.5	-	-
Exceptional items	20.6	228.5	-	6.1
Profit Before Tax	**1,549.4**	**934.1**	**1,356.9**	**422.4**
Less : Provision For Tax	-	-	-	-
Current Tax	411.4	494.7	348.1	434.8
Deferred Tax	(12.3)	(340.9)	20.0	(347.6)
Profit After Tax for the Year	**1,150.3**	**780.3**	**988.8**	**335.2**
Less : Profit for the year attributable to Non-controlling interests	13.4	7.1	-	-
Profit for the Year attributable to Owners of the Company	**1,136.9**	**773.2**	**988.8**	**335.2**
Balance of profit brought forward from earlier years	5,285.0	4,578.0	4,558.4	4,293.6
Add: Other Comprehensive income / (Loss)	(3.2)	(1.8)	(2.4)	(2.4)
Balance available for appropriation	6,418.7	5,349.4	5,544.8	4,626.4
Less: Appropriations	-	-	-	-
Dividend paid on Equity Shares	98.6	-	98.8	-
Transfer to Statutory Reserves	223.6	98.8	198.0	68.0
Add/Less: Other Adjustments:				
Gross obligation at fair value to acquire non-controlling interest	54.4	35.4	-	-
Changes in Group's Interest	(3.9)	(1.0)	-	-
Balance carried forward to balance sheet	6,147.0	5,285.0	5,248.0	4,558.4
Net worth	**16,896.3**	**15,776.4**	**15,628.1**	**14,711.5**

Consolidated Performance Highlights

- Total Income for the year was Rs. 11,400.5 crores as compared to Rs. 12,170.5 crores in FY 2021.
- Revenue from operations for the year was Rs. 11,317.6 crores as compared to Rs. 12,111.2 crores in FY 2021.
- Profit Before Tax ("PBT") for the year was Rs. 1,549.4 crores as compared to Rs. 934.1 crores in FY 2021.
- Profit After Tax ("PAT") (Net of non controlling interest) for the year was Rs. 1,136.9 crores as compared to Rs. 773.2 crores in FY 2021.

Standalone Performance Highlights

- Total Income was Rs. 9,718.8 crores for the year ended 31st March, 2022 as compared to Rs. 10,516.8 crores for the previous year.
- PBT grew by 221.2 % at Rs. 1,356.9 crores as compared to Rs. 422.4 crores for the previous year.
- PAT grew by 195% at Rs. 988.8 crores as compared to Rs. 335.2 crores in the previous year.
- The Assets Under Management ("AUM") stood at Rs. 79,797 crores as at 31st March, 2022 as against Rs. 81,689 crores as at 31st March, 2021.

Despite a difficult start in FY 2022 due to 2nd wave of COVID-19, the overall asset quality improved. The Gross Stage 3 loan assets stood at Rs. 4,976 crores, lower than that on 31st March, 2021 (Rs. 5,786 crores). The Gross Stage 3 percentage to Business Assets declined from 9.0% as at 31st March, 2021 to 7.7% as at 31st March, 2022.

ECL and other updates

The Company has been updating the Expected Credit Loss ("ECL") model with the latest set of data at periodic intervals for the year ended 31st March, 2022, to capture the significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 to reduce the risk of uncertainty due to judgements and estimations considering economic outlook data as per government agencies around the growth parameters. The Company also continues to undertake a risk assessment of its credit exposures in addition to the model determined ECL provision, to reflect deterioration in the macroeconomic outlook and uncertainty in credit evaluations. The Company held provisions (expected credit loss on financial assets) aggregating to Rs. 4,508.8 crores as on 31st March, 2022 (Rs. 4,653.6 crores as on 31st March, 2021) which include potential impact on account of the pandemic.

The Company's net Stage-3 assets ratio ("NPA") stood at 3.4% as at 31st March, 2022 as against 4.0% as at 31st March, 2021, which is in line with regulatory expectation of the Reserve Bank of India ("RBI").

During the year under review, the Company has disbursed Rs. 27,581.5 crores as against Rs. 19,000.9 crores during the corresponding period last year, an increase of 45% over the same period in previous year.

Transfer to Reserves

The Company proposes to transfer an amount of Rs. 198 crores to the Statutory Reserves, in compliance with Section 45- IC of the Reserve Bank of India Act, 1934. Further, the Board of your Company has decided not to transfer any amount to the General Reserve for the year under review. An amount of Rs. 5,248 crores is proposed to be retained in the Profit and Loss Account of the Company.

Dividend

Considering good performance and strong cash flows, your Directors are pleased to recommend a dividend of Rs. 3.60 per equity share (180%) on the face value of Rs. 2 each for FY 2022 vis- a- vis 40% dividend in FY 2021. Dividend is subject to approval of Members at the ensuing Annual General Meeting and shall be subject to deduction of tax at source. The dividend outgo for FY 2022 will absorb a sum of Rs. 444.7 crores, which constitutes 45% pay out of Company's Standalone Profits for FY 2022.

The Company has not paid any Interim Dividend during the financial year under review.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy.

Tax on Dividend

In terms of the provisions of the Income-tax Act, 1961, the Company will make payment of dividend after deduction of tax at source ("TDS") as per the prescribed rates, to those shareholders whose name appear as beneficial owner/ member in the list of beneficial owners to be furnished by National Securities Depository Limited/ Central Depository Services (India) Limited in case of shares held in dematerialised form, or in the Register of Members in case of shares held in physical form, as at the close of business hours on Thursday, 21st July, 2022 (Book Closure).

Considering good performance and strong cash flows, your Directors are pleased to recommend a dividend of Rs. 3.60 per equity share (180%) on the face value of Rs. 2 each for FY 2022 vis-a- vis 40% dividend in FY 2021.

The Company has by email dated 19th May, 2022, informed the Members about the deduction of tax at source on dividend. As it is imperative for the Company to receive the relevant information and declarations from shareholders to determine the details of the TDS rates applicable to different categories of shareholders, shareholders are requested to submit the necessary documents as mentioned in the aforesaid communication, on or before 10th July, 2022.

The said communication is also uploaded on the website of the Company at https://www.mahindrafinance.com/investor-zone/investor-information

Unclaimed dividend

In terms of the provisions of Sections 124 and 125 of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, during the year under review, the Company has transferred an amount of Rs. 5,11,394 being the unclaimed/unpaid dividend of the Company for FY 2014 to the Investor Education and Protection Fund ("IEPF"). The details of total amount lying in unpaid dividend account of the Company for last seven years and due to be transferred to IEPF, is mentioned in the Report on Corporate Governance, forming part of this Annual Report.

Dividend Distribution Policy

The Dividend Distribution Policy, containing the requirements prescribed in Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as "**Annexure I**" and forms part of this Annual Report.

The Dividend Distribution Policy can also be accessed on the Company's website at the web-link: https://mahindrafinance.com/discover-mahindra-finance/policies

Operations

Your Company is primarily in the financing of Automobiles and Tractors and serves customers who use these vehicles for earning their livelihood. Your Company remains a significant financier to its customers in semi-urban and rural geographies by providing a wide range of easy and affordable products and services designed to suit their cash flow cycles. Your Company has retained its leadership position in financing the Mahindra range of vehicles and tractors. Additionally, your Company is expanding vide it's connect with other leading Car Original Equipment Manufacturers (OEMs).

Impact of COVID-19 pandemic

The COVID-19 pandemic outbreak which began in the middle of March, 2020 continued to impact the economy throughout FY 2022. With the passing of second wave of COVID-19 that hit the country in April, 2021, your Company faced an impact on collections as well as disbursements while witnessing an increase in the credit cost. During the 2nd wave of COVID-19, ~20% of branch offices were closed during April 2021. Your Company reported a loss of Rs. 1,529 crores during Q1 FY 2022 and gross stage 3 of 15.5%. This was a result of income loss that our 'Earn and Pay' customers suffered due to COVID restrictions. To enable our customers to course through this stressed period, your Company implemented restructuring of 1,04,002 customers under RBI's Resolution Framework 2.0 dated 5th May, 2021 wherein we provided an extended period to repay the loan by reducing the initial instalments. This significantly helped our customers to sustain their livelihood. Your Company, however, was committed to bring back growth to pre covid levels during the year and reverse at least 80% of provisions made during Q1 FY 2022.

Your Company's performance recovered as the economic activity increased and recorded a 45% y-o-y growth in disbursements during FY 2022 leading to a y-o-y improvement of 0.5% in the loan book. Your Company also improved the asset quality with gross stage 3 coming down to 7.7% from 15.5% in Q1 FY 2022. Moreover 106% of the provisions made during Q1 FY 2022 were reversed against the initial expectation of 80%. This was a combination of focused efforts of team, collections war room with curated treatments for different customer segments, disciplined vehicle repossessions and legal efforts with legal tech, debt resolution platforms and stringent arbitration for bad debt & loss pools. Your Company recorded a profit after tax of Rs. 989 crores in FY 2022, a growth of 195% over FY 2021.

Your Company continued with no. 1 market share position in Tractor Financing.

We believe in the sustainability of our business model as it got stress-tested for an elongated period of uncertainty on PAN India basis. The flexibility and the elasticity of our model is demonstrated by the return to pre-covid levels of disbursements and collection efficiencies, as the pandemic started easing out.

Building Blocks for Growth, Efficiency, Customer Experience

A. Deeper Physical Reach

Your Company has an extensive PAN India distribution network with 1,384 offices spanning across 27 States and 7 Union Territories as on 31st March, 2022. Your Company's widespread office network reduces its reliance on any one region in the country. The geographic diversification also mitigates some of the regional, climatic, and cyclical risks, such as heavy monsoons or droughts. In addition, the Company's extensive office network benefits from a decentralised approval system, which allows each office to grow its business organically as well as leverage its customer relationships by offering multiple financial products. Your Company believes that the challenges inherent in developing an effective office network in rural and semi-urban areas have also created opportunities of catering to the diverse financial requirements of its customers by identifying and understanding the needs and aspirations of the people of Bharat.

B. Enhancing Digital Reach

With fast evolving mobile technology, your Company has increasingly focused on adoption of mobile app (MF Customer app) as a channel to offer customer service, building brand loyalty, increasing customer retention, attracting new customers & generating business revenue. The MF Customer app offers multiple services to customers on their fingertips saving lot of time and cost of servicing these customers vis-a -vis a physical branch. Built in 11 languages (including 9 Indian regional languages), the app empowers customers to access and manage their loan account, make EMI payments with multiple payment options (Debit card, Net Banking, UPI, wallets) and apply for vehicle loans. In FY 2022, the app users have increased by 42% from the previous year (7.2 lakhs users in FY 2022 as compared to 5 lakhs users in FY 2021) and EMI collections from the app increased by 50.3% in FY 2022 compared to FY 2021. Your Company is also working on offering mobile app for its dealer partners & dealer salesmen on PAN India basis.

Your Company continued with no. 1 market share position in Tractor Financing.

C. Leveraging Technology

As digitization proceeds apace, the dimensions of the company's digital ambitions have grown multifold among various line segments and products like Auto loans, pre-owned car loans, leasing, SME etc. All technology projects are backed with a focused digital strategy to improve business performance, enhance customer experience, create new products, or reimagine existing products to create new competitive advantage in market using newer technologies. The rollout of a 'OneApp', an application to boost experience of field employees by empowering them with decision making abilities with digital intervention and at the same time allowing to do efficient collections, has changed the digital posture of the way we did business earlier. Simultaneously, we continue to focus on strengthening our core via real time digital utilities for KYC, NPA Stamping, e-NACH to name a few.

We have also embarked on setting up an end-to-end hyper personalized marketing tech platform to engage with our customers across various digital channels. Further under the umbrella of improving our employee experience , we have kicked off multiple digital interventions at MMFSL - across all employee segments (field force, support staff, office, remote staff, work from home employees) and geographic locations.

The Company also continues to expand its data sciences and artificial intelligence penetration. Business intelligence dashboards and insights have played a key role in aiding rollout of strategic initiatives in business and collections. Machine Learning models' usage in lending and retention has played an expanded role in terms of business lines and volumes.

Further, on the technology security front we are continuously ensuring that the risk is minimized by adopting continuous risk management processes, which are aligned to ISO 27001:2013 and COSO framework. Your Company conducts periodic risk assessment which includes technology adoptions, monitoring and audits at periodic intervals both internally and by external experts. The risks identified through the assessment are appropriately treated by adopting manual and automated technologies by mitigating or minimizing or transferring the risks. We are in the process of adopting data privacy practices in line with the upcoming data privacy initiatives of the government.

D. Data as Competitive Advantage

Your Company's presence in the rural and semi-urban markets for more than 25 years, working with several profiles gives your Company a significant advantage, in applying Analytics and Artificial Intelligence. Your Company has launched its proprietary algorithms to offer faster loan approvals at dynamic interest rates to low risk customers which would help in gaining market share, improving portfolio quality and profitability. Customer acquisition, retention, cross selling, and collections will be substantially enhanced with the combined integrated activation of Digital, Analytics and Technology.

E. Growth Drivers for Future

Your Company's focus is to deliver a sustainable profitable growth as supported by its Vision 2025. The agenda is to recharge growth (2X Assets Under Management/AUM), stabilise asset quality (Gross Stage-3 assets < 6%), maintain Net Interest Margin (~7.5%) and gain operating leverage (Cost to Assets ~2.5)% by 2025.

Your Company is focusing on strengthening its core offerings and diversifying into new growth engines. Pre-owned vehicles, used tractors and commercial vehicles have a large opportunity for growing within the vehicle segments while growing the market share for its existing range of products.

Your Company plans to reassess certain highly vulnerable & volatile cashflow segments and target affluent 'RURBAN' customers to enhance portfolio quality of the front book.

Your Company has plans to scale its SME lending portfolio in the agriculture, automotive and engineering space. These businesses have a promising future and we believe our group strength positions us to participate in this growth journey.

During the year, your Company launched its Leasing and Subscription platform 'Quiklyz' which facilitates customers to access new cars without the hassle of car ownership. You Company plans to scale both the Corporate and Personal segment through this venture and has launched this initially in the metro cities to be further scaled up to 30 locations over a year.

Meeting the non-vehicle financial needs of customers in the rural and semi-urban regions is another area of opportunity. For this purpose, your Company has launched a special business unit (SBU) for its digital finance lending business which will focus on consumer durables and personal loans.

To summarise, your Company plans to increase the business share of new products (SME loans, Loan Against Property, Leasing & Digi Finco products) to 15% by 2025.

F. Mahindra Finance Investment Solutions

During FY 2022, Mahindra Finance Investment Solutions ("MFIS"), the financial products distribution arm of your Company gained steam in expanding its Assets Under Management ("AUM"). Your Company's AUM for distribution of Mutual Funds as on 31st March, 2022 stood at Rs. 3,305 crores, which grew 11% as compared to the AUM of Rs. 2,980 crores as on 31st March, 2021, despite volatile equity and debt market in second half of FY 2022. The Company has also focused on third party products (TPP) distribution during FY 2022 and saw growth of 36.5% in sales from Rs. 479 crores in FY 2021 to Rs. 654 crores in FY 2022.

Change in Nature of Business

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

RBI Compliances

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

During the year, your Company launched its Leasing and Subscription platform 'Quiklyz' which facilitates customers to access new cars without the hassle of car ownership.

Finance

During the year under review, Reserve Bank of India ("RBI") continued its accommodative stance to sustain growth on a durable basis amid inflationary pressures. Monetary conditions remained benign with overall systemic liquidity in large surplus. In a bid to start normalising the surplus liquidity, RBI introduced variable rate reverse repo (VRRR) auctions from December, 2021, thereby guiding the overnight rates closer to Repo rate (as against Reverse Repo earlier).

After breaching the RBI's upper tolerance threshold of 6% in May, and June, 2021 (primarily driven by supply-side pressures in food and fuel prices in wake of Covid-19 second wave), the Consumer price inflation ("CPI") remained within the tolerance threshold range during July, 2021 to December, 2021. CPI inflation trended higher in Q4 FY 2022, rising to 6.95% in March, 2022, led by higher commodity prices, especially for energy and energy-intensive food products.

The introduction of VRRR, heightened inflation, hawkish central banks across the globe and geopolitical tensions, led to interest rates inching up in Q4 FY 2022. 10-year G-Sec benchmark yields rose from 6.1% at the start of the fiscal to 6.8% at the close of the year, reaching pre-pandemic levels. During the year, the INR depreciated by approximately 3.8% from Rs. 73.2 per USD to Rs. 75.9 per USD after an appreciation of approximately 2.9% during the previous year.

The Government of India and the RBI continued to take actions during the year which assisted NBFC industry to wither the pandemic storm. This included, amongst others, the extension of the facility of Priority Sector on-lending by banks to NBFCs till 31st March, 2022 (now further extended) and extension of the on tap targeted long-term repo operations window till 31st December, 2021. These actions enabled access of liquidity to NBFCs at attractive rates.

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

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Fixed Deposits, Commercial Papers, etc., and maintained prudential Asset Liability match throughout the year. Your Company sourced long-term debentures and loans from banks and other institutions at attractive rates. Your Company continues to expand its borrowing profile by tapping into new lenders and geographies.

During the year, your Company has successfully completed 6 securitisation transactions aggregating to Rs. 3,569.1 crores.

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

  During the year under review, your Company raised Secured/ Unsecured Redeemable Non-Convertible Debentures ("NCDs") of Rs. 4,608.4 crores on a private placement basis, in various tranches (including Rs. 132.9 crores through Unsecured Redeemable Non-Convertible Subordinated Debentures eligible for Tier II Capital). The NCDs are listed on the debt market segment of the BSE Limited.

  As specified in the respective offer documents, the funds raised from NCDs were utilised for various financing activities, onward lending, repaying the existing indebtedness, working capital and for general corporate purposes of the Company.

Details of the end-use of funds were furnished to the Audit Committee on a quarterly basis.

Your Company is in compliance with the applicable guidelines issued by RBI and Securities and Exchange Board of India in this regard.

There has been no default in making payments of principal and interest on all the NCDs issued by the Company on a private placement basis and through public issue. There are no NCDs which have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption.

- **Commercial Paper**

As at 31st March, 2022, the Company had Commercial Paper ("CPs") with an outstanding amount (face value) of Rs. 500 crores. CPs constituted approximately 0.9% of the outstanding borrowings as at 31st March, 2022. The CPs of the Company are listed on the debt market segment of the National Stock Exchange of India Limited.

- **Rupee Denominated Medium Term Note**

Under the Company's Medium Term Note Programme, the Company has not raised any funds through Rupee denominated bonds during the year under review.

Credit Rating

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

The Company has been assigned superior rating on all its instruments by leading rating agencies. The details of ratings are given in the Corporate Governance Report, forming part of this Annual Report.

Capital Adequacy

As on 31st March, 2022, the Capital to Risk Assets Ratio (CRAR) of your Company was 27.8% which is well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India.

Out of the above, Tier I capital adequacy ratio stood at 24.3% and Tier II capital adequacy ratio stood at 3.5% respectively.

Share Capital

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2022 was Rs. 247.1 crores, consisting of 123,55,29,920 Equity Shares of the face value of Rs. 2 each, fully paid-up.

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

As on 31st March, 2022, none of the Directors of the Company holds instruments convertible into equity shares of the Company.

Economy

Global and Domestic Growth

Global Economic growth were on a mending path and was projected to strengthen this year after a short-lived impact of Omicron. Significant divergence has been witnessed in the economic recoveries between advanced, emerging and developing nations.

Since then, the outlook on economic prospects has worsened as Russia's invasion of Ukraine caused a humanitarian crisis resulting in sanctions on Russia to end hostilities. Scenario worsened as frequent lockdowns in China have slowed activity and caused bottlenecks in supply chain. This has led to higher, broader and persistent inflationary trends across economies resulting in tightening of monetary policy.

The war is expected to set back global recovery, slowdown the growth and trigger fuel inflation even further, which even prior to the war had surged in many economies because of soaring commodity prices and pandemic-induced supply-demand imbalances.

The global growth has seen a downward revision and is now projected to decline from an estimated 6.1% in 2021 to 3.6% in 2022 and the same remains for 2023. The ongoing war in Ukraine and sanctions on Russia are expected to reduce global growth in 2022 through direct impacts on the two countries and global spill overs. The growth for advanced economies is projected to decline from an estimated 5.2% in 2021 to 3.3% in 2022 and 2.4% in 2023 whereas for emerging market and developing economies it is projected to decline from an estimated 6.8% in 2021 to 3.8% in 2022 and 4.4% in 2023.

The war and the impending increase in global interest rates will further reduce fiscal space in many countries, especially oil and food importing emerging market and developing economies.

Domestic Economy

The Indian economy has shown resilience during this turbulent period when the global economic growth scenario turned from improving to weakened. This has been supported by underlying fundamentals and prudent and favourable policy mix. Deployment of conventional and unconventional tools available with the RBI has helped support growth. With supply-side disruptions resulting in surging commodity price, monetary policy actions have been taken and further actions may be necessitated to arrest inflationary trends.

Rebound in domestic economic activity that took hold with the ebbing of the Omicron wave is turning out to be increasingly broad-based while private consumption is regaining traction on the back of recuperating contact-intensive services and rising discretionary spending.

The forecast of a normal southwest monsoon in 2022 for the fourth successive year has brightened agricultural prospects and this should support rural consumption. Signs of revival taking place in the investment cycle are also visible. This is reflected in high-frequency indicators like imports and production of capital goods; rising capacity utilisation supported by conducive financial conditions; and stronger corporate balance sheets. Export growth has remained buoyant while persisting high growth in non-oil non-gold imports reflects a durable revival in domestic demand.

RBI projects the real GDP growth for FY 2023 to be at 7.2% while core inflation is likely to remain elevated in the coming months, reflecting high domestic pump prices and pressures from prices of essential medicines.

Management Discussion and Analysis

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Corporate Governance

Your Company practices a culture that is built on core values and ethical governance practices. Your Company is committed to Integrity and transparency in all its dealings and places high emphasis on business ethics. The Board of your Company exercises its fiduciary responsibilities in the widest sense of the term and endeavour's to enhance long-term shareholder value.

A Report on Corporate Governance along with a Certificate from M/s. KSR & Co., Company Secretaries LLP certifying compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraph C, D, E of Schedule V of the Listing Regulations, forms part of this Annual Report.

Investor Relations

Your Company has done multiple interactions with Domestic and International investors/ analysts during the current year. Post removal of lockdown restrictions and as physical presence in offices resumed, your Company initiated conducting in-person meetings with COVID appropriate precautions. We continue to hold majority of our meetings through conference calls and video-conferencing.

Your Company attended multiple investor meets organised by reputed Global and Domestic Broking houses during the year, to communicate performance updates, important regulatory and market developments, and exchange of information. Quarterly and annual earnings calls are scheduled through structured conference calls/ weblinks to keep various stakeholders informed about the past performance and outlook of the industry, especially those having a bearing on the Company.

These interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis. The invite of the earnings call is also uploaded on the Company's website to enable participation from people at large.

Your Company believes in transparent communication and building a relationship of mutual understanding and trust. Your Company further ensures that critical information about the Company is available to all the investors by hosting such information on the Company's website.

The schedule and presentation of Group Analyst/ Institutional Investor meets/group conference calls are filed with the Stock Exchanges where the securities of the Company are listed.

Silent period

As a good governance practice, the Company voluntarily observes a 'Silent / Quiet period' starting from 1st day of the start of the month after the end of the quarter, till the time of announcement of said results. During this period, no interactions with investors/ analysts/ funds are held to discuss unpublished financial performance of the Company to ensure protection of Company's Unpublished Price Sensitive Information ("UPSI").

Consolidated Financial Statements

The Consolidated Financial Statements of the Company, its subsidiaries, associate(s) and joint ventures for FY 2022, prepared in accordance with the relevant provisions of the Companies Act, 2013 ("Act") and applicable Indian Accounting Standards along with all relevant documents and the Auditors' Report, forms part of this Annual Report.

Pursuant to the provisions of Section 136 of the Act, the Standalone and Consolidated Financial Statements of the Company, along with relevant documents and financial statement of each of the subsidiaries of the Company are available on the website of the Company and can be accessed at the web-link: https://www.mahindrafinance.com/investor-zone/financial-information/

Subsidiaries, Joint Venture(s) and Associate(s)

The Company's Subsidiaries and Joint Venture(s) continue to contribute to the overall growth in revenues and overall performance of your Company. A report on the performance and financial position of each of the Company's subsidiaries, associate and joint venture is included in the Consolidated Financial Statements and the salient features of their financial statements and their contribution to overall performance of the Company as required under Section 129(3) of the Companies Act, 2013 ("Act") read with the rules framed thereunder, is provided in Form AOC-1, annexed as '**Annexure A**' to the Consolidated Financial Statements and forms part of this Annual Report.

Material Subsidiary

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

Under this definition, Mahindra Rural Housing Finance Limited is a material, debt listed subsidiary, of your Company.

Your Company has formulated a "Policy for determining Material Subsidiaries" as defined in Regulation 16 of the Listing Regulations. During the year under review, the Policy was amended to align with the statutory amendments in the Listing Regulations. The amended Policy has been hosted on the website of the Company and can be accessed at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance.

Operational and performance highlights of the Company's Subsidiary/ Joint venture Companies for FY 2022 are given hereunder:

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited ("MRHFL"), the Company's subsidiary, engaged in the business of providing loans for purchase, renovation and construction of houses to individuals in the rural and semi-urban areas of the country, registered a total income of Rs. 1,377.5 crores as compared to Rs. 1,454.7 crores for the previous year, registering a decline of 5.3%. PBT was 70.5% lower at Rs. 57.7 crores as compared to Rs. 195.3 crores for the previous year. PAT was 68.4% lower at Rs. 47.7 crores as compared to Rs. 151 crores in the previous year.

During the year under review, MRHFL disbursed loans aggregating to Rs. 1,602 crores as against Rs. 796.6 crores in the previous year.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to the customers in villages with an average annual household income of less than Rs. 2 lakhs. During the year under review, MRHFL disbursed home loans to more than 75,000 households. MRHFL has been expanding its geographical presence to provide affordable housing loans in its chosen geographies.

Mahindra Insurance Brokers Limited

During the year under review, Mahindra Insurance Brokers Limited ("MIBL"), the subsidiary of the Company engaged in the business of Direct and Re-insurance Broking, serviced approximately 1.8 million insurance cases, for both Life and Non-Life Retail business. The customised Life insurance cover "Mahindra Loan Suraksha" ("MLS") increased from 3,49,529 lives covered with a Sum Assured of Rs. 14,333 crores in FY 2021 to 5,02,508 lives covered with a Sum Assured of Rs. 19,519 crores in FY 2022. A substantial portion of MLS continues to be covered in the rural markets.

There is growth of 32% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 2,101.06 crores in FY 2021 to Rs. 2,768.1 crores in FY 2022. The Total Income increased by 30% from Rs. 268.5 crores in FY 2021 to Rs. 348 crores in the FY 2022. The PBT increased by 60% from Rs. 43.9 crores to Rs. 70.4 crores and the PAT increased by 62% from Rs. 32 crores to Rs. 51.8 crores during the same period.

MIBL has been able to extend the benefit of insurance to over 3 lakh villages across India.

Mahindra Manulife Investment Management Private Limited

Mahindra Manulife Investment Management Private Limited ("MMIMPL") acts as an Investment Manager for the schemes of Mahindra Manulife Mutual Fund ("Mutual Fund"). As on 31st March, 2022, MMIMPL was acting as the investment manager to 19 schemes of the Mutual Fund. The Average Assets Under Management in these 19 schemes were Rs. 8,839 crores as on 31st March, 2022 as compared to Rs. 5,249 crores as on 31st March, 2021, delivering a growth of 68% in assets. Of these assets, Rs. 5,911 crores were in equity schemes in March, 2022, as compared to Rs. 2,591 crores in March, 2021, a growth of 128%. MMIMPL has empanelled 19,833 distributors and now has 3,47,544 investor accounts in these 19 schemes.

During the year under review, the total income of MMIMPL was Rs. 35.3 crores as compared to Rs. 30.5 crores for the previous year. The operations for the year under consideration have resulted in a loss of Rs. 38.1 crores as against a loss of Rs. 26.7 crores during the previous year as MMIMPL continued to invest in its distribution network and human capital.

Mahindra Manulife Trustee Private Limited

Mahindra Manulife Trustee Private Limited ("MMTPL") acts as the Trustee to Mahindra Manulife Mutual Fund ("Mutual Fund").

During the year, MMTPL earned trusteeship fees of Rs. 72.6 lakhs and other income of Rs. 3.5 lakhs as compared to Rs. 33 lakhs and Rs. 2.7 lakhs, respectively, for the previous year. MMTPL recorded a profit of Rs. 22.8 lakhs for the year under review as against a loss of Rs. 1.0 lakhs in the previous year.

Mahindra Ideal Finance Limited (Sri Lanka), formerly Ideal Finance Ltd.

In July, 2021, your Company increased its stake in Ideal Finance Ltd (Sri Lanka), now known as Mahindra Ideal Finance Ltd ("Ideal Finance"), from 38.2% to 58.2% through acquisition of stake from its promotor shareholders. Subsequent to this acquisition, effective 8th July, 2021, Ideal Finance has become a subsidiary of your Company. The name of Ideal Finance Ltd was changed to Mahindra Ideal Finance Ltd in February, 2022. Your Company now holds a total of 58.2% stake with a total investment of Rs. 77.97 crores.

Mahindra Ideal Finance will capitalise on your Company's expertise of over 25 years in the financial services domain and the local management's expertise of the domestic market to build a leading financial services business in Sri Lanka. This investment will further strengthen your Company's presence in the financial services business by helping your Company's growth in key emerging Asian markets.

Mahindra Finance CSR Foundation

Mahindra Finance CSR Foundation, was incorporated on 2nd April, 2019 as a wholly-owned subsidiary of the Company registered under Section 8 of the Act, to promote and support CSR projects and activities of the Company and its group Companies.

Mahindra Finance CSR Foundation is focused on social impact interventions in cause areas such as health, education, employment & livelihood generation and environment.

Joint Venture/Associate

Mahindra Finance USA LLC ("MFUSA")

MFUSA's disbursement registered a growth of 6.1% to USD 912.8 million for the year ended 31st March, 2022 as compared to USD 860.7 million for the previous year.

Total Income declined by 7% to USD 57.4 million for the year ended 31st March, 2022 as compared to USD 61.9 million for the previous year. Profit before tax was 1% lower at USD 23.2 million as compared to USD 23.4 million for the previous year. Profit after tax declined by less than 1% to USD 17.4 million as compared to USD 17.5 million in the previous year.

Addition/ Cessation of Subsidiaries, Joint Ventures or Associate Companies during the year

During the year under review, Mahindra Ideal Finance Limited (formerly known as Ideal Finance Ltd), associate of the Company, became a subsidiary of the Company with effect from 8th July, 2021 consequent to acquisition of shares by the Company in Mahindra Ideal Finance Ltd from its promoter shareholder.

Apart from above, no other company has become or ceased to be a subsidiary, joint venture or associate of your Company.

Fixed Deposits and Loans/Advances

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

During the year, CRISIL has reaffirmed a rating of 'CRISIL FAAA/ Stable' for your Company's Fixed Deposits. This rating indicates that the degree of safety regarding timely payment of interest and principal is very strong. Your Company's Deposits continue to be a preferred investment avenue amongst the investors.

As on 31st March, 2022, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 8,447.06 crores, with an investor base of over 1,42,985 investors.

Your Company continues to serve the investors by introducing several customer centric measures on an ongoing basis to further strengthen its processes in sync with the requirements of the Fixed Deposit holders. Your Company periodically sends various intimations via SMS, e-mails, post, courier etc., to its investors as well as sends reminder emails to clients whose TDS is likely to be deducted before any pay-out/accrual. Your Company also provides a digital platform for online application/ renewal of deposits, online generation of TDS certificates from customer/broker portal and seamless investment process for its employees.

Your Company has rolled out several initiatives aimed at offering a superior customer experience. Some key ones are:

- An integrated web portal has been developed to facilitate online application/ online renewal of Fixed Deposits, Loan against FDs, profile updates, etc.
- Online submission of Forms 15G/15H by all eligible Depositors through the FD Customer portal is made available on the Company's website.
- TDS certificate(s) are made available in the Customer portal and Broker portal, in addition to the same being sent to the concerned Depositors, from time to time.
- In order to offer various payment options to Depositors, more payment gateways have been added across various FD investment portals.
- An advanced version of Customer Relationship Management (CRM) has been launched to record the queries, requests and complaints for future data analysis in order to enhance customer service. An integrated service portal (E-Sarathi) has been introduced to address the queries of Depositors routed through the Channel Partners on real-time basis during working hours.
- The process of recording Central Know Your Customer (CKYC) details of the Depositors has been strengthened by introducing various control measures.
- Separate categorisation of VIP customers to address the queries with a dedicated Relationship Manager is introduced.

As at 31st March, 2022, Deposits amounting to Rs. 11.2 crores had matured for payment and remained unclaimed. The unclaimed Deposits have since reduced to 6,989 Deposits amounting to Rs. 10.5 crores. There has been no default in repayment of deposits or payment of interest during the year.

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

The information pursuant to Clause 35(1) of Master Direction DNBR.PD.002/ 03.10.119/2016-17 dated 25th August, 2016 issued by the Reserve Bank of India on Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, regarding unpaid/unclaimed public deposits as on 31st March, 2022, is furnished below:

i. Total number of accounts of Public Deposits of the Company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment: 7,285

ii. Total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 11,21,00,174.

Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Your Company regularly sends letters/reminders via email to all those Fixed Deposit holders whose Deposits have matured as well as to those whose Deposits remain unclaimed. Where the Deposit remains unclaimed, follow-up action is also initiated through the concerned agent or branch.

Pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") as amended from time to time, matured Deposits remaining unclaimed for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, interest accrued on the matured deposits which remain unclaimed for a period of seven years from the date of payment are also required to be transferred to the IEPF under Section 125(2) (k).

During the year, the Company has transferred to the IEPF an amount of Rs. 0.07 crores being the unclaimed amount of matured Fixed Deposits and Rs. 0.03 crores towards unclaimed/unpaid interest accrued on the Deposits. The concerned depositor can claim the Deposit and/or interest from the IEPF by following the procedure laid down in the IEPF Rules.

Loans and Advances

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

Accordingly, the disclosure of particulars of loans/advances, etc., as required to be furnished in the Annual Accounts of the Company pursuant to Regulation 34(3) and 53(f) read with paragraph A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.

Particulars of Loans, Guarantees or Investments in Securities

Your Company, being an NBFC registered with RBI and engaged in the business of giving loans in ordinary course of its business, is exempt from complying with the provisions of Section 186 of the Act with respect to loans.

Pursuant to the provisions of Section 186(4) of the Act, the details with regards to the investments made by the Company, as applicable, are given in Note no. 53 (iv) of the Standalone Financial Statements, forming part of this Annual Report.

Achievements

Awards/Recognitions received by your Company during the year are enumerated hereunder:

Marketing:

- Recognised amongst 'Best BFSI Brands 2022' by The Economic Times

CSR & Sustainability:

- Included 3rd time in the renowned FTSE4Good Index Series for ESG performance
- Ranked 29th amongst Top 100 Indian companies for Sustainability & CSR 2021 by Futurescape
- Your Company has been included in the 'CRISIL Sustainability Yearbook 2022' in the Leadership category for ESG performance.
- Won the 'The Mahindra Group Sustainability Performance Award, 2021.

Human Resources:

- Ranked 54th in India's Best Companies to Work for 2021 by Great Place To Work Institute

Employee Stock Option Scheme

Employee Stock Options are recognised as an effective instrument to attract and retain talent and align the interest of employees with that of the Company, thereby providing an opportunity to the employees to participate in the growth of the Company and to also create long-term wealth in the hands of employees.

During the year under review, no options were granted to eligible employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme–2010 ("2010 Scheme"), which was constituted under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and amended from time to time. The Company does not have any scheme to fund its employees to purchase the shares of the Company.

The 2010 Scheme of the Company was amended during FY 2022 to align the same with the amendments made to the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEBSE Regulations"). A Certificate from M/s. KSR & Co., Company Secretaries LLP, Secretarial Auditors of the Company for FY 2022, certifying that the Company's above-mentioned Scheme has been implemented in accordance with the applicable Regulations, and the resolution passed by the Members would be made available for inspection by the Members through electronic mode at the Annual General Meeting ("AGM") scheduled to be held on 28th July, 2022.

The applicable disclosures as stipulated under SBEBSE Regulations for the year ended 31st March, 2022, with regard to the 2010 Scheme and Company's stock option trust is uploaded on the Company's website and can be accessed at the web-link: https://mahindrafinance.com/investor-zone/financial-information/

In FY 2019, your Company became the 1st Financial Company in India to be committed towards call to action for Science Based Targets.

Sustainability Initiatives

Sustainability has been deeply embedded in the Company's business model from the very beginning. At the heart of our organisational strategy is an inclusive business model which enables the residents of semi-urban and rural India to access formal channels of credit/finance, helping them create long-term value. In line with the Mahindra Group's motto: 'Rise for Good', your Company is also gearing up to be future ready by making sustainability and climate change an integral part of the business strategy and risk framework. Your Company has been enabling customers to meet their aspirations through a diversified portfolio of financial product offerings. It helps people build their homes through affordable housing finance solutions provided by Mahindra Rural Housing Finance Limited, secure their life and assets with insurance solutions facilitated by Mahindra Insurance Brokers Limited and offers investment options through its asset management subsidiary Mahindra Manulife Investment Management Private Limited. By providing the right set of opportunities and prospects in the remote areas, your Company has helped customers to forge ahead. The Company lays strong emphasis on customer centricity. Its customer base is spread across more than 3.8 lakh villages in India, with majority of them belonging to the 'Earn and Pay' segment.

Your Company commenced its journey towards reporting sustainability performance in 2008-09 through Mahindra Group's Sustainability Report and in the year 2012-13 the Company released its first standalone Sustainability Report. In FY 2021, the Company released its first Integrated Report with the theme "Care- Above Everything Else". The Report inter-alia adheres to the Global Reporting Initiative's (GRI) Standards and is based on the Integrated Reporting framework. The Report is externally assured by KPMG, Independent Auditor.

The Content index is in accordance with GRI standard and was mapped in accordance to GRI principles in the report and carries the GRI logo. FY 2022 was truly a year of building sustainable resilience for the Group Financial Services Sector. The "Care-Above Everything Else" theme of the Integrated Report represented the fact that despite the COVID -19 Pandemic challenge throughout the year, the Company collectively stayed true to its core purpose and values, helping its customers, teams, and communities realise their true potential.

Your Company continued to focus on integrating Sustainability into its business practices and building awareness for different stakeholders by taking various initiatives to engage them. In FY 2019, your Company became the 1st Financial Company in India to be committed towards call to action for Science Based Targets.

The Science Based Targets initiative (SBTi) requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science.

FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices.

Your Company was recognised for its Sustainability initiatives during the year under review, with the following accolades:

- Included in the renowned FTSE4Good Emerging Markets Index series for ESG Performance for the 3rd time.

Sensitising the employees to a novel concept such as Sustainability has been one of the key initiatives of the Company during the year. Capacity building on Sustainability has been driven by Sustainability Courses on the learning platform. During the year, your Company launched a training module on Business Responsibility and Sustainability Report (BRSR).

During the year, your Company made proactive efforts to reduce CO_2 emissions (carbon footprint) through Project "Mahindra Hariyali" by planting 42,000 + saplings throughout the country.

The outlook for the future has been positive and your Company is well equipped to enable its customers and communities to progress through its inclusive and sustainable business model.

Business Responsibility Report

The Business Responsibility Report ("BRR") of your Company for FY 2022, as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

Your Company is building an inclusive organisation by empowering all the stakeholders and facilitating their contribution towards growth that is both holistic and long term. Through the inclusive business model, your Company endeavours to cater to the bottom of the pyramid in the rural and semi-urban areas, enabling them to earn their livelihood through varied financial products and services. Your Company has always been conscious of its role as a responsible corporate citizen. Through its wide network of branches with locally recruited employees, strong and lasting relationships with its stakeholders, large customer base, vast experience and market knowledge, your Company is providing financial resources to underserviced regions of the country.

Integrated Reporting

Your Company is pleased to present its second Integrated Report, which encompasses both financial and non-financial information to enable members to have a more holistic understanding of the Company's long-term perspective. This Integrated Report forms part of the Annual Report and is in consonance with the SEBI circular dated 6th February, 2017. An Integrated Report takes corporate reporting beyond the requirement of reporting the financial resources, since any value creation activity requires other resources like people, natural resources, and business relationships.

The Integrated Report for FY 2022 includes details such as the organisation's strategy, governance framework, performance and prospects of value creation based on the six (6) forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital and also nine principles of the National Guidelines on Responsible Business Conduct.

Corporate Social Responsibility (CSR)

With a vision to transform rural and semi-urban India into a self-reliant, flourishing landscape, your Company started its journey in 1991 and has grown into a leading NBFC with an employee base of around 19,998 employees all over India. By supporting around 50 NGOs and implementing partners in the areas of Education & Livelihood, Healthcare and Environment, your Company strives to become an asset in the communities where it operates. Your Company's Corporate Social Responsibility (CSR) initiatives are aligned with the mission of transforming rural lives with national programs and policies and hence focuses on areas such as Education & Livelihood, Healthcare and Environment.

1. CSR Committee

Your Company has duly constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The Committee presently comprises of the following:

Name		Category
Mr. Dhananjay Mungale (Chairman)	-	Independent Director
Ms. Rama Bijapurkar	-	Independent Director
Mr. Ramesh Iyer	-	Executive Director

During the year under review, 3 (three) CSR Committee Meetings were held, details of which are provided in the Corporate Governance Report.

2. CSR Policy

The CSR Policy approved by the Board encompasses the approach and guidance given by the Board taking into account the recommendations of the CSR Committee, including principles for management of the CSR Project(s)/ Program(s) and formulation of the Annual Action Plan. The CSR Policy has been hosted on the website of the Company at https://www.mahindrafinance.com/rise-for-good/csr-overview

3. CSR Initiatives

'Swabhimaan'- CSR Flagship program:

The Company launched CSR flagship program for Drivers Community in FY 2021 (Project "Swabhimaan" or "Self-Respect"), which is aimed at upliftment of drivers and their family members.

In FY 2022, to further solidify our adherence towards the well-being of the driver communities, your Company successfully completed the Phase I of its flagship program – 'Swabhimaan' impacting the lives of 50,000+ beneficiaries across India and launched the Phase II of this program. This multi-year program's focus has been to address the professional, financial, and familial challenges faced by the drivers and their families and further contributes to their overall well-being. Through the Phase II of this program, we aim to benefit additional 33,500+ beneficiaries through key interventions focusing on various aspects of a driver's life. Your Company aims to provide driver training to ~1,500 freshers, road safety training to ~1,200 existing drivers, auto mechanic training to ~1,400 women drivers, organise financial planning workshops for ~25,000 drivers, and award scholarships to ~4,700 children of drivers.

Hunnar – Skills development for Persons with Disabilities (PwDs):

Your Company continued its support to PwDs by training 250+ beneficiaries under 'Hunnar' program in various skills in BFSI, hospitality and ITES sectors to enhance their employability and 190 out of them were supported to seek job placement.

Education, livelihoods and Environmental Sustainability projects:

Reaffirming its commitment to the cause of education, your Company continued its support to the Nanhi Kali Program which has benefitted over 4,950 underprivileged girl children from socially and economically marginalised families living in urban, rural, and tribal parts of India. Your Company, to promote inclusive socio-economic growth of the marginalised youth, continued its support to Mahindra Pride School which skilled 650 youth and 100% have been placed in various organisations. Further, Mahindra Pride Classrooms supported an additional 20 hours of online training to 67,800+ final year students covering English Speaking, Life Skills, Aptitude, Interview, Group Discussion and Digital Literacy through Polytechnics and Arts & Science Colleges.

With a focus on empowering women in the rural and semi-urban areas, your Company supported 9,400 Women with regenerative agriculture opportunities under the Women Economic Empowerment project.

Your Company has always encouraged the employees to participate in various CSR Projects to drive positive change amongst the community. During the year, over 16,400 employees (82% of total employees) contributed 1 lakh plus volunteering hours in various virtual & on ground initiatives undertaken by the Company. To continue with its commitment to increase the green cover, as a part of the 'Mahindra Hariyali' project, your Company, planted more than 42,000+ saplings in selected locations. As a part of the Healthcare and Swachh Bharat initiatives, your Company also conducted awareness campaigns about sanitation, hygiene and improving public health facilities. To re-affirm its pledge for building a better society, your Company reached out to 700 needy individuals from Orphanages, Old Aged Homes & centres for differently abled homes under project Samantar.

Response to Natural Calamities (Relief and Rehabilitation):

Your Company being responsive to its approach towards natural calamities supported reconstruction and restoration of 4 government schools which benefitted over 2400 school children and renovated 3 flood affected Primary Health Centres (PHC) to offer quality healthcare services to over 2 lakh people in western region of Maharashtra which was severely affected by incessant floods. Your Company also distributed dry ration kits to 1050 flood affected families in Alappuzha, Kerala and hygiene kits to 1350 affected families in Uttarakhand to support local administration authorities.

CSR Initiatives towards COVID 19 Pandemic:

To address the nation's priorities amidst the Covid-19 pandemic & ensure the well-being of our people, your Company established three – 50 bedded Covid Care Centres, donated 10,000 PPE kits, donated 39 ambulances, equipped 5 Healthcare Centres with the required medical equipment like Oxygen Concentrators, ICU Para Monitor etc. and supported over 2.05 lakh persons for Covid-19 vaccination in partnership with local governments across multiple States in India.

Apart from the key thrust areas, your Company contributed funds for other causes such as preservation and promotion of fine arts and culture, welfare of the armed forces and supporting underprivileged community.

4. CSR Spend

As per the provisions of Section 135 of the Companies Act, 2013 ("Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), the mandatory CSR spend of the Company for FY 2022 was Rs. 37.5 crores, out of which the Company has spent Rs. 29.7 crores by 31st March, 2022 and the remaining unspent amount of Rs. 7.8 crores has been transferred to MMFSL – Unspent CSR Account FY 2022, which will be spent towards the Company's ongoing project "Swabhimaan" within the stipulated time as permitted under CSR Rules. Your Company is in compliance with the statutory requirements in this regard.

Further, in terms of the CSR Rules, Chief Financial Officer has certified that the funds disbursed in FY 2022 have been utilised for the purpose and in the manner approved by the Board for FY 2022.

5. Annual Report on CSR Activities

The Annual Report on the CSR activities undertaken by your Company during the year under review, as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is set out in "**Annexure II**" of this Report.

6. Impact Assessment of CSR Projects

The Company has been conducting internal impact assessments to monitor and evaluate its strategic CSR programs. In compliance with the provisions of Section 135 of the Companies Act 2013 read with sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has completed impact assessment of the following CSR Projects through an independent agency:

1. Mahindra Pride School (MPS) & classrooms (MPC)
2. Nanhi Kali
3. COVID 19 Relief Project – distribution of dry ration kits

The aforementioned impact assessment reports are available on the Company's website. The highlights/ summary of the Impact assessment reports is given in the CSR Annual report at "**Annexure II**", which forms part of this Annual Report.

Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, the Annual Return in Form No. MGT-7, is available on the Company's website and can be accessed at the web-link: https://www.mahindrafinance.com/investor-zone/financial-information/

Board & its Committees

Board

Your Company recognises and embraces the importance of a diverse Board in its success. The confluence of Directors on the Board with different knowledge and skills, perspective, regional and industry experience, cultural and geographical background ensures that your Company retains its competitive advantage. The Board Diversity Policy adopted by the Board sets out its approach to diversity.

As on 31st March, 2022, the Board of your Company consisted of Nine Directors comprising of a Non-Executive Chairman, 2 Executive Directors, 1 Non-Executive Non-Independent Director and five Independent Directors, of whom 2 are Women Directors.

Committees constituted by the Board of Directors

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

The details of the Committees constituted by the Board along with their composition, powers, terms of reference, etc. are given in the Report on Corporate Governance, which forms part of this Annual Report.

Audit Committee

As on 31st March, 2022, the Audit Committee comprised of four Independent Directors and one Non-Executive Non-Independent Director:

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

Changes in Audit Committee Members

Dr. Anish Shah ceased to be a Member of the Committee with effect from 2nd May, 2022 and Mr. Amit Kumar Sinha was appointed as the Member of the Committee with effect from 2nd May, 2022.

During the year under review, 6 (six) Audit Committee Meetings were held on 23rd April, 2021, 26th July, 2021, 28th September, 2021, 28th October, 2021, 2nd February, 2022 and 23rd February, 2022. Further, the terms of reference of the Audit Committee was revised during the year under review, to align it with statutory amendments notified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

Meetings

The Board of Directors met 7 (seven) times during the year under review, on 23rd April, 2021, 26th July, 2021, 30th August, 2021, 28th September, 2021, 28th October, 2021, 2nd February, 2022 and 11th March, 2022. The requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The 31st AGM of the Company was held on 26th July, 2021.

During the year under review, no Extraordinary General Meeting ("EGM") of the Members was held.

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

Meetings of Independent Directors

The Independent Directors met twice during the year under review, on 30th August, 2021 and 10th March, 2022. The Meetings were conducted in an informal manner without presence of the Executive Director(s), the Non-Executive Non-Independent Directors, or any other Management Personnel.

Directors and Key Managerial Personnel

Appointment/Re-appointment of Directors during FY 2022 and upto the date of this report

- **Appointment of Dr. Anish Shah as the Chairman**

  Dr. Anish Shah, Director of the Company was appointed as the Non-Executive Chairman w.e.f. 2nd April, 2021 to replace Mr. Dhananjay Mungale. Mr. Dhananjay Mungale stepped down as the Chairman of the Board of Directors w.e.f. close of business hours of 1st April, 2021, but continues to be an Independent Director of the Company.

- **Re-appointment of Mr. Ramesh Iyer, Managing Director designated as Vice-Chairman & Managing Director**

  Pursuant to the recommendation of the Nomination and Remuneration Committee ("NRC") and the Board of Directors, the members of the Company at the Annual General Meeting held on 26th July, 2021, re-appointed Mr. Ramesh Iyer (DIN: 00220759) as the Managing Director of the Company, liable to retire by rotation, designated as Vice-Chairman & Managing Director for a period of 3 (three) years with effect from 30th April, 2021 to 29th April, 2024 (both days inclusive).

- **Appointment of Mr. Amit Raje as the Whole-time Director**

  Pursuant to the recommendation of NRC and the Board of Directors, the Members of the Company at the Annual General Meeting held on 26th July, 2021, appointed Mr. Amit Raje (DIN: 06809197) as a Whole-time Director of the Company liable to retire by rotation, designated as "Chief Operating Officer Digital Finance – Digital Business Unit" for a period of 5 (five) years, with effect from 1st April, 2021 till 31st March, 2026 (both days inclusive).

- **Appointment of Mr. Amit Kumar Sinha as a Non-Executive Non-Independent Director**

  Pursuant to the recommendation of NRC and the Board of Directors of the Company, the members of the Company at the Annual General Meeting held on 26th July, 2021, appointed Mr. Amit Kumar Sinha (DIN: 09127387) as a Non-Executive Non- Independent Director of the Company with effect from 23rd April, 2021, liable to retire by rotation.

- **Appointment of Mr. Siddhartha Mohanty as a Non-Executive Non-Independent Director**

  Pursuant to the recommendation of NRC and the Board of Directors of the Company, the members of the Company have by means of an Ordinary Resolution passed on 15th March, 2022 vide Postal Ballot conducted through remote e-voting mode, approved the appointment of Mr. Siddhartha Mohanty (DIN: 08058830) as a Non-Executive Non-Independent Director of the Company, with effect from 1st April, 2022, liable to retire by rotation.

Cessation of Directors

None of the directors have ceased to be director of the Company during the year under review.

During the year under review, no Independent Director of the Company had resigned before the expiry of his/her tenure.

Retirement by Rotation

In terms of provisions of Section 152 of the Companies Act, 2013, Dr. Anish Shah and Mr. Amit Raje retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Re-appointment of Independent Directors

No Independent Director of the Company is due for re-appointment in FY 2023.

Declaration by Directors

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

Declaration by Independent Directors

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

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

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by The Indian Institute of Corporate Affairs, Manesar ('IICA') and the said registration is renewed and active.

The Independent Directors of the Company except Dr. Rebecca Nugent, are exempt from the requirement to undertake the online proficiency self-assessment test conducted by IICA. Dr. Rebecca Nugent will be undertaking the said assessment in due course.

Key Managerial Personnel

The following persons were designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as on 31st March, 2022:

1. Mr. Ramesh Iyer, Vice-Chairman & Managing Director
2. Mr. Amit Raje, Whole-time Director of the Company designated as "Chief Operating Officer, Digital Finance – Digital Business Unit"
3. Mr. Vivek Karve, Chief Financial Officer of the Company and Group Financial Services Sector
4. Ms. Brijbala Batwal, Company Secretary

Changes in Key Managerial Personnel

Company Secretary

Ms. Arnavaz M. Pardiwalla, ceased to be the Company Secretary and Compliance Officer of the Company with effect from close of 31st January, 2022. The Board noted the same and placed on record its sincere appreciation for the valuable contribution made by Ms. Arnavaz M. Pardiwalla during her tenure as the Company Secretary of the Company.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its Meeting held on 28th October, 2021 appointed Ms. Brijbala Batwal as the Company Secretary of the Company with effect from 1st February, 2022. Ms. Brijbala Batwal has over 2 decades of experience in Corporate Secretarial function and has been with Mahindra Group for over 6 years.

Directors' Responsibility Statement

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

i. In the preparation of the annual accounts for financial year ended 31st March, 2022, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.

ii. They have in consultation with the Statutory Auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 and of the profit of the Company for the year ended on that date.

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

iv. They have prepared the annual accounts for financial year ended 31st March, 2022 on a going concern basis.

v. They have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls were operating effectively during the financial year ended 31st March, 2022.

vi. They have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March, 2022.

Performance Evaluation of the Board

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

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

An annual performance evaluation exercise was carried out in compliance with the applicable provisions of the Act, Listing Regulations, the Company's Code of Independent Directors and the criteria and methodology of performance evaluation approved by the NRC is as under:

Evaluating body	Evaluate	Broad criteria and parameters of evaluation	Process of evaluation
The Board, the NRC and the Independent Directors	The Board as a whole	Review of fulfilment of Board's responsibilities including Strategic Direction, financial reporting risk assessment, ESG, Grievance redressal, succession planning , knowledge of industry trends, diversity of Board etc. and feedback to improve Board's effectiveness	Internal assessment through a structured and separate rating based questionnaire for each of the evaluations.
The Board	The Committees of the Board (separately for each Committee)	Structure, composition, meetings of Committees, effectiveness of the functions handled, Independence of the Committee from the Board, contribution to decisions of the Board, etc.	The evaluation is carried out on a secured online portal whereby the evaluators are able to submit their ratings and qualitative feedback, details of which are accessible only to the NRC Chairperson.
The Board, the NRC, and the Independent Directors	Independent Directors including those seeking re-appointment, Non - Independent Directors, and the VC & MD (excluding the Director being evaluated)	Qualifications, experience, skills, independence criteria, integrity of the Directors; contribution and attendance at meetings; ability to function as a team and devote time, fulfilment of functions, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry, etc.	The NRC also reviews the implementation and compliance of the evaluation exercise done annually.
The Board, the NRC and the Independent Directors	Chairperson	Skills, expertise, effectiveness of leadership, and ability to steer the meetings, commitment, impartiality, ability to keep Shareholders' interests in mind, etc.	The results and outcome are evaluated, deliberated upon and noted by the Independent Directors, the NRC, and the Board at their respective meetings.

The questionnaires for performance evaluation, which were further reviewed and improvised during FY 2022, are comprehensive and in alignment with the guidance note on Board evaluation issued by SEBI, vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017 and are in line with the criteria and methodology of performance evaluation approved by the NRC.

Outcome and results of the performance evaluation

All Directors of the Company as on 31st March, 2022 participated in the evaluation process. The Directors expressed their satisfaction on the parameters of evaluation, the implementation of the evaluation exercise and the outcome of the evaluation process.

The evaluation exercise for FY 2022 concluded that the Board functions in a cohesive and professional manner enabling frank discussions and resolves issues constructively. They concluded that the Board effectively reviews all important areas including Strategic Direction, Risk Assessment and Compliance. Suggestions provided to enhance the Board's effectiveness through deeper focus in certain areas have been noted and taken up for implementation. The suggestions from previous evaluations were implemented by the Company during FY 2022.

Familiarisation Programme for Directors

The Company has adopted a structured programme for orientation of all Directors including the Independent Directors at the time of their joining so as to familiarise them with the Company – its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Management updates the Board Members on a continuing basis of any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

The Independent Directors of the Company are made aware of their roles and responsibilities at the time of their appointment through a formal letter of appointment, which also stipulates various terms and conditions of their engagement.

Managing Director and Senior Management provide an overview of the operations and familiarise the new Non-Executive Directors on matters related to the Company's values and commitments. They are also introduced to the organisation structure, constitution of various committees, board procedures, risk management strategies, etc.

Strategic Presentations are made to the Board where Directors get an opportunity to interact with Senior Management. Directors are also informed of the various developments in the Company through Press Releases, emails, etc.

Details of familiarisation programs imparted to the Independent Directors during the financial year under review in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the Company's website and can be accessed at the weblink: https://mahindrafinance.com/media/392590/familiarization-programs-conducted-in-fy-2022.pdf and is also provided in the Corporate Governance Report forming part of this Annual Report.

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

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

In accordance with the provisions of Section 134(3)(e) of the Companies Act, 2013 ("the Act") read with Section 178(2) and (3) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has adopted a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which, inter-alia, includes the criteria for determining qualifications, positive attributes and independence of Directors, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management team, succession planning for Directors and Senior Management, and the Talent Management framework of the Company. The said policy is available on the website of the Company and can be accessed at https://www.mahindrafinance.com/investor-zone/corporate-governance/

ii) **Policy on Remuneration of Directors and the Policy on Remuneration of Key Managerial Personnel, Senior Management and other Employees of the Company**

Your Company has also adopted the Policy on Remuneration of Directors and the Policy on Remuneration of Key Managerial Personnel, Senior Management and other Employees of the Company in accordance with the provisions of sub-section (4) of Section 178 of the Act. Basis recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 2nd May, 2022 had approved the revised policy to inter-alia include the Clawback/ malus Clause in the terms and conditions of appointment of Key Managerial Personnel (including Executive Directors) and Senior Management, in certain circumstances.

The said Policy is uploaded on the website of the Company and can be accessed at https://www.mahindrafinance.com/investor-zone/corporate-governance/

Adequacy of Internal Financial Controls with reference to the Financial Statements

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

Your Company uses various industry standard systems to enable, empower and engender businesses and also to maintain its Books of Account. The transactional controls built into these systems ensure appropriate segregation of duties, the appropriate level of approval mechanisms and maintenance of supporting records. The systems, Standard Operating Procedures and controls are reviewed by the Management.

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

Your Company recognises that Internal Financial Controls cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of its inherent limitations. Also, projections of any evaluation of the Internal Financial Controls to future periods are subject to the risk that the Internal Financial Control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

The Joint Statutory Auditors of the Company viz. Deloitte Haskins & Sells, Chartered Accountants and M/s. Mukund M. Chitale & Co., Chartered Accountants have examined the internal financial controls of the Company and have submitted an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting as at 31st March, 2022.

Internal Audit Framework

The Company has in place an adequate internal audit framework to monitor the efficacy of the internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the Company's processes. Separate meeting between the Chief Internal Auditor and the Audit Committee, without the presence of Management was held on 2nd May, 2022. The internal audit approach verifies compliance with the operational and system related procedures and controls.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures and compliance with laws and regulations. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations are presented to the Audit Committee, together with the status of the management actions and the progress of the implementation of the recommendations on a regular basis.

In compliance with RBI circular dated 3rd February, 2021, which mandated the Supervised Entities to implement the Risk Based Internal Audit ("RBIA") framework by 31st March 2022, the Audit Committee has approved a RBIA framework, along with appropriate processes and plans for internal audit for FY 2023. The Risk Based Internal Audit Plan for FY 2023 was reviewed by the Chief Risk Officer before being approved by the Audit Committee.

In compliance with RBI circular dated 3rd February, 2021, which mandated the Supervised Entities to implement the Risk Based Internal Audit ("RBIA") framework by 31st March 2022, the Audit Committee has approved a RBIA framework, along with appropriate processes and plans for internal audit for FY 2023.

Risk Management

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

The Risk Management Policy, inter alia, includes identification of elements of risk, including Cyber Security and related risks as well as those risks which in the opinion of the Board may threaten the existence of the Company. During the year under review the Risk Management Policy and Charter of the Risk Management Committee was amended to align it with the relevant statutory amendments notified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company. Your Company has a robust organisational structure for managing and reporting on risks.

In compliance with the requirements of Reserve Bank of India ("RBI") Notification No. RBI/2018-19/184 DNBR(PD) CC. No. 099/03.10.001/ 2018-19 dated 16th May, 2019, Ms. Mallika Mittal has been appointed as the Chief Risk Officer ("CRO") with effect from 9th November, 2021 to oversee and strengthen the risk management function of the Company. Ms. Mittal has over 2 decades of experience in the Industry. The CRO is invited to the Board, Audit Committee, Asset Liability Committee and Risk Management Committee Meetings. In terms of the said circular, separate meeting of the CRO with the Risk Management Committee, without the presence of the Managing Director was held on 27th April, 2022.

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

Auditors and Audit Report

Statutory Auditors and their Reports

In compliance with the Reserve Bank of India Circular dated 27th April, 2021 ("RBI Circular") for appointment of Joint Statutory Auditors of certain NBFCs (including HFCs) and in terms of the provisions of Section 139 (8)(i) of the Companies Act, 2013 ("Act"); and basis the recommendation of the Audit Committee, the Board of Directors of the Company at their meeting held on 28th September, 2021, had approved the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 117365W) ("DHS") and M/s. Mukund M. Chitale & Co., Chartered Accountants (Firm Registration No. 106655W) ("MMC"), as the Joint Statutory Auditors of the Company in place of M/s. B S R & Co. LLP, Chartered Accountants, for a period of 3 consecutive years to conduct audit of the Financial Statements of the Company.

The joint Statutory Auditors have issued unmodified Audit Reports on the Standalone and Consolidated Financial Statements for the financial year ended 31st March, 2022.

The joint Statutory Auditors have issued unmodified Audit Reports on the Standalone and Consolidated Financial Statements for the financial year ended 31st March, 2022. The Audit Report for FY 2022 does not contain any qualification, reservation or adverse remark.

As the resignation tendered by M/s. B S R & Co. LLP (erstwhile statutory auditors), due to abovementioned RBI Circular, resulted into a casual vacancy and pursuant to Section 139 (8)(i) of the Act, DHS and MMC were appointed as the Joint Statutory Auditors of the Company to hold office from 9th November, 2021 until the conclusion of the 32nd AGM of the Company, by the members through Postal Ballot.

The approval of Members of the Company is sought for appointment of DHS and MMC as the Joint Statutory Auditors of the Company, for a period of 2 (two) consecutive years, to hold office from conclusion of the 32nd AGM till conclusion of the 34th AGM of the Company to be held in the year 2024.

The joint Statutory Auditors have given a confirmation to the effect that they are eligible to be appointed and not disqualified from continuing as the Statutory Auditors. Necessary resolution(s) seeking Members approval for appointment of DHS and MMC forms part of the Notice convening the 32nd AGM.

M/s. B S R & Co. LLP, erstwhile Statutory Auditor of the Company was present at the last AGM held on 26th July, 2021.

Adoption of Policy for appointment of Statutory Auditors

In compliance with the RBI Guidelines, during FY 2022, the Board has approved and adopted a Policy for appointment of Statutory Auditors of the Company, which can be accessed on the Company's website.

Secretarial Audit Report

In accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for FY 2022 issued by M/s. KSR & Co., Company Secretaries LLP is appended to this Report as "**Annexure III**". The Secretarial Auditor was present at the last AGM.

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

Appointment of Secretarial Auditor

M/s. KSR & Co., Company Secretaries LLP were the Secretarial Auditor of the Company since FY 2016. The Board of Directors decided to rotate the Secretarial Auditor and accordingly appointed M/s. Makarand M. Joshi & Co., Practicing Company Secretaries as the Secretarial Auditor of the Company for conducting the Secretarial Audit of the Company for FY 2023 and FY 2024 in accordance with the provisions of Section 204 of the Act read with the Rules framed thereunder.

M/s. Makarand M. Joshi & Co., is a leading firm of practicing Company Secretaries having 21 years of experience in rendering comprehensive professional services in the field of Corporate Laws, SEBI Regulations, NBFC Laws, FEMA Regulations, Mergers and Acquisitions, including carrying out Secretarial Audits, Due Diligence and Compliance Audits among others.

The firm conducts Secretarial Audit for several companies including IDFC First Bank, Aditya Birla Capital, JM Financial, Avendus, ICICI Home Finance, CRISIL etc.

Secretarial Audit of Material Subsidiary

The Secretarial Audit of Mahindra Rural Housing Finance Limited ("MRHFL"), a material, debt listed subsidiary of the Company for FY 2022 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report of MRHFL submitted by M/s. KSR & Co., Company Secretaries LLP, does not contain any qualification, reservation or adverse remark or disclaimer. The Secretarial Audit Report is appended as "**Annexure IV**" and forms part of this Report.

Annual Secretarial Compliance Report

Your Company has undertaken an audit for FY 2022 for all applicable compliances as per SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 and Circulars/ Guidelines issued thereunder. The Annual Secretarial Compliance Report issued by M/s. K S R & Co., Company Secretaries LLP, Secretarial Auditor for FY 2022 has been submitted to the Stock Exchanges and is annexed as **"Annexure V"**.

No non-compliances have been reported under the Annual Secretarial Compliance Report for FY 2022.

Cost Records and Cost Audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148 of the Companies Act, 2013 are not applicable in respect of the business activities carried out by the Company and hence such accounts and records were not required to be maintained by the Company.

Reporting of Frauds by Auditors

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

Particulars of contracts or arrangements with Related Parties

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. Prior/ omnibus approval is obtained for Related Party Transactions which are of repetitive nature and/ or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions and subsequent material modifications are placed before the Audit Committee for review and approval. During the year under review, your Company had not entered into any contract/arrangement/transaction with Related Parties which could be considered material in accordance with the Policy on Materiality of and Dealing with Related Party Transactions. Pursuant to Section 134 (3) (h) read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188 (1) of the Companies Act, 2013. Accordingly, the disclosure of Related Party Transactions, as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company.

> As per the Whistle Blower Policy implemented by the Company, the employees, directors or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct

The aforesaid policy was amended during the year to align the same with the amendments in Regulation 23 of the Listing Regulations to, inter-alia, define material modifications to the RPTs.

The 'Policy on Materiality of and Dealing with Related Party Transactions', as amended, is available on the Company's website https://www.mahindrafinance.com/investor-zone/corporate-governance/

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

Whistle Blower Policy/Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns. The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the employees, directors or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity, through the channels provided below.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. The Whistle-blower can make a Protected Disclosure by using any of the following channels for reporting:

1. **Independent third party Ethics Helpline Service Portal: https://ethics.mahindra.com**
2. **Toll free No: 000 800 100 4175**
3. **Chairperson of the Audit Committee**

The Whistle Blower Policy has been widely disseminated within the Company. During the year under review, the Policy was amended to simplify the content to enhance the receptibility of the Policy for ensuring ease of comprehension and compliance. The updated Policy is available on the website of your Company at the web-link: https://www.mahindrafinance.com/investor-zone/corporate-governance/

The Audit Committee is apprised on the vigil mechanism on a periodic basis. During the year, no personnel was denied access to the Chairperson of the Audit Committee.

Particulars of Employees and Related Disclosures

Details of employees, who were in receipt of remuneration of not less than Rs. 1,02,00,000 during the year ended 31st March, 2022 or not less than Rs. 8,50,000 per month during any part of the year, as required under provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) and 5 (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be made available during 21 days before the Annual General Meeting in electronic mode to any Shareholder upon request sent at the Email ID: investorhelpline_mmfsl@mahindra.com

Such details are also available on your Company's website and can be accessed at the Web-link: https://mahindrafinance.com/investor-zone/financial-information.

Disclosure with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in "**Annexure VI**"

Disclosure in respect of remuneration/commission drawn by the Managing Director / Whole-time Director from Holding or Subsidiary Company

During FY 2022, Mr. Ramesh Iyer, Vice Chairman & Managing Director has received an amount of Rs. 63.11 lakhs towards Employees' Phantom Stock Options granted by Mahindra Insurance Brokers Limited, subsidiary of the Company.

Mr. Amit Raje, was appointed as Non-Executive Director of the Company w.e.f. 18th September, 2020. Mr. Raje was then associated with the Holding Company viz. Mahindra & Mahindra Ltd. ("M&M") as Executive Vice President – Partnerships & Alliances, wherein he was granted 97,783 ESOPs of M&M at an exercise price of Rs. 5/- per share. While he draws remuneration from the Company, out of 12,299 ESOPs of M&M vested and exercisable by him, he exercised 9,430 ESOPs during FY 2022. The ESOPs granted to him by M&M would continue to vest unto him from time to time.

Except as mentioned herein, Mr. Ramesh Iyer and Mr. Amit Raje did not receive any other remuneration or commission from Holding Company/Subsidiaries of the Company, during FY 2022.

Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act")

> All the employees are sensitised regarding issues of sexual harassment, the Company conducts an online Induction Training through the learning platform M-Drona (Internal Training App) covering topics including POSH awareness, reconciliation before filing POSH complaint(s) and consequences of filing false complaint(s).

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

Your Company has in place a comprehensive Policy in accordance with the provisions of the POSH Act and Rules made thereunder.

All employees (permanent, contractual, temporary and trainees) are covered under this Policy. The Policy has been widely communicated internally and is placed on the Company's intranet portal. The Company ensures that no employee is disadvantaged by way of gender discrimination.

During the year under review, the POSH Policy was amended to simplify the content to enhance the receptibility of the Policy for ensuring ease of comprehension and compliance. The updated POSH Policy is also available on the website of the Company and can be accessed at the web-link: https://www.mahindrafinance.com/investor-zone/corporate-governance/

Your Company has complied with the provisions relating to the constitution of the Internal Complaints Committee ("ICC") under the POSH Act to redress complaints received regarding sexual harassment.

To ensure that all the employees are sensitised regarding issues of sexual harassment, the Company conducts an online Induction Training through the learning platform M-Drona (Internal Training App) covering topics including POSH awareness, reconciliation before filing POSH complaint(s) and consequences of filing false complaint(s).

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2022, pursuant to the POSH Act and Rules framed thereunder:

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

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

c) Number of cases pending as at 31st March, 2022– NIL

d) Number of workshops/awareness programme on the subject carried out during the year under review were as under:

- Awareness program was conducted in which mailers & video on the Prevention of Sexual Harassment at the workplace along with POSH policies was circulated to all employees.
- An online e-learning module for employees on Prevention of Sexual Harassment covering the topics on Sexual Harassment, process of filing complaints, dealing with sexual harassment, etc. is developed for training all the employees. **98.46% of the employees have completed this training**

- ICC training conducted for all ICC members. – **1 session**
- POSH sensitisation training conducted for HR team. – **5 sessions**

e) Nature of action taken by the employer or District Officer – **Not Applicable.**

Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and outgo

The information in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 is attached as **"Annexure VII"** and forms part of this Annual Report.

Policies

The details of the Key Policies adopted by the Company and changes made therein, if any during the year under review are mentioned at **"Annexure VIII"** to the Board's Report

Compliance with the provisions of secretarial standard – 1 and Secretarial Standard – 2

The Directors have devised proper systems to ensure compliance with the provisions of the Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, issued by ICSI and such systems are adequate and operating effectively.

Voluntary adherence of Secretarial Standards to all Board Committees

Although, SS-1 compliance is required only for Board and its Committees mandatorily required to be constituted under the Act, the Company adheres and complies with the good practices enunciated in the said Secretarial Standards for all its mandatory and non-mandatory Committees.

Your Company has complied with applicable SS-1 and SS-2, during the year under review.

Material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year to which the financial statement relates and the date of the report

The severity of the spread of COVID 19 was controlled during the current year which also resulted in relaxation of most of the restrictions introduced by the Government of India to control the pandemic.

There remains a risk of subsequent waves of infection though with a milder severity as evidenced by the recently emerged variants of the virus. In view of these changes, the Company has made a reassessment of the estimation of uncertainty in the preparation of the Financial Statements for the year ended 31st March, 2022.

Your Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March, 2022 about future events that the management believe are reasonable under these circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

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

The COVID-19 outbreak which had led to a worsening of economic conditions and increased uncertainty, was brought under control by various Government initiatives and accordingly has been reflected in higher ECL provisions. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy such as retail, hospitality and commercial real estate which could take a longer period for revival post the impact of pandemic. The impact of the pandemic on the long-term prospects of businesses in these sectors remains uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates.

The Company was able to maintain its Net Non-Performing Asset ("NNPA") ratio below 4% as on 31st March, 2022 in line with the expectation of Reserve Bank of India.

The final impact of this pandemic and the Company's impairment loss allowance estimates are inherently uncertain, and hence, the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. The management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

Any resurgence of COVID-19 pandemic, emergence of new variants of the virus and the subsequent restrictions/control measures announced by the respective State Governments are the events which have continued till the date of the announcement of financial results of the Company. These uncertainties may adversely impact the Company's business operations in the future period.

Other than the above mentioned situation affecting the Company, there is no material change and commitment that have occurred after the closure of FY 2022 till the date of this Report, which would affect the financial position of the Company.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the company's operations in future

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

Disclosure pertaining to Insolvency & Bankruptcy code ("IBC")

No application for Bankruptcy under the Insolvency & Bankruptcy Code, 2016 ("IBC") was made against the Company during the financial year under review. The Company had filed 2 petitions with National Company Law Tribunal (NCLT) under IBC in FY 2021, for recovery of outstanding loans from its customers, being Corporate Debtors. The proceedings with respect to said petitions are pending before the respective jurisdictional NCLTs.

Disclosure on one time Settlement

During the year under review, the Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

General Disclosure

The Directors further state that no disclosure or reporting is required in respect of the following items, as there were no transactions/events related to these items during the financial year under review:

- There was no issue of equity shares with differential rights as to dividend, voting or otherwise;
- There was no issue of sweat equity shares to employees of the Company under any scheme;
- There was no raising of funds/Issue of shares through Preferential Allotment, Rights Issue or Qualified Institutional Placement;
- There were no voting rights which are not directly exercised by the employees in respect of equity shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under Section 67(3)(c) of the Act);
- There was no suspension of trading of securities of the Company;
- There was no revision made in Financial Statements or the Board's Report of the Company;

Acknowledgments

The Board conveys its deep gratitude and appreciation to all the employees of the Company for their tremendous efforts as well as their exemplary dedication and contribution to the Company's performance. Directors place on record their immense respect for every person and frontline workers who fought the COVID-19 pandemic.

The Directors would also like to thank its Shareholders, Customers, Vendors, Business Partners, Bankers, Government and all other Business Associates for their continued support to the Company and the Management.

For and on behalf of the Board

Dr. Anish Shah
Chairman
DIN: 02719429

Place: Mumbai
Date: 2nd May, 2022

Annexure I

Dividend Distribution Policy

Preamble

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

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

Objective

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

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

Definitions

a. "Act" means the Companies Act, 2013 and Rules made thereunder (including any amendments or re¬enactments thereof).

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

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

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

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

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

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

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

Dividend distribution philosophy

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

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

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

Parameters adopted with regard to various classes of shares

i) Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value of Rs.2 each. Presently, the Authorised Share Capital of the Company is divided into Equity Shares of Rs. 2 each and preference shares of Rs. 100 each. At present, the issued and paid-up share capital of the Company comprises of only Equity Shares of Rs. 2 each which rank pari passu with respect to all their rights. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

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

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

Factors for recommendation/ declaration of dividend

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

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

Internal Factors (Financial Parameters):

i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
   a. Previous years; and
   b. Internal budgets,

ii. Cash flow position of the Company,

iii. Accumulated reserves,

iv. Capital to Risk Assets Ratio (Capital Adequacy Ratio),

v. Transfer to Statutory Reserves as per the Reserve Bank of India Act, 1934,

vi. Transfer to Debenture Redemption Reserve,

vii. Earnings stability,

viii. Future cash requirements for organic growth/ expansion and/or for inorganic growth,

ix. Brand acquisitions,

x. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,

xi. Deployment of funds in short term marketable investments,

xii. Long term investments,

xiii. Capital expenditure(s), and

xiv. The ratio of debt to equity (at net debt and gross debt level).

External Factors:

i. Business cycles,

ii. Economic environment,

iii. Cost of external financing,

iv. Applicable taxes including tax on dividend,

v. Industry outlook for the future years,

vi. Inflation rate, and

vii. Changes in the Government policies, industry specific rulings and regulatory provisions.

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

Circumstances under which the shareholders of the Company may or may not expect dividend

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

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

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

iii. In the event of inadequacy of cash flow available for distribution.

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

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

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

Manner of utilisation of retained earnings

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

i. Capital expenditure for working capital,

ii. Organic and/or inorganic growth,

iii. Investment in new business(es) and/or additional investment in existing business(es),

iv. Declaration of dividend,

v. Capitalisation of shares,

vi. Buy back of shares,

vii. General corporate purposes, including contingencies,

viii. Correcting the capital structure,

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

General

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

Review

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

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

Disclosures

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

The Policy will be available on the Company's website and the link to the Policy is: https://www.mahindrafinance.com/discover-mahindra-finance/policies. The Policy will also be disclosed in the Company's Annual Report.

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

Annexure II

Corporate Social Responsibility

Annual Report on Corporate Social Responsibility ("CSR") Activities for FY 2022

1. Brief outline on CSR Policy of the Company

At Mahindra & Mahindra Financial Services Limited ('MMFSL' or 'The Company' or 'Mahindra Finance') we sincerely believe that the actions of the organisation and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with our external stakeholders, MMFSL strives to become an asset in the communities where it operates.

The objective of our CSR Policy has been to

- Define and lay down the guiding principles and strategies implementing Company's CSR initiatives;
- Outline our Board's vision and approach for undertaking CSR and creating impact in the communities;
- Encourage an increased commitment and engagement from our employees towards CSR and volunteering interventions called ESOPs (Employee Social Options).

CSR Thrust Areas

Your Company has identified CSR thrust areas for undertaking CSR Projects/ programs in India. The actual allocation of the expenditure among these thrust areas depends upon the needs as may be determined by the need identification studies or discussions/requests with local government/ Grampanchayat/ NGOs. Our Company gives preference to the areas around which the Company operates and the areas with identified needs for CSR spending.

- **Education & Livelihood** - Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- **Health** - Eradicating hunger, poverty and malnutrition, promoting health care including preventive and curative health care and sanitation and making available safe drinking water.
- **Environment** - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
- **Others** - From time to time, the Company may identify newer thrust areas to add to the above list, in so far as such activities are as defined in Schedule VII of the Companies Act, 2013 ("Act"), as amended, from time to time.

We ensure to define and lay down the following in all our CSR projects undertaken:

- Project objectives
- Need Assessment/Base line Survey
- Implementation schedules
- Defined fund disbursement schedules
- Responsibilities and authorities
- Major results expected and measurable outcome

As per the CSR Policy of the Company, the CSR Projects are undertaken based on the annual action plan formulated and recommended by the CSR Committee and approved by the Board. The implementing partners will report on a periodic basis the progress of the project activities, the utilisation of funds disbursed and plans for sustainability of the project. The CSR Committee reviews on a regular basis or as and when required, the progress of CSR initiatives undertaken.

2. Composition of CSR Committee

CSR Committee composition as at 31st March, 2022 and attendance at the CSR meetings held during FY 2022:

CSR Committee Members	Category of Member	Position held	Attendance and Meetings	% Attendance
Mr. Dhananjay Mungale	Independent Director	Chairman	3 out of 3	100%
Ms. Rama Bijapurkar	Independent Director	Member	3 out of 3	100%
Mr. Ramesh Iyer	Executive Director	Member	3 out of 3	100%

There was no change in the composition of the Corporate Social Responsibility Committee during the year.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

CSR Policy- https://www.mahindrafinance.com/media/383958/csr-policy.pdf

CSR Project- https://www.mahindrafinance.com/rise-for-good/key-csr-projects

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

The Company has been conducting internal impact assessments to monitor and evaluate its CSR projects/ programs. Rule 8(3) of the Companies (CSR Policy) Rules, 2014 mandates the companies to undertake Impact Assessment that have CSR projects with outlays of minimum Rs. 1 crore and which have been completed not less than 1 year before undertaking impact assessment.

In view of this, Impact assessment was carried out for the following projects by an independent agency during FY 2022:

- COVID-19 Relief Project - Distribution of dry ration kits
- Nanhi Kali
- Mahindra Pride School and Mahindra Pride classroom

Summary of aforementioned Impact assessments reports is as under :

1. **COVID-19 Relief Project - Distribution of Ration kit**

Number of beneficiaries impacted: 5,000 drivers and their family members

Total outlay: Rs. 1,25,00,000/- Project period: December, 2020 to March, 2021.

Mahindra Finance implemented the project to ensure survival and build the resilience of the most vulnerable families amongst the driver community due to COVID-19 pandemic through provision of food materials and necessary items. The project was implemented through a non-profit implementation partner, Habitat for Humanity India. The project locations included Bihar, Gujarat, Haryana, Uttar Pradesh, Maharashtra and Delhi-NCR. The project was implemented from December, 2020 to March, 2021 and had an outreach of 5,000 beneficiaries.

Mahindra Finance mandated Social Lens consulting to conduct an impact assessment.

Key Findings:

- The ration kits distributed as a part of the program were reported to be pivotal in ensuring their families' sustenance.
- 75% of the drivers reported a loss in income/loss in business on account of the lockdown and 73% of the respondents reported facing food shortages during the lockdowns.
- Around 78% of the drivers noted that the kit received was able to help them for 1-3 weeks for a family of 4 members.
- 94% of the respondents were overall satisfied with the type and quality of the contents of the kit, 98% of the respondents could recall Mahindra Finance as the patron through which they received the ration kits.

2. **Nanhi Kali:**

Number of beneficiaries impacted: 10,872 girls

Total outlay: Rs. 6,14,32,000/- Project Period: April 2020 to March, 2021

Implemented through K C Mahindra Education Trust (KCMET), Nanhi Kali project aims to provide quality education to underprivileged girls from grade 1 to 10 enrolled in government schools. Impact assessment was carried out by Dev Insights Pvt ltd, an independent agency. Structured interviews were conducted with 861 girls from grade VI to X in 3 states.

Findings:

- 99% girls admitted that their proficiency in their local and English language and Mathematical skills had improved after attending Nanhi Kali classes.
- 98% girls said they were able to use the ED tech and Mindspark platform (Online learning portal) with ease which helped to bridge the digital gap.
- Majority of the girls acknowledged that without the Nanhi Kali project, they wouldn't have been able to learn anything during the first year of COVID- 19 while 43% girls expressed that there would have been a significant gap in their learning levels.
- 56% expressed the possibility of discontinuing their education in the absence of Nanhi Kali project while 16% feared that their parents would have got them married.
- It also equipped them with appropriate life skills and empowered them to take their life decisions.

3. **Mahindra Pride Schools and Mahindra Pride Classroom:**

Total outlay: Rs. 7,50,00,000/- Project Period: April 2020 to March, 2021

Mahindra Pride Classrooms ("MPC")

Number of beneficiaries impacted: 1,822 youth

Mahindra Pride Classrooms ("MPCs") were set up in addition to the Mahindra Pride Schools ("MPS") in partnership with the State Governments in Polytechnics, ITIs, Arts & Science colleges. The focus of these classrooms is to provide 40-120 hours of training to final year students in Spoken English, Life Skills, Aptitude, Interview Preparedness, Group Discussion and Digital Literacy. Impact assessment was carried out by Dev Insights Pvt Ltd, an Independent Agency. Structured interviews were conducted with 935 MPC students in 10 states. KCMET was the implementation partner for this project.

Findings:

- Despite the job reductions due to the economic impact of COVID-19, 100% of students who were looking for a job were successfully placed as a result of the program.
- 72% of the total students trained were placed (remaining students did not apply for a job as they decided to pursue further education).
- 61% of those who had received placement offers through the program are continuing employment.
- 90% of students were satisfied with all the aspects of the course viz., content, quality, relevance, clarity, and duration.
- The "course content" and "trainer quality" parameters received an exceptionally high rating.

Mahindra Pride Schools ("MPS"):

No. of beneficiaries impacted: 30,627 students

- MPS is a skill development training programme for youth from socially and economically disadvantaged communities. It aims to train and help youth get placed in high-growth service sector jobs. MPS provides youth 90 days of intensive training in four domains namely Hospitality & Quick service Restaurants (QSRs), IT Enabled Services (ITES), Automotive Sector and Organised Retail. Impact assessment was carried out by Dev Insights Pvt Ltd, an Independent Agency.

Findings:

- Structured interviews conducted with 550 students from 7 MPS centres across 5 states
- In-depth interviews with other stakeholders such as the programme implementation team, employers, trainers and students using semi-structured qualitative tools
- 42% of the students wanted to pursue higher education and hence were not part of the placement process.
- The "course content" and "trainer quality" parameters received an exceptionally high rating

The detailed impact assessment reports pertaining to the abovementioned projects are available on the website of the Company at https://www.mahindrafinance.com/rise-for-good/csr-reports.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
1.	FY 2021	8,56,000	Nil

Note: The Company had spent Rs. 8,56,000 in excess of its CSR Obligations for FY 2021. While set off for excess CSR is permitted under law, the Company does not intend to set off the same.

6. Average net profit of the Company as per section 135(5):

Rs. 18,75,53,07,397 (Average of FY 2021, FY 2020 and FY 2019)

7.(a) Two percent of average net profit of the Company as per section 135(5):

Rs. 37,51,06,148

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:

Nil

(c) Amount required to be set off for the financial year, if any:

Nil

(d) Total CSR obligation for the financial year (7a+7b-7c):

Rs. 37,51,06,148

8.(a) CSR amount spent or unspent for FY 2022:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in Rs.)	Date of transfer	Name of the fund	Amount	Date of Transfer
29,71,74,681	7,85,94,000	26th April, 2022	-	NIL	-

(b) Details of CSR amount spent in FY 2022 against ongoing projects:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project Duration	Amount allocated for the project (In Rs.)	Amount spent in FY 2022 (In Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (In Rs.)	Mode of implementation	Mode of Implementation - Through Implementing Agency	
				State	District					Direct (Yes/No)	Name	CSR Registration number
1	Swabhimaan - Drivers Training for freshers (Men & Women)	Employment enhancing vocation skills (ii)	Yes	Maharashtra, Tamil Nadu, Karnataka, Madhya Pradesh	Satara, Ahemdabaad, Baramati, Nashik, Pune, Kolhapur, Tuljapur (Maharashtra), Ahmednagar, Vadnagar (Gujarat) Indore (Madhya Pradesh) Tanjavur, Namakkal, Chennai Rural (Tamil Nadu)	Dec 2021 to Dec 2024	3,25,00,225	99,89,300	2,25,10,925	No	Terna Public Charitable Trust – Terna DB Driver Training Institute	CSR00001159
2	Swabhimaan - Scholarship Project for Driver's children	Education (ii)	Yes	Uttar Pradesh, Uttarakhand, Gujarat, Tamil Nadu	Ahmedabad, Surat, Anand, Bharuch, Banaskantha, Patan, Sabarkantha,Vadodara, Gandhi Nagar, Valsad, Mahesana (Gujarat), Madurai, Chennai, Karur, Kanchipuram (Tamil Nadu), Ghazipur, Azamgarh, Mau, Etah, Aligarh, Siddharthnagar, Bagpat, Varanasi, Moradabad, Agra, Kanpur, Firozabad, Ghaziabad, Gautam Buddha Nagar, Gonda, Bulandshahr, Mathura, Budaun, Faizabad, Sultanpur, Ballia, Muzaffarnagar, Sitapur, Jaunpur, Meerut, Lucknow, Hathras, Allahabad, Kanshiram Nagar, Tehri, Garhwal (Uttar Pradesh), Dehradun (Uttarakhand)	Jan 2022 to Dec 2024	4,00,02,800	63,00,000	3,37,02,800	No	Synergie Institute of Trade, Commerce and Industry	CSR00000433
3	Swabhimaan - Auto- mechanic Training for women	Employment enhancing vocation skills (ii)	Yes	West Bengal & Jharkhand	Bankura, Midnapore, Nadia (West Bengal) & Ranchi, Ramgarh (Jharkhand)	Dec 2021 to Dec 2024	1,90,11,915	26,91,000	1,63,20,915	No	Sambhav Foundation	CSR00000475
4	Swabhimaan - Financial Planning for Drivers	Education (ii)	Yes	Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, Uttar Pradesh, Delhi, West Bengal, Jharkhand	Ghaziabaad, Gautam Budh Nagar, Delhi (Delhi-NCR), Indore Gwalior , Hoshangabad, Chhindwara, (MP), Amravati, Wardha , Nagpur, Mumbai, Yavatmal (MH),Lucknow, Amroha, Meerut (UP), Kolkata (WB), Ranch (JH)	Jan 2021 to Dec 2024	60,40,920	12,83,040	47,57,880	No	NIIT Foundation	CSR00000621
5	Swabhimaan - Road Safety Training for Drivers	Employment enhancing vocation skills and livelihood enhancement (ii)	Yes	Maharashtra, Delhi NCR,	Thane, Raigad(MH), North Delhi, East Delhi, South Delhi, West Delhi (Delhi)	Jan 2022 to Dec 2024	25,01,480	12,00,000	13,01,480	No	Synergie Institute of Trade, Commerce and Industry	CSR00000433
	Total						10,00,57,340	2,14,63,340	7,85,94,000			

(c) Details of CSR amount spent in FY 2022 against other than ongoing projects:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project in FY 2022 (in Rs.)	Mode of implementation	Mode of Implementation - Through Implementing Agency	
				State	District		Direct (Yes/No)	Name	CSR Registration number
1	**Mahindra Pride School (MPS) & Mahindra Pride Classrooms (MPC):** 1) MPS - Livelihood training in ITES, Retail and Hospitality to youth from socially & economically disadvantaged backgrounds 2) MPC - Online training to final year students covering English Speaking, Life Skills, Aptitude, Interview, Group Discussion and Digital Literacy to make them employable	Employment enhancing vocation skills (ii)	Yes	Maharashtra, Telangana, Tamil Nadu	Various districts from selected States	9,00,00,000	No	K.C. Mahindra Education Trust	CSR00000511
2	**Women Empowerment:** Women Empowerment with Regenerative Agriculture - Maharashtra	Empowering women (iii)	Yes	Maharashtra	Vardha	4,71,00,000	No	Nandi Foundation	CSR00001184
3	**Nanhi Kali:** Supporting education of marginalized girls	Promoting Education	Yes	Punjab	Ferozepur & Tarn Taran	2,76,00,000	No	K.C. Mahindra Education Trust	CSR00000511
4	**Covid-19 Relief:** Established 50 bedded Covid centre each at Jharkhand and Assam for general public and distribution of 10,000 PPE kits to Medical Colleges, District & Rural Hospital in the selected states	Disaster Management (xii)	Yes	Jharkhand, Assam Delhi, Karnataka, Maharashtra	Singhbhum (Jharkhand), Barpeta (Andhra Pradesh), Delhi, Bangalore, Chickaballapur(Karnataka) and Pune, Nagpur (Maharashtra))	1,03,70,000	No	People to People Health Foundation	CSR00000068
5	**Covid-19 Relief: Established 50 bedded covid centre at Maharashtra for general public**	Disaster Management (xii)	Yes	Maharashtra	Chandrapur	24,83,000	No	Habitat for Humanity India	CSR00000402
6	**Covid-19 Relief:** To support identified 5 Healthcare Centres and augment them with required medical equipment	Disaster Management (xii)	Yes	Maharashtra	Nandurbar, Dhule, Palghar, Jalna & Latur	65,02,650	No	Habitat for Humanity India	CSR00000402
7	**Covid-19 Relief - Vaccination Drive:** Administering up to 40,000 doses through 15 Mobile Vaccination Units in collaboration with local Govt.	Disaster Management (xii)	Yes	Maharashtra	Beed, Parbhani, Latur & Yavatmal	70,00,000	No	Rotary Club of Pune Central Charity Trust	CSR00003881
8	**Covid-19 Relief Vaccination Drive:** Administering Covid 19 jabs for underreached through mobile vaccination vans and community mobilization for first & second dose	Disaster Management (xii)	Yes	Maharashtra	Nandurbar, Nanded, Nashik & Pune	68,65,589	No	CARE India Solutions for Sustainable Development	CSR00000786
9	**Covid-19 Relief-Vaccination Drive:** To support Covid 19 vaccination drive for people from underprivileged section to get vaccinated	Disaster Management (xii)	Yes	Maharashtra	Palghar, Sangli, Kolhapur & Solapur	62,00,000	No	Sambhav Foundation	CSR00000475
10	**Covid-19 Relief -Ambulance Donation:** Donated 10 Ambulances to NGOs towards Covid Relief efforts	Disaster Management (xii)	Yes	Karnataka	Mysore	8,23,256	No	Green Dot Trust	CSR00005525
				Tamilnadu	Chennai	8,26,616	No	The Voluntary Health Services	CSR00003444
				Telangana	Warangal	8,19,896	No	Bala Vikasa Social Service Society	CSR00000313
				Andhra Pradesh	Prakasam	8,22,584	No	EFFORT	CSR00000628
				Maharashtra	Nasik	8,12,504	No	Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan	CSR00000181
				Maharashtra	Thane	8,11,832	No	Bharat Vikas Parishad	CSR00000558
				Maharashtra	Aurangabad	8,13,176	No	Aurangabad Thalassmia Society	CSR00006424
				Bihar	Muzaffarpur	8,35,352	No	Hanuman Prasad Garmin Vikas Sewa Samiti	CSR00002658
				Uttar Pradesh	Ghaziabad/NCR	8,29,304	No	Anchal Charitable Trust	CSR00004190
				Odisha	Angul	8,29,304	No	PARIBARTAN	CSR00004279
11	**Covid 19 Relief-Ambulance Donation:** Donation of 10 Ambulances (Mahindra Supro ZX) to various State Govt. Hospitals in Madhya Pradesh for the benefit of the general public.	Disaster Management (xii)	Yes	Madhya Pradesh	Sambalgarh, Sheopur Morena	75,18,000	Yes	Direct	NA
12	**Covid 19 Relief - Ambulance Donation:** Donation of 10 Ambulances (Mahindra Supro ZX) to various State Govt. Hospitals in Madhya Pradesh for the benefit of the general public.	Disaster Management (xii)	Yes	Madhya Pradesh	Bhopal	68,43,609	Yes	Direct	NA
13	**Covid-19 Relief-Ambulance Donation:** Donated 3 Ambulances to CMO Haridwar and Nainital towards Covid Relief efforts at Uttarakhand	Disaster Management (xii)	Yes	Uttarakhand	Haridwar and Nainital	23,40,714	Yes	Direct	NA
14	**Covid 19 Relief- Ambulance Donation:** Donation of 1 Type D Ambulance (Life Support Ambulance) to Uttar Pradesh Government for the benefit of the general public	Disaster Management (xii)	Yes	Uttar Pradesh	Varanasi	20,15,034	Yes	Direct	NA
15	**Covid 19 Relief -Ambulance Donation:** Donation of 1 Type D Ambulance (Life Support Ambulance) to Rajasthan Government for the benefit of the general public	Disaster Management (xii)	Yes	Rajasthan	Jaipur (RJ)	20,15,034	Yes	Direct	NA
16	**Covid 19 Relief Ambulance Donation:** Donation of 2 Supro Ambulances to Telangana Government for the benefit of the general public.	Disaster Management (xii)	Yes	Telangana	Wanaparthy (TL)	16,16,874	Yes	Direct	NA
17	**Covid 19 Relief Ambulance Donation:** Donation of 2 Type D Ambulances (Life Support Ambulance) to Andhra Pradesh Government for the benefit of the general public.	Disaster Management (xii)	Yes	Andhra Pradesh	Hyderabad	35,51,000	Yes	Direct	NA

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project – State	5 Location of the project – District	6 Amount spent for the project in FY 2022 (in Rs.)	7 Mode of implementation – Direct (Yes/No)	8 Mode of Implementation - Through Implementing Agency – Name	8 Mode of Implementation - Through Implementing Agency – CSR Registration number
18	**Relief and Rehabilitation Project:** Infrastructural support to affected 4 schools which includes repairing of ramp, building, boundary wall and restoration of facilities	Disaster Management (xii)	Yes	Maharashtra	Sangli and Kolhapur	62,00,000	No	Oxfam India	CSR00000839
19	**Relief and Rehabilitation Project:** Infrastructure support including repair works and upgradation of of affected 3 Primary Health Centres (PHC) to offer quality services.	Disaster Management (xii)	Yes	Maharashtra	Ratnagiri & Sangli	29,95,000	No	Y4D Foundation	CSR00000374
20	**Relief and Rehabilitation Project:** Distribution of Personal Hygiene Kits to families affected by floods	Disaster Management (xii)	Yes	Uttarakhand	Almora and Nainital	25,00,200	No	Habitat for Humanity India	CSR00000402
21	**Relief and Rehabilitation Project:** Relief Assistance of Dry Ration for the Flood-Affected Communities	Disaster Management (xii)	Yes	Kerala	Alappuzha	24,29,910	No	Concern India Foundation	CSR00000898
22	**Relief and Rehabilitation Project:** Upgradation of school infrastructure damaged by floods in Konkan Region of Maharashtra	Disaster Management (xii)	Yes	Maharashtra	Chiplun, Ratnagiri	5,00,000	No	Shriram Education Society	CSR00015633
23	**Hunnar:** Imparting multiple sector skills to Persons with Disability to employ them in sectors such as Retail, Hospitality and ITES	Employment enhancing vocation skills (ii)	Yes	Andhra Pradesh	Visakhapatnam	40,00,000	No	Sarthak Educational Trust	CSR00001093
24	**Sehat:** Promoting access to healthcare for marginalised populations	Healthcare including preventive health care (i)	Yes	Maharashtra	Palghar	5,00,000	No	Dr. M L Dhawale Memorial Trust	CSR00002539
				Maharashtra	Mumbai	5,00,000	No	Keshav Srushti	CSR00002691
				Maharashtra	Kamothe, Raigad	1,00,000	No	Manasarovar Kamothe Malayali Samajam Kamothe	CSR00007613
				Pan India	Pan India	3,10,000	No	SOS Children Villages of India	CSR00000692
				Gujarat	11 districts of Gujarat	3,00,000	No	Mahila Sewa Trust	CSR00002616
				Maharashtra	Mumbai	50,000	No	Kaveri Music Foundation	CSR00000079
				Maharashtra	Badlapur & Nasik	5,00,000	No	Association of Parents of Mentally Retarded Children (ADHAR)	CSR00001585
				Pan India	Pan India	3,00,000	No	Indian Development Foundation (IDF)	CSR00000230
				Maharashtra	Shirdi	9,00,000	No	Shri Saibaba Sansthan Trust	CSR00003660
				Maharashtra	Pune	5,00,000	No	Santulan	CSR00004502

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project – State	5 Location of the project – District	6 Amount spent for the project in FY 2022 (in Rs.)	7 Mode of implementation – Direct (Yes/No)	8 Mode of Implementation - Through Implementing Agency – Name	8 Mode of Implementation - Through Implementing Agency – CSR Registration number
25	**Mahindra Hariyali:** Increasing green cover and protecting biodiversity in the country by planting trees	Ensuring environmental sustainability (iv)	Yes	Punjab, Haryana, Chhattisgarh Maharashtra, Jammu and Kashmir and Himachal Pradesh, Odisha, Gujrat, Delhi, West Bengal, Jharkhand, Uttar Pradesh, Madhya Pradesh, Lucknow, West Bengal, Meghalaya, Uttarakhand & West UP, Kerala, Karnataka, Tamil Nadu, Assam, Telangana	Chandigarh, Hissar, Rajpur, Kolhapur, Nagpur, Gondiya, Shimla, Bhubaneshwar, Palanpur, Baroda, Asansol, Delhi, Ranchi, Hazaribagh, Lucknow, Allahabad, Bhopal, Jabalpur, Satna Sagar, Ghuna, Rewa, Indore, Ratlam, Gwalior, Gaya,Bhati, Samastipur, Nanda Kumar, Kalyani, Shilong Nongpoh, Agra Dehradun, Kannor Calicut Cochin, Malappuram, Gulbarga Kolar, Chikkaballapur, Coimbattur, Trichy, Andhra Pradesh,Ghuwahati Maligoan Belohota, Mysore,Chamrajanagar, Hunsur, Madikeri, Hyderabad Vijayawada	37,47,414	Yes	Direct	NA
				Maharashtra	Mumbai	74,500	No	Sri Sathya Sai Books & Publications Trust	CSR00003660
				Maharashtra	Malvan, Sindhudurg	1,00,000	No	Bhandari Education Society	CSR00017115
26	**Gyandeep:** Assisting education of under-privileged community by providing scholarship, notebooks, textbooks and necessary infrastructure & facilities to educational and other institutions	Promotion of Education (ii)	Yes	Maharashtra	Mumbai	3,00,000	No	Bhajan Samaj Ghatkopar East	CSR00013614
				Maharashtra	Palghar	59,440	No	Mahindra Finance CSR Foundation	CSR00000379
				Maharashtra	Mumbai	3,00,000	No	The Vivek Education Society	CSR00013614
				Maharashtra	Mumbai	3,00,000	No	GSB Seva Mandal	CSR00001401
				Maharashtra	Mumbai	82,600	No	Mahindra Finance CSR Foundation	CSR00000379

1 Sl. No.	2 Name of the Project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/ No)	5 Location of the project: State	5 Location of the project: District	6 Amount spent for the project in FY 2022 (in Rs.)	7 Mode of implementation Direct (Yes/No)	8 Mode of Implementation - Through Implementing Agency: Name	8 CSR Registration number
				Maharashtra	Mumbai	4,00,000	No	Sadguru Sudhindra Educational Charitable Trust	CSR00001506
				Maharashtra	Mumbai	5,00,000	No	Vidyadaan Sahayyak Mandal	CSR00002267
				Gujarat	Kutch	5,00,000	No	Saraswatam	CSR00001601
27	**Samantar:** Providing financial support to maintain old age homes, orphanages, homes for the differently abled	Gender Equality/Old age & Day care homes (iii)	Yes	Pan India		7,45,712	Yes	Direct	NA
				Maharashtra	Mumbai	5,00,000	No	Desire Society	CSR00002465
28	**Cultural Projects:** Preservation and promotion of the fine arts & culture	Promotion of Culture (v)	Yes	Mumbai (Maharashtra)	Mumbai	50,000	No	Nrithyodaya-The Academy of Performing Arts	CSR00000215
				Pune, Maharashtra	Pune, Maharashtra	3,00,000	Yes	Direct	NA
				Chennai (Tamil Nadu)	Chennai	1,00,000	No	Charsur Art Foundation	CSR00003324
				Delhi	Delhi	3,00,000	No	Gurukulam Foundation	CSR00010955
29	Welfare of the armed forces	Welfare of the armed forces (vi)	Yes	Maharashtra	Mumbai	7,50,000	No	Sri Shanmukhananda Fine Arts & Sangeetha Sabha	CSR00001777
30	**Sports:** Financial support for maintenance, upgradation & participation fees of sports infrastructure in District / State level	Training to promote sports (vii)	Yes	Maharashtra	Dapoli	5,00,000	Yes	Direct	NA
31	**Swachh Bharat Activity:** Supporting PM's clean India campaign by Spreading awareness about Swachh Bharat Abhiyan	Sanitation (i)	Yes	West Bengal, Punjab, Assam, Odisha, Maharashtra, Madhya Pradesh, Kerala, Uttarakhand, Telangana, Uttar Pradesh	Chakdah(WB), Hariyana (PB), Guwahati(AS),(Puri (OD), Nagpur (MH), Jabalpu(MP), Cochin (KL), Karanprayag (UK) ,Hyderabaad (TL) ,Etawah (UP).	2,59,769	Yes	Direct	NA
32	Monitoring &Evaluation Expenses			Maharashtra & Karnataka		21,77,821			
	Total					**27,28,77,694**			

(d) Amount spent in Administrative Overheads:

Rs. 24,31,527

(e) Amount spent on Impact Assessment, if applicable:

Rs. 4,02,120

(f) Total amount spent for the Financial Year (8b+8c+8d+8e):

Rs. 29,71,74,681

(g) Excess amount for set off, if any:

Sr. No.	Particulars	Amount (In Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	37,51,06,148
(ii)	Total amount spent for the Financial Year	29,71,74,681*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	(7,79,31,467)*
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil$
(v)	Amount available for set off in succeeding financial years	6,62,533*

*The mandatory CSR spend of the Company for FY 2022 was Rs. 37,51,06,148, out of which the Company has spent Rs. 29,71,74,681 in FY 2022. Further, the Company has transferred an unspent amount of Rs. 7,85,94,000 vis-à-vis Rs. 7,79,31,467 as mentioned in point(iii) above to 'MMFSL – Unspent CSR Account FY 2022' which will be spent towards the Company's ongoing project "Swabhimaan" within the stipulated time. There was an excess CSR Spend of Rs. 6,62,533 towards COVID -19 project which is included in point (ii) of the above table.

$The Company had spent Rs. 8,56,000 in excess of its CSR Obligations for FY 2021. While set off for excess CSR is permitted under law, the Company does not intend to set off the same. Hence the amount is stated as Nil.

In addition to the CSR Spend of Rs. 29,71,74,681, the Company has spent Rs.7,86,000 which pertains, to the interest income earned by the implementation agencies on funds provided to them for CSR for FY 2022 and the same is not included in point (iii) of above table.

9.(a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount Spent in the reporting financial year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any: Name of the fund	Amount (in Rs.)	Date of Transfer	Amount remaining to be spent in succeeding financial years (in Rs.)
				NIL			

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID.	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project Duration	(6) Total Amount allocated for the project (in Rs.)	(7) Amount spent on the project in the reporting financial year (in Rs.)	(8) Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	(9) Status of the project- Completed/ Ongoing
					NIL			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in FY 2022 (asset wise details):

Sl. No.	Date of creation or acquisition of the capital asset(s):	Amount of CSR spent for creation or acquisition of capital asset (in Rs.)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.*	Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
1.	30th October, 2021	8,29,304	Anchal Charitable Trust	Supro Ambulance Zx BS6 – Anchal Health Centre Anchal House, F-16, Naveen Shahdara Delhi – 110032.
2.	31st October, 2021	8,13,176	Aurangabad Thalassemia Society – Plot No. B, Satvahan Society, Opp Sant Tukaram Natya Gruh, Cidco, N-5, Aurangabad, MH - 431003	Supro Ambulance Zx BS6 – Plot No. B, Satvahan Society, Opp Sant Tukaram Natya Gruh, Cidco, N-5, Aurangabad, MH – 431003
3.	22nd October, 2021	8,19,896	Bala Vikasa Social Service Society, 1-1-867, Siddarthangar, NIT post, Kazipet, Warangal-506004, Telangana	Supro Ambulance Zx BS6 1-1-867, Siddarthangar, NIT post, Kazipet, Warangal-506004, Telangana

Sl. No.	Date of creation or acquisition of the capital asset(s):	Amount of CSR spent for creation or acquisition of capital asset (in Rs.)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.*	Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
4.	26th November, 2021	8,11,832	Bharat Vikas Parishad, Bharat Vikas Bhavan, Power house road, Pitampura, New Delhi - 110034	Supro Ambulance Zx BS6 – Bharat Vikas Parishad, Ghodbunder road branch E-8, 704, Thane - 400615
5.	13th November, 2021	8,12,504	Dr. Babasaheb Ambedkar Vaidyakiya Pratishthan, 19/1 (P), Anandwalli Chowk, Gangapur Road, Nashik, 422013	Supro Ambulance Zx BS6-19/1 (P), Anandwalli Chowk, Gangapur Road, Nashik, 422013
6.	5th November, 2021	8,22,584	EFFORT, 9-240, G.T. Road, Martur -523301, Prakasam District, AP	Supro Ambulance Zx BS6 EFFORT, 9-240, G.T. Road, Martur -523301, Prakasam District, AP
7.	25th October, 2021	8,23,256	Green Dot Trust, Aalemane, #566, 7th cross, opp park, Roopnagar, Bogadi, Mysore, KA22, KA - 570026	Supro Ambulance Zx BS6- Green Dot Trust, Primary Health Centre, Kanoor, Virajpet Taluk, Kodagu District – 571216
8.	31st October, 2021	8,35,352	Hanuman Prasad Garmin Vikas Sewa Samiti, AT + P.O. Sakri Sariya, Block Kudhani, Dist. Muzaffarpur, Bihar - 844127	Supro Ambulance Zx BS6 - Sakri Sariya, Block Kudhani, Dist. Muzaffarpur, Bihar – 844127
9.	24th December, 2021	8,29,304	Paribartan, AT – Pendarabasa, Dimiria, Pallahara, Angul, Odhisa, India - 759119	Supro Ambulance Zx BS6-Pendarabasa, Dimiria, Pallahara, Angul, Odhisa, India – 759119
10.	3rd February, 2022	5,00,000	Saraswatam, Old Post Office Road, inside Bhidgate, Mandvi, Kutch, Gujrat - 370465	Furniture, Sports, Music, Science Lab Saraswatam-Old Post Office Rd, Inside Bhid Gate, Mandvi, Kutch - 370465
11.	25th October, 2021	8,26,616	The Voluntary Health Services, Rajiv Gandhi, Salai, Taramani, Chennai, 600113	Supro Ambulance Zx BS6 -The Voluntary Health Services, Rajiv Gandhi Salai, Taramani, Chennai – 600113
12.	9th January, 2022	3,72,000	Dr. Amrisinh Yadav, PHC, Chiplun, Ratnagiri	2 Computers and printers, OT table Chiplun Primary health care center, Tal. Chiplun, Dist.- Ratnagiri - 415605
13.	9th January, 2022	3,72,000	Dr. Mayekar, PHC, Adare, Ratnagiri	Table, Iv stand, steriliser glassware, Instrument trolley, Induction, Bp Apparatus Kherdi Primary health care centre, Tal. Chiplun, Dist.- Ratnagiri 415604
14.	9th January, 2022	3,72,000	Dr. Avinash Patil, PHC, Bhilwadi, Sangali	Tables, Cupboards, Chairs, 2 Computers and 2 printers, Bp Apparatus Rural Hospital, Bhilwadi, Tal. Palus, Dist, Sangli 416310
15.	17th March, 2022	22,503	1. Dhavali High School Dhavali, 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	Fan (Sealing) - 8units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
16.	17th March, 2022	6,359	1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	TubeLight - 8units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
17.	17th March, 2022	71,040	1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	Printer (Laser)(Hp-M1136) - 4 units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
18.	17th March, 2022	1,35,936	1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	750 KVA Inverter_Luminous (include battery, wires, Installation, etc) - 4 units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
19.	17th March, 2022	39,169	1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	Speaker Set (Mini) - 4 Units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
20.	17th March, 2022	1,58,516	1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	Projector & Screen (BenqMs55op) - 4 units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
21.	17th March, 2022	44,928	1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	Wooden Table & Chair - 8 units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
22.	17th March, 2022	2,71,388	1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.	Computer Desktop (HP-S01AF1786) - 8 Units 1. Dhavali High School Dhavali, Tal-Miraj, Dist- Sangli, PIN-416410 2. V M School Bhairawadi, Tal-Shiriok, Dist.-Sangli, PIN-416106, 3. Bapusaheb Ramchandra Khavate High school,-Ankil, Tal-Miraj, Dist-Sangli, PIN-410410 4. Kumar V M Kavthe gulandgav, Tal-Shirol, Dist.-Kolhapur, PIN-416310.
23.	30th July, 2021	4,92,650	Sadar Hospital HR24+655, Amala Tola Road, Chaibasa, Jharkhand - 833 201	Cost of Semi Fowler Bed (M S) Dimension: -33x72 size and Single fold mattress with pillows and IV Stands for the Beds- Amala Tola Road, Chaibasa, Jharkhand - 833 201

Sl. No.	Date of creation or acquisition of the capital asset(s):	Amount of CSR spent for creation or acquisition of capital asset (in Rs.)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.*	Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
24.	29th July, 2021	16,638	Sadar Hospital HR24+655, Amala Tola Road, Chaibasa, Jharkhand - 833 201	Water Filter with Cooler and Garbage Bins -120 Ltr HR24+655, Amala Tola Road, Chaibasa, Jharkhand - 833 201
25.	1st September, 2021	4,74,950	Gauhati Medical College and Hospital Narakachal Guwahati, Assam - 781032	Cost of Semi Fowler Bed (M S) Dimension: -33x72 size and Single fold mattress with pillows Guwahati, Assam - 781032
26.	27th August, 2021	17,700	Gauhati Medical College and Hospital Narakachal Guwahati, Assam - 781032	IV Stands for the Beds Narakachal Guwahati, Assam - 781032
27.	25th August, 2021	16,638	Gauhati Medical College and Hospital Narakachal Guwahati, Assam - 781032	Water Filter with Cooler and Garbage Bins -120 Ltr Narakachal Guwahati, Assam - 781032
	Total	**1,16,08,239**		

*The above acquired capital assets are held by eligible entities i.e. by a company established under section 8 of the Act, or a Registered Public Trust or Registered Society, having charitable objects and CSR Registration Number in compliance with Companies (Corporate Social Responsibility Policy) Rules, 2014.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

The Company had originally allocated Rs. 10,00,57,340 towards the Company's ongoing/ multiyear and Flagship project "Swabhimaan". The Company has spent Rs. 2,14,63,340 towards the said project in FY 2022 and the unspent amount of Rs. 7,85,94,000 was transferred to MMFSL – Unspent CSR Account FY 2022 on 26th April, 2022, in compliance with applicable legal provisions, which will be spent within the stipulated time as permitted under CSR Rules.

Dhananjay Mungale
Chairman- CSR Committee

Ramesh Iyer
Vice-Chairman & Managing Director

Place: Mumbai
Date: 2nd May, 2022

Annexure III

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended 31st March, 2022

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra & Mahindra Financial Services Limited (CIN L65921MH1991PLC059642)** (hereinafter called the Company). Secretarial Audit was conducted for the financial year ended on 31st March, 2022 in a manner that provided us reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2022 according to the provisions of:

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

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

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

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

(v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

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

  d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

  f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

  g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

  h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

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

(vi) Reserve Bank of India Master Direction/Guidelines, as applicable to Non-Banking Financial Companies, including the following are specifically applicable to the Company:

  a) The Reserve Bank of India Act, 1934.

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

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

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

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

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

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

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

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

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

a) Foreign Direct Investment

b) Delisting of equity shares

c) Buy-back of securities

d) Issuance of Equity Shares, Preference Shares and Convertible Securities

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

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

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

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

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

a) The Company has raised an amount of Rs.4,608.40 crores through issuance of Secured/Unsecured Redeemable Non-Convertible Debentures (NCDs) on a private placement basis, in one or more series/tranches (including Rs. 132.90 crores through Unsecured Redeemable Non-Convertible Subordinated Debentures eligible for Tier II Capital).

b) M/s.Deloitte Haskins & Sells, Chartered Accountants and M/s. Mukund M. Chitale & Co., Chartered Accountants were appointed as the Joint Statutory Auditors of the Company to hold office from 9th November, 2021 until the conclusion of the ensuing 32nd AGM of the Company, by the Members through Ordinary resolution passed on 7th November, 2021 by way of Postal Ballot, in compliance with RBI Circular dated 27th April, 2021.

c) The Members of the Company vide special resolution passed through postal ballot on 15th March, 2022 approved the alteration to the Objects Clause of the Memorandum of Association of the Company to enable to the Company to issue Prepaid Payments Instruments (PPI) and operate as a Payment Aggregator and provide payment gateway services.

For **KSR & Co Company Secretaries LLP**

Dr. C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367D000252471

Place: Coimbatore
Date: 2nd May, 2022

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

Our Secretarial Audit Report of even date of Mahindra & Mahindra Financial Services Limited, (CIN L65921MH1991PLC059642) (hereinafter called "the Company") is to be read along with this letter.

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

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

3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the financial year ended on 31st March, 2022.

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

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

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

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

For **KSR & Co Company Secretaries LLP**

Dr. C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367D000252471

Place: Coimbatore
Date: 2nd May, 2022

Annexure IV

Form No. MR-3

Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 read with
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2022

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (CIN U65922MH2007PLC169791) (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2022 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2022 according to the provisions of:

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

(ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

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

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

(v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 (limited to obligations of the company)

(vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulation 16 to 27 on comply or explain basis).

(vii) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

(viii) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

(ix) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.

(x) The National Housing Bank Act, 1987.

(xi) RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

(xii) Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014;

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

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

(ii) Listing Agreement for debt securities entered into with BSE Limited in respect of privately placed non-convertible debentures issued by the Company.

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

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

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

We further report that

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

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

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

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

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

a. The Company has raised an amount of Rs.1360 crores (Secured: Rs 110 Crores, Unsecured Rs. 1250 Crores by issue of 136000 Redeemable Listed Non-Convertible Debentures (NCDs) of Rs 10 Lakhs each (Face value) on a private placement basis, in one or more series/ tranches.

b. The Members of the Company in an Extra-Ordinary General Meeting vide an Ordinary Resolution on 30th October, 2021 approved the appointment of M/s. Gokhale & Sathe, Chartered Accountants as Statutory Auditors of the Company with effect from 01st November, 2021 till the conclusion of the 15th Annual General Meeting of the Company.

c. The Company has not raised any debt through a public issue.

For **KSR & Co Company Secretaries LLP**

Dr. C. V. Madhusudhanan
Partner

Place: Coimbatore
(FCS: 5367; CP: 4408)
Date: 22nd April, 2022
UDIN: F005367D000187087

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

Our Secretarial Audit Report of even date **Mahindra Rural Housing Finance Limited** (CIN U65922MH2007PLC169791) (hereinafter called "the Company") is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to threat of infection arising out of COVID-19 pandemic, we had to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.
3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial year ended on 31st March, 2022.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further compliance of provisions of The National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2010 read with NBFC-HFC (Reserve Bank) Directions, 2021 and Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014 is limited to compliance of corporate governance provisions and verification of filing of forms and returns thereunder.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **KSR & Co Company Secretaries LLP**

Dr. C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN: F005367D000187087

Place: Coimbatore
Date: 22nd April, 2022

Annexure V

Secretarial Compliance Report of

Mahindra & Mahindra Financial Services Limited
(CIN: L65921MH1991PLC059642)
for the year ended 31st March, 2022

1. We have examined:
   (a) All the documents and records made available to us and explanation provided by Mahindra & Mahindra Financial Services Limited ("the Listed Entity") arising from the compliances of specific Regulations listed under Para 2 infra.
   (b) The filings/ submissions made by the Listed Entity to the stock exchanges in connection with the above,
   (c) Website of the listed entity,

   for the year ended 31st March, 2022 ("Review Period") in respect of compliance with the provisions of:

   (a) The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
   (b) The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");
2. The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-
   (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
   (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   (d) Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018;
   (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
   (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013;
   (h) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
   (i) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   (j) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agent) Regulations, 1993
   (k) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

and based on the above examination, we hereby report that, during the review period:

(a) The Listed Entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder. However, in the absence of any transaction relating to buyback of securities, issue of Equity shares and issue of Non-Convertible Redeemable Preference Shares during the review period, the compliance of the relevant regulations mentioned above do not arise.

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

(c) No action was taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) No observations were made in our previous report dated 23rd April, 2021 and addendum of even date thereto, hence reporting on action taken by the listed entity and our comments thereto, does not arise.

We further certify that the Listed Entity and its Material Subsidiary namely, Mahindra Rural Housing Finance Limited have complied with the requirements of Paragraph 6(A) and 6(B) of Securities and Exchange Board of India Circular No. CIR/CFD/CMD1/114/2019 dated 18th October, 2019.

For **KSR & Co Company Secretaries LLP**

Dr. C. V. Madhusudhanan
Partner
(FCS: 5367; CP: 4408)
UDIN:F005367D000252768

Place: Coimbatore
Date: 2nd May, 2022

Annexure VI

Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The remuneration of each Director, Chief Financial Officer and Company Secretary, percentage increase in their remuneration during the FY 2022 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the FY 2022 are as under:

Name of Director/ KMP	Designation	Remuneration of Director/ KMP for the financial year 2021-22 (Rs. in crores) (Excluding perquisite value of ESOPs exercised)	Remuneration of Director/ KMP for the financial year 2021-22 (Rs. in crores) (Including perquisite value of ESOPs exercised)	% increase in remuneration in the Financial Year 2021-22 (Excluding perquisite value of ESOPs exercised)	% increase in remuneration in the Financial Year 2021-22 (Including perquisite value of ESOPs exercised)	Ratio of the remuneration of each Director to median remuneration (Including perquisite value of ESOPs exercised) of employees for the financial year 2021-22
Dr. Anish Shah*	Non-Executive Chairman	NIL	NIL	NIL	N.A.	N.A.
Mr. Dhananjay Mungale	Independent Director	0.49	0.49	19.51	19.51	14.24
Mr. C. B. Bhave	Independent Director	0.41	0.41	24.24	24.24	11.92
Ms. Rama Bijapurkar	Independent Director	0.37	0.37	19.35	19.35	10.76
Mr. Milind Sarwate	Independent Director	0.42	0.42	23.53	23.53	12.21
Dr. Rebecca Nugent **	Independent Director	0.10	0.10	N.A.	N.A.	2.91
Mr. Ramesh Iyer	Vice-Chairman & Managing Director	6.08	7.53	(3.18)	4.87	218.90
Mr. Amit Raje ^^	Whole-time Director-Chief Operating Officer Digital Finance - Digital Business Unit	2.88	3.58	N.A.	N.A.	104.07
Mr. Amit Kumar Sinha#	Non-Executive Director	NIL	NIL	N.A.	N.A.	N.A.
Mr. Vivek Karve	Chief Financial Officer of the Company and Group Financial Services Sector	2.35	2.35	39.05	39.05	N.A.
Ms. Arnavaz M. Pardiwalla$$	Company Secretary	0.69	0.84	N.A.	N.A	N.A.
Ms. Brijbala Batwal@	Company Secretary	0.11	0.11	N.A.	N.A.	N.A.

1. The remuneration of Independent Directors includes sitting fees and commission.
2. The calculations are based on employees who were on the rolls of the Company for the whole of FY 2021 and FY 2022.
3. *Dr. Anish Shah, Non-Executive Chairman, being in the whole-time employment of Mahindra & Mahindra Limited (M&M), the Holding Company, does not receive any remuneration from the Company.
4. **Dr. Rebecca Nugent was associated for part of FY 2021, hence percentage increase in remuneration is not reported.
5. ^^Mr. Amit Raje was appointed as the Non – Executive Non-Independent Director of the Company with effect from 18th September 2020. He was appointed as the Whole-time Director with effect from 1st April, 2021. Since Mr. Raje was not in the whole-time employment of the Company during FY 2021, percentage increase in remuneration is not comparable, hence not reported.

   Mr. Amit Raje, was granted 97,783 ESOPs of M&M at an exercise price of Rs. 5/- per share, when he was in employment with M&M. He moved to payroll of Company with effect from 1st April, 2021. Out of 12,299 ESOPs of M&M vested and exercisable by him, he exercised 9,430 ESOPs during the year with perquisite value of 0.7 crores. The ESOPs granted to him by M&M would continue to vest unto him from time to time.
6. #Mr. Amit Kumar Sinha, Non-Executive Director, being in the whole-time employment of Mahindra & Mahindra Limited (M&M), the Holding Company, does not receive any remuneration from the Company.
7. $$Ceased to hold office as Company Secretary of the Company with effect from 31st January, 2022. Since Ms. Arnavaz Pardiwalla was associated for part of FY 2022 percentage increase in remuneration is not reported.
8. @Appointed as Company Secretary of the Company w.e.f. 1st February, 2022. Since Ms. Brijbala Batwal was associated for part of FY 2022 percentage increase in remuneration is not reported

I. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year:

The median remuneration of employees of the Company during FY 2022 was Rs. 0.03 crores and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table.

II. The percentage increase in the median remuneration of employees in the Financial Year:

There is an increase of 17.90% in the median remuneration of employees, taking into consideration employees who were in employment for the whole of the FY 2021 and FY 2022.

III. Number of permanent employees on the rolls of the Company:

There were 19,998 permanent employees on the rolls of the Company as on 31st March, 2022.

IV. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentage increase made in the salaries of employees other than the managerial personnel in the FY 2022 was 18.02% whereas the increase in the managerial remuneration for FY 2022 was 4.87%.

The remuneration of the Executive Directors is based on the individual performance, company performance, inflation, prevailing industry trends and benchmarks. The remuneration of eligible Non-Executive Directors consists of commission and sitting fees. While deciding the remuneration, various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship/ Chairpersonship of Committees, and such other factors as the Nomination and Remuneration Committee may deem fit were taken into consideration.

The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time.

V. Affirmation that the remuneration is as per the Remuneration Policy of the Company:

The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel, Senior Management and other Employees of the Company.

Annexure VII

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies act, 2013 read with Rule 8(3) of the Companies (accounts) Rules, 2014 is forming part of the Board's Report for FY 2022

(A) Conservation of Energy

Your Company's operations are not energy intensive. However, adequate measures have been initiated across all branches of Mahindra Financial service sector to reduce energy consumption as your Company is committed to sustainable business practices by contributing to environment protection and considers energy conservation as one of the strong pillars of preserving natural resources.

(i) The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

The steps taken on conservation of energy covers:

(a) Use of Light Emitting Diode ("LED") lights in new and existing branches:

- LED Lights have been Installed at 884 branches replacing conventional lighting and the same has been monitored in terms of electrical consumption and expenses, leading to savings of 1,50,048 Kilowatts hour. The Company extensively monitors its energy consumption, Green House gas ("GHG") emissions.
- Replacement of old air-conditioning with 5-star Bureau of Energy Efficiency (BEE) rated machines with R-410A gas, which helps in reducing Ozone depletion. The Company has taken the initiative to use environment friendly gas in Air Conditioners during the year. Replacing old air-conditioning systems with updated versions has also led to savings of 15,133 Kilowatts hour per Tonne refrigeration.
- Replacement of conventional fans with Brushless Direct Current Motor ("BLDC") fans.

During the year, 75 conventional fans were replaced with BLDC fans across different branches leading to saving of 2730 Kilowatts hour of electricity every year.

(b) Recycling of waste generation at various locations:

The Company has recycled more than 39 tonnes of E-waste through registered recyclers as per the E-waste Management and Handling Rules in FY 2022.

During the year, the Company has sent 5683.5 kg. of paper waste generated for responsible disposal and recycling. In turn, the Company has received 21084.9 Swachh Bharat Points which were redeemed in exchange for environmentally friendly 900 cloth bags from the vendor partner.

(ii) The steps taken by the Company for utilising alternate sources of energy:

Solar panels have been installed in 27 branches across 7 different states in India generating 85,280 Kilowatts hour energy.

(iii) The capital investment on energy conservation equipment's:

Nil

(B) Technology Absorption

Your Company being a Non-Banking Finance Company, has no activities involving adoption of any specific technology. However, your Company has been in the forefront in implementing the latest information technology and tools aimed at enhancing the customer friendly experience.

Your Company has been taking several measures to promote and encourage digital collections. The Company is saving borrowers time by digitising its business processes. More digital channels facilitate communication, which leads to increased customer retention, and more consistent, on-time payments.

(i) The efforts made towards technology absorption:

Initiatives taken by the Company in information technology for improved business efficiency:

- **Digital Debt Collection services:** To make the payment convenient, faster and easier for the customers and also to make it available 24 X 7, your Company has its own website and mobile application and also has tie-ups with different collection agencies, banks and other payment partners like Bharat Bill Payment System ("BBPS"). Currently, our entire lending process is digitally enabled. By strengthening collection capabilities and embracing Digital Debt Collection services, your Company is better prepared to address any further increase in delinquencies that might occur. Customers who prefer self-service can deal with debt promptly using digital alternatives without having to speak with a collection agent leading to improvement in customer satisfaction levels, and improvement in operational efficiency, as same number of employees are able to service more accounts.
- **Customer Mobile Application (Customer App):** Customer App for lending and Fixed Deposit customers has seen a significant growth in users from 5.5 lakh registered user base in FY 2021 to 7.1 lakh users in FY 2022. In pandemic situation users have adopted digital channels including the mobile app for availing various services. The app ensures easy access to vehicle loan details, EMI payments, tracking loan status & more.

  This year the Customer App has been further enhanced with new features like Loan Restructuring 2.0, download sanction letter for loan restructuring in app, view & apply pre-approved car loan offers & track status, Financial Inclusion Network and operations/Customer Service Center ("FINO/CSC") locator and applying for life, health & two-wheeler insurance. The Customer App support process has been automated with call centre leading to faster resolution of customer issues and higher customer satisfaction.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

The digital collection from customers crossed Rs 6,000 crores which is 85% more than the previous year. Digital collection has also led to cost optimisation by migrating the cash customers to digital mode. The payment collection through Mahindra Finance ("MF") App contributes to 15% (average) of the overall digital collection. The App has also made it easy for customers to access loan account & FD details and tracking their new loan application. Various customer servicing features available on App has resulted in saving time and money of the customers incurred in visiting branch offices.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable

(a) Details of Technology Imported.

(b) Year of Import.

(c) Whether the Technology has been fully absorbed.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

(iv) The expenditure incurred on Research and Development:

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

(C) Foreign Exchange Earnings and Outgo:

There was no foreign exchange earning during the year under review. Details of foreign exchange outgo during the year under review is as follows:

Total Foreign Exchange Earned and Outgo	For the Financial Year ended 31st March, 2022	For the Financial Year ended 31st March, 2021
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	65.5	16.1

For and on behalf of the Board

Place: Mumbai

Date: 2nd May, 2022

Dr. Anish Shah

Chairman

Annexure VIII

POLICIES

Sr. No.	Name of the Policy	Brief Description/ Objective	Summary of the key changes made to the Policies during FY 2022 and up to the date of this Report	Web-links
1	Policy for appointment of Statutory Auditors	The Policy has been formulated in accordance with the provisions stipulated in Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021 issued by the Reserve Bank of India	The Board on recommendation of the Audit Committee adopted the policy during the year	https://www.mahindrafinance.com/investor-zone/corporate-governance
2	Anti-bribery and Anti-corruption (ABAC) Policy	The Policy has been formulated and designed to provide a framework for ensuring compliance with various legislations governing bribery and corruption globally and provides guidance on the standards of behaviour which the Company's employees must adhere to.	The Board on recommendation of the Audit Committee adopted the policy during the year	https://www.mahindrafinance.com/investor-zone/corporate-governance
3	Policy on Co-Lending Model	Pursuant to RBI notification dated 5th November, 2020, the Board has adopted the Policy in order to improve the flow of credit to the unserved and underserved sector of the economy and make available funds to the ultimate beneficiary at an affordable cost.	The Board adopted the policy during the year	https://www.mahindrafinance.com/investor-zone/corporate-governance
4	Whistle Blower Policy	The Vigil Mechanism as envisaged in the Act and Listing Regulations is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.	The Policy was amended to simplify the content to enhance the receptibility of the Policy for enabling ease of comprehension and compliance	https://www.mahindrafinance.com/investor-zone/corporate-governance
5	Policy for determination of Materiality of any Event/ Information	This Policy requires the Company to make disclosure of events or information which are material to the Company as per the requirements of Regulation 30 of the Listing Regulations.	The Policy was amended to update the Disclosure Committee due to changes in Key Managerial Personnel (CS), during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance
6	Policy for determining Material Subsidiaries	The Policy is used to identify material subsidiaries of the Company and to provide a governance framework for such material subsidiaries	Amended to align with the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2015 notified on 5th May 2021, wherein SEBI had intimated that the listed companies/entities would need Shareholders' approval for disposal of shares to less than or equal to 50% in a material subsidiary.	https://www.mahindrafinance.com/investor-zone/corporate-governance
7	Policy on Materiality of and Dealing with Related Party Transactions	The Policy has been framed in order to regulate all the transactions between the Company and its related parties.	Amended to align with the amendments to the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2015 notified on 9th November, 2021, including specifying the Materiality threshold for modification to related party transactions requiring approval of the Audit Committee.	https://www.mahindrafinance.com/investor-zone/corporate-governance
8	Policy on remuneration for Key Managerial Personnel, Senior Management Personnel and other Employees	This Policy sets out the approach of the Company towards the Compensation of Key Managerial Personnel, Senior Management Personnel and other Employees of the Company.	Amended the policy to include malus/ clawback provisions in line with RBI directive.	https://www.mahindrafinance.com/investor-zone/corporate-governance
9	Policies on Sexual Harassment for Women and Male Employees	The Policy on Sexual Harassment for Women is for redressal of complaints received regarding sexual harassment and compliance of other provisions as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company from a good governance, has extended the same to its male employees also.	The Policy was amended to simplify the content to enhance the receptibility of the Policy for ensuring ease of comprehension and compliance	https://www.mahindrafinance.com/investor-zone/corporate-governance
10	Internal Guidelines on Corporate Governance	The Internal Guidelines on Corporate Governance have been formulated to comply with the Reserve Bank of India (RBI) Notification dated 8th May, 2007 as updated vide RBI Master Directions dated 1st September, 2016.	Amended the guidelines to include the amendment in the terms of reference and role of the Risk Management Committee, Audit Committee, Nomination and Remuneration Committee and Asset Liability Committee, which were enhanced to align with amendments to applicable statutory provisions.	https://www.mahindrafinance.com/investor-zone/corporate-governance
11	Fair Practices Code	This Code has been devised in accordance with the Reserve Bank of India guidelines on Fair Practices Code to be adopted by Non-Banking Financial Companies while doing lending business.	Amended in line with the Reserve Bank of India's Master Direction, to include a built-in repossession clause in loan agreements	https://www.mahindrafinance.com/investor-zone/corporate-governance
12	The Board Diversity Policy	The objective of this Policy is to have a Board with the diversity of thought, experience, knowledge, perspective and gender.	The policy was amended during the year to bring more clarity	https://www.mahindrafinance.com/investor-zone/corporate-governance
13	Code of Conduct for Directors and Code of Conduct for Senior Management and Employees	The Board of your Company has laid down two separate Codes of Conduct, one for Board Members and another for senior management and other employees of the Company. This Code is the central Policy document, outlining the requirements that the employees working for and with the Company must comply with, regardless of their location.	No change was made to the Policy during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance
14	Dividend Distribution Policy	The Dividend Distribution Policy as per Regulation 43A of the Listing Regulations is attached as Annexure I to the Board's Report and forms part of this Annual Report.	No change was made to the Policy during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance
15	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	This Code has been formulated to ensure prompt, timely and adequate disclosure of Unpublished Price Sensitive Information ("UPSI") which inter alia includes Policy for Determination of "Legitimate Purposes".	No change was made to the Policy during the year.	https://mahindrafinance.com/discover-mahindra-finance/policies
16	Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management	This Policy includes the criteria for determining qualifications, positive attributes and independence of a Director, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management Team in accordance with the criteria laid down in the said Policy, succession planning for Directors and Senior Management, and Policy statement for Talent Management framework of the Company.	No change was made to the Policy during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance
17	Policy for Remuneration of Directors	This Policy sets out the approach of the Company towards the Compensation of Directors of the Company.	No change was made to the Policy during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance
18	Corporate Social Responsibility ('CSR') Policy	The Policy defines and lays down the guiding principles and strategies implementing the Company's CSR initiatives & outlines the Board's vision and approach for undertaking CSR and creating impact in the communities.	No change was made to the Policy during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance
19	Archival Policy	As per the Policy, the events or information which has been disclosed by the Company to the Stock Exchanges pursuant to Regulation 30 of the Listing Regulations shall be hosted on the website of the Company for a period of 5 years from the date of hosting.	No change was made to the Policy during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance
20	Business Responsibility Policy	The objective of this Policy is to ensure a unified and common approach to the dimensions of Business Responsibility across the Company, act as a strategic driver that will help the Company respond to the complexities and challenges that keep emerging and be abreast with changes in regulations.	No change was made to the Policy during the year.	https://mahindrafinance.com/discover-mahindra-finance/policies
21	Policy for preservation of documents	The Policy was framed with regard to the preservation of documents in physical and electronic mode.	No change was made to the Policy during the year.	https://www.mahindrafinance.com/investor-zone/corporate-governance

Management Discussion and Analysis

1. Mahindra & Mahindra Financial Services Limited – An overview

MMFSL is one of India's leading non-banking finance companies (NBFCs) offering quality products and services to a wide customer base in India's semi-urban and rural areas. We are primarily in the business of financing purchase of new and pre-owned auto and utility vehicles, tractors, passenger cars, commercial vehicles, construction equipment and SME financing. Our vision is to be a leading provider of financial services in the rural and semi-urban areas. With a vast reach through 1,384 offices covering 27 states and 7 union territories in India, we have serviced over 7.9 million customer contracts since inception. We benefit from our close relationships with dealers and our longstanding ties with Original Equipment Manufacturers (OEMs), which allow us to provide on-site financing at dealerships. During FY 2022, we have entered in the short-term lending business through our Digi Finco Business as well as launched 'Quiklyz', a lease-based vehicle subscription business aimed at catering to both retail customers and corporates.

We are a subsidiary of Mahindra and Mahindra Limited (Market capitalisation: Rs 1.3 trillion on June 7, 2022). Our strong credit rating reflects the inherent strength of our robust financial position & parentage.

Mahindra Finance architecture

Mahindra & Mahindra Limited

Mahindra & Mahindra Financial Services Limited

52.16%

Mahindra Insurance Brokers Limited	Mahindra Rural Housing Finance Limited (MRHFL)	Mahindra Finance USA LLC (Joint venture with Rabobank Group Subsidiary)	Mahindra Manulife Investment Management Private Limited (MMIMPL)	Mahindra Manulife Trustee Private Limited (MMTPL)	Mahindra Ideal Finance Limited, (MIFL) Sri Lanka	Mahindra Finance CSR Foundation
80%[1]	98.42%[2]	49%	51%[3]	51%[3]	58.2%[4]	100%[5]

Notes

1. Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of AXA XL Group
2. Balance 1.58% with MRHFL Employee Welfare Trust and employees
3. Manulife Investment Management (Singapore) Pte. Ltd. holds 49% of the shareholding of MMIMPL and MMTPL.
4. W.e.f 8th July 2021, MIFL has become a subsidiary of the Company.
5. Mahindra Finance CSR Foundation is a wholly owned subsidiary to undertake all CSR initiatives under one umbrella

Data as on 31st March 2022

2. Economy review

2.1 Global economy

The world has shown remarkable resilience in the face of two consecutive waves of COVID-19 caused by the Delta and Omicron variants of the virus in FY 2022. The lockdowns imposed by governments across the world were quite significant during the Delta variant but was limited during the third wave. The economic activities however were on an upswing but supply side constraints disrupted financial markets and businesses. Central banks implemented an array of measures to ensure credit was available to businesses and individuals. Large-scale vaccination drives around the world, coupled with accommodative policy measures, boosted economic recovery.

However, many low-income, emerging economies continue to struggle with the uncertainties unleashed by the pandemic. Rising supply chain disruptions, semiconductor shortages and the continued energy crisis complicated by the ongoing geopolitical conflict in Ukraine, are creating short-term challenges for business. According to the International Monetary Fund (IMF) outlook, global growth is predicted to be 3.6% in 2022, down from 6.1% in 2021. But the forecast hinges upon improved health conditions across the world on the back of aggressive vaccination drive and equitable access to treatment, coupled with the availability of advanced and effective therapies. By the second quarter of 2022, the negative impact of the pandemic is expected to lessen, provided there are no fresh outbreaks.

Outlook

Despite the impact of the pandemic, the unprecedented collective policy efforts by governments and central banks, paired with the resilience and innovations of private enterprises, have helped minimise lasting economic and physical damage across the world. While the direction of the Russia-Ukraine crisis remains uncertain, its impact on the global economy is likely to subsist. In the near term, many governments will need to cushion the blow of higher energy prices, diversify energy sources and increase efficiency wherever possible. Full economic revival seems to be further away, but if businesses and governments work in tandem, across borders and disciplines, we will be able to weather this storm and emerge stronger and more resilient.

Global growth forecast (%)

Particulars	Actual	Projections	
	2021	2022	2023
World Output	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
United States	5.7	3.7	2.3
Eurozone	5.3	2.8	2.3
Japan	1.6	2.4	2.3
United Kingdom	7.4	3.7	1.2
Other Advanced Economies	5.0	3.1	3.0
Emerging Market and Developing Economies	6.8	3.8	4.4
China	8.1	4.4	5.1
India	8.9	8.2	6.9

Source: International Monetary Fund (IMF)

2.2 Indian economy

The Indian economy gained momentum after the second wave of COVID-19 but the emergence of the third wave in January 2022 led to a worsening performance across several high frequency indicators. As per National Statistical Office's second advance estimates, the Indian economy grew by 8.7% in 2021-22 while GDP growth slowed to 4.1% in Q4 2021-22.

The growth in FY 2022 was driven by increased exports, investment and consumer demand and was supported by fiscal and monetary policies. Better capacity utilisation in the agricultural sector, revival of manufacturing, higher consumer confidence with the increase in vaccination rate and increase in mobility stimulated the economy. Increased capital expenditure in infrastructure and the rise of the real estate industry contributed to the construction sector's resurgence, boosting the economy.

The rural economy was significantly impacted by the second wave of COVID-19. However, as the year progressed, favourable monsoons, good harvest, increasing acreage along with higher support prices improved cash flow in the rural segment.

The Consumer Price Index (CPI) inflation in India stood at 6.95% in March 2022 and have since then moved upwards to touch an 8-year high of 7.79% recorded for April 2022. The rising inflation and uncertainty around its outlook is a reflection of persisting geopolitical tensions and sanctions resulting in elevated prices of crude oil and other commodities along with continuing Covid related supply chain bottlenecks and disruptions in the labour market.

GDP trends in India

Year	2017-18	2018-19	2019-20	2020-21	2021-22
India's GDP	7.0%	6.1%	4.2%	(6.6%)	8.7%

Source: Ministry of Statistics and Programme Implementation (MOSPI)

Outlook

A gradual subsidence of the impact of the pandemic will aid the growth of contact-intensive industries and support robust urban demand. A good rabi harvest bodes well for the farm sector and rural demand. Resilient exports, improving capacity utilisation, higher capital expenditure to boost public infrastructure and increase in private investments will drive overall GDP growth.

Monetary actions taken by the Reserve Bank of India would help contain inflation, the effect of which is expected to be seen in the second half. The Reserve Bank of India expects CPI inflation to be at 6.7% in FY2023. Risks to the outlook include global financial market volatility, elevated commodity prices and continuing global demand-supply disruptions.

The silver lining remains the forecast of a normal south-west monsoon which augurs well for the kharif agricultural production and the food price outlook.

3. Indian financial services industry

The diverse Indian financial services sector represents the progress and opportunity of its economy. The sector continues to be impacted by rising incomes, increased government support through policies, and rapid digital adoptions throughout the value chain.

Growth drivers

- **Financial inclusion**

  India's current financial inclusion index stands at 53.9. Government efforts through the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the RBI's continuous efforts to bring banking to a large mass of people continues to intensify financial inclusion in India. As many as 1.5 lakh post offices are set to connect with the core banking system in 2022 to increase the interoperability of the accounts via various accessible means.

- **Technology/digitalisation**

  The Government has been driving as well as supporting the digital revolution in banking, fintech and payment systems to increase efficiency and streamline processes, creating an indirect credit demand from banks and NBFCs. Scheduled commercial banks are planning to set up digital banking units in 75 districts across India.

- **Fintech**

  Fintech has hastened the transformation of the financial sector. India is one of the fastest growing fintech markets, with an 87% digitally active population. Massive investments, innovation, growing internet penetration, and adoption of Unified Payments Interface (UPI) have contributed to the sector's growth. In September 2021, eight Indian banks joined the Account Aggregator system, a financial data-sharing system that is about to revolutionise investing and credit, giving millions of consumers greater access and control over their financial records and expanding the potential pool of customers for lenders and fintech companies.

- **Financialisaton of savings**

  The number of folios under equity, hybrid and solution-oriented schemes, wherein the maximum investment is from retail segment, stood at about 10.34 crore as of March 2022. Increasing awareness about mutual funds, ease of transactions through digitisation and sharp surge in equity markets have aided asset management companies to add a staggering 3.17 crore investor accounts in FY 2022.

- **Growing penetration of financial products**

  The increasing penetration of insurance and mutual funds among the Indian population is good for the financial sector. Advancement in technology that has made these products more accessible and enhanced customer convenience is a driving factor in enlarging the market size.

- **Policy support**

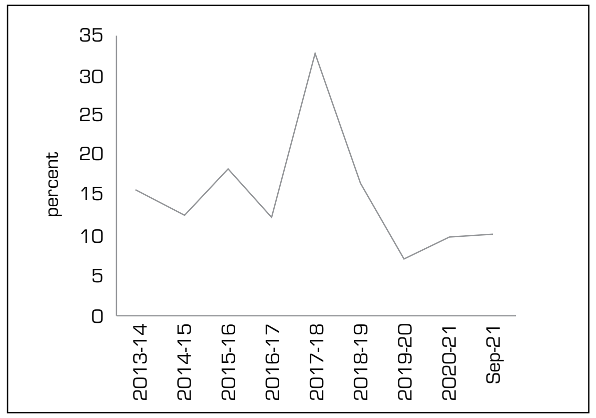
  The approval of Factoring Regulation (Amendment) Bill has enabled approximately 9,000 NBFCs to participate in factoring market and with an oversight of central bank on the US$6 billion factoring sector.

3.1 Non-banking financial companies

Overview

NBFCs have gained systemic importance in the Indian financial services industry with a growing share in credit. NBFCs' credit intensity measured by the credit/GDP ratio reached a high of 13.7% in 2021.

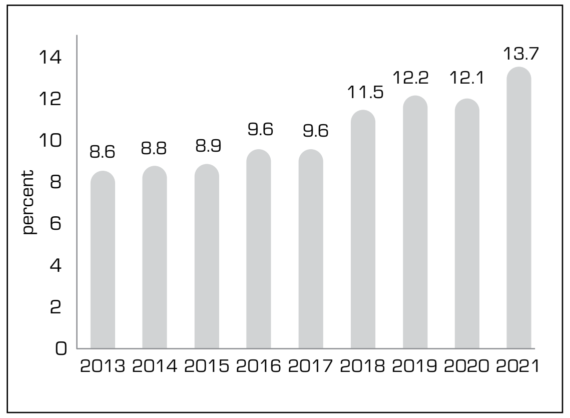
Credit growth (YoY) from NBFCs



Source: RBI

Note: Data for September 2021 pertains only to Deposit taking NBFC and non-deposit taking systemically important NBFCs based on offsite returns data

NBFC's Credit to GDP Ratio

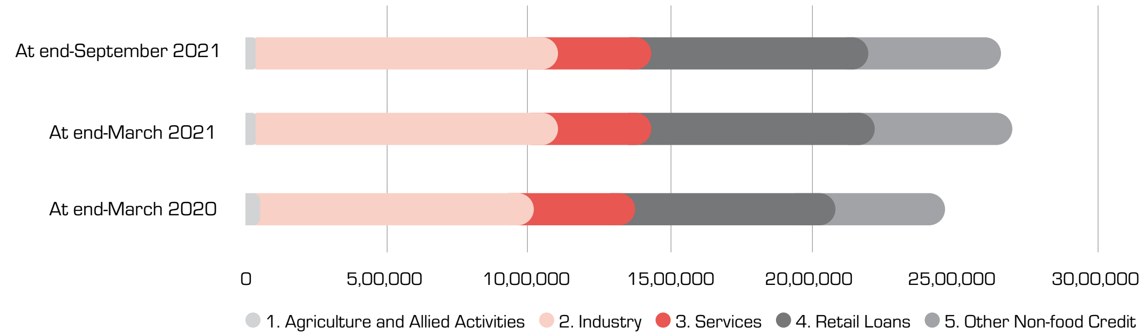


Source: Trends and Progress of Banking in India, RBI

Note: Data is at end-March; GDP data used is GDP at current market prices (base: 2011-12)

NBFCs operate in a wide variety of asset classes ranging from granular retail loans (e.g., personal loans, vehicle loans, small business loans, gold loans, microfinance loans, etc.) to large-ticket wholesale loans (e.g., lending to corporates, infrastructure, real estate and structured credit).

NBFC disbursement by sector



Source: Reserve Bank of India (RBI)

NBFCs have carved a niche for themselves in the Indian financial sector through their differentiated business models and credit appraisal methods, targeting the relatively un-banked borrower segments with niche domain expertise. They provide last mile credit delivery and have been significantly using technology to achieve better operational efficiency and risk management.

Performance in FY 2022

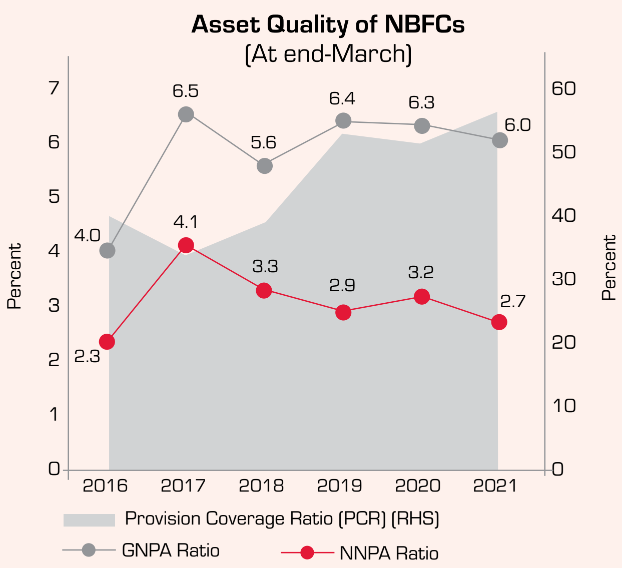
Heavily impacted by the first wave of the pandemic in 2020, the NBFC sector faced headwinds again when the second wave struck the country in March 2021. Disbursements were severely impacted with the first two months being impacted by lockdowns.

Monthly collection efficiency significantly deteriorated significantly. This led to a sharp increase in asset restructuring in the first half of the year. With the passing of the second wave, collection efficiency improved progressively during the year and reached pre-COVID levels, reflecting a return to normalcy. Collections saw a modest decline by about 3% following the third wave of infections in January 2022, but recovery was prompt given the lower severity of the COVID variant and limited restrictions on movement during this period.

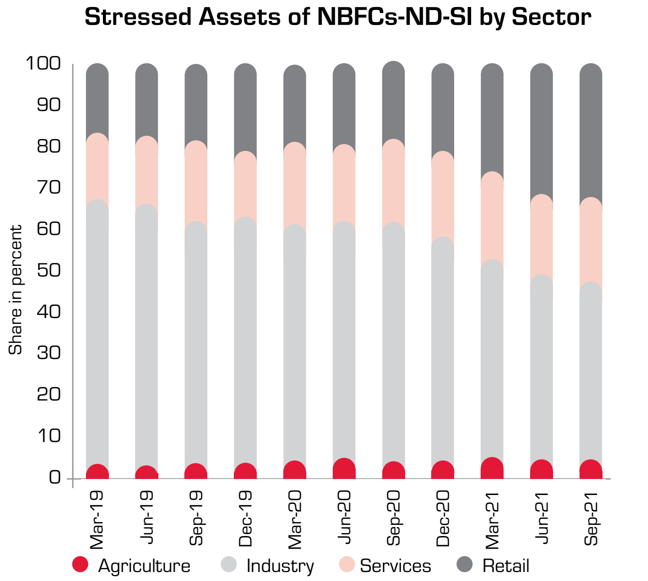
MMFSL response: Fintech initiative – Digital Finco

At the beginning of FY 2022, we carved out a separate business unit, Digital Finco. Digital Finco will focus on small-ticket loans, and will enable us to enter the personal and consumer durables financing segments both in urban and rural markets. We believe this portfolio to enhance the profitability of the Company over the medium term. Under the Digi Finco business, we shall undertake significant deployment of technology, that shall enable us to onboard, underwrite, undertake collections and service our customers through use of digital infrastructure.

GNPA, NNPA and PCR



Note: Data are provisional.
Source: Supervisory Returns, RBI.



Note: Data are provisional.
Source: Supervisory Returns, RBI.

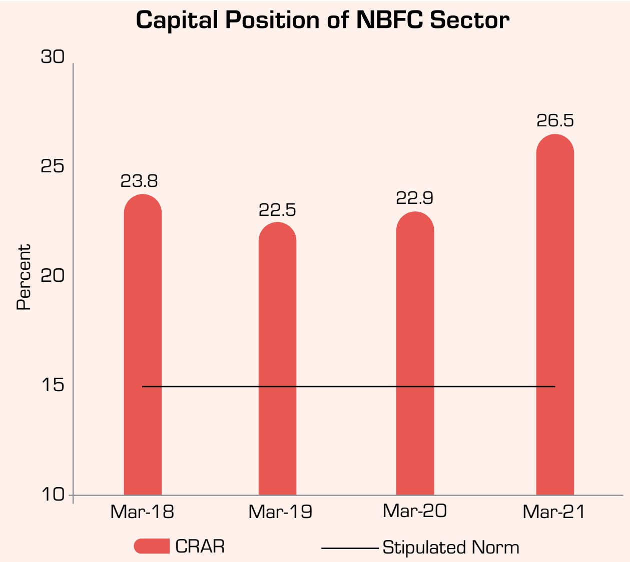
The asset quality also started to gradually improve with the outlook improving with increasing loan disbursements. According to ICRA, the gross stage 3 assets (loans overdue for more than 90 days) for NBFCs reduced to 4.4% in March 2022 from 5.7% in December 2021.

Financial position

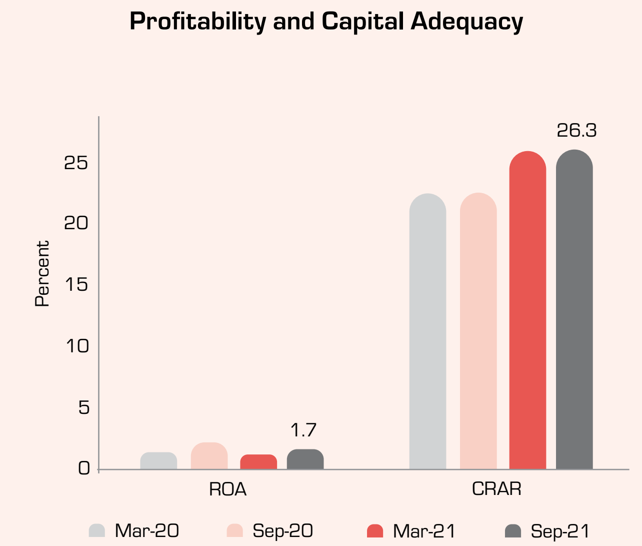
NBFCs are well capitalised, with their capital to risk-weighted asset ratio (CRAR) well above the stipulated level of 15%. Stressed assets of non-banking financial companies-microfinance institutions (NBFC-MFIs) are estimated to have declined to around 14% as of March 2022 from close to 22% in September 2021, helped by the revival in the economy and limited impact of the Omicron variant.

In view of the pandemic, NBFCs have enhanced their liquidity, with their cash and bank balances growing at a robust pace.

For the full year, assets under management (AUM) is projected to increase by 6-8%. The pandemic has led to an acceleration in digitalisation, rise in small ticket personal loans and Buy-Now-Pay-Later (BNPL) segments. NBFCs' credit also gained traction in the co-lending model with banks, with regard to priority sector loans.



CRAR: Capital to Risk-weighted Assets Ratio = Tier I plus Tier II Capital by Risk-weighted assets
Source: Supervisory Returns, RBI.



Source: RBI supervisory returns and staff calculations

Key regulatory developments in FY 2022

NBFCs are regulated by the RBI and the level of regulation and supervision for NBFCs is relatively moderate when compared to banks. However, over the last few years following the 2018 crisis, the regulatory requirements for NBFCs have been strengthened to bring parity with banks. During FY 2022, the following important regulations were introduced by the RBI to govern NBFCs:

Prudential norms for Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to advances: During the year, the RBI tightened NPA upgradation norms, which may lead to a rise in NPAs of NBFCs as the provision is to be implemented effective October 2022. As per the new norms, an NBFC may upgrade an NPA to a 'standard' asset only if entire arrears of interest and principal are paid by the borrower. Additionally, there is change in the recognition of NPAs to a daily due-date basis versus month-end basis, followed earlier by many NBFCs. These revised norms will bring parity in income recognition and asset classification practices at banks and NBFCs.

MMFSL Response:

We maintained such provisions in the books which adequately cover requirements under both IND-AS and income recognition, asset classification and provisioning (IRACP) norms. Cumulatively, at Rs. 4,508 crore, provisions maintained under IND-AS are higher by Rs. 1,794 crore in comparison to IRACP norms.

In addition to the IND-AS requirement, we maintains overlay provisions of Rs. 1,014 crore as on 31st March 2022.

After witnessing an increased volatility during the first quarter of FY 2022, enhanced collection and legal efforts, including settlements, helped reduce Gross Stage 3 by the last quarter of FY 2022. This has helped us to lower Gross and Net Stage 3 to 7.66% and 3.36% respectively.

Scale-based regulation for NBFCs

The regulatory framework for NBFCs was revised in October 2021 to introduce scale-based regulation, which will become effective in October 2022. Under the new framework, NBFCs are placed in four layers based on their size, activity, and perceived risks, viz., Base Layer (BL), Middle Layer (ML), Upper Layer (UL) and a possible Top Layer (TL). The new framework will tighten regulatory oversight of the sector with progressively tighter norms for the higher layers.

NBFCs in the Base Layer will be non-deposit-taking NBFCs, with assets worth up to Rs. 1,000 crore. These will be broadly subjected to extant regulations for non-deposit-taking NBFCs, except for changes in governance and prudential guidelines.

NBFCs in the Middle Layer will include deposit-taking NBFCs irrespective of asset size, non-deposit-taking firms with assets worth Rs. 1,000 crore or more, as well as HFCs. These will be regulated on the lines of systemically important non-deposit-taking NBFCs, deposit-taking NBFCs, and HFCs, as the case may be, except for changes in capital, prudential and governance guidelines.

NBFCs lying in the Upper Layer will include top-10 NBFCs as per size and NBFCs that warrant enhanced regulatory requirements based on certain parameters. These will be subject to regulations applicable to NBFCs in the Middle Layer, with additions such as introduction of common equity tier 1 and leverage requirements, mandatory listing, qualification of Board members and the like.

For NBFCs falling in the Top Layer (ideally vacant), while no specific regulation has been provided, they will be subjected to higher capital charges and enhanced supervisory engagement.

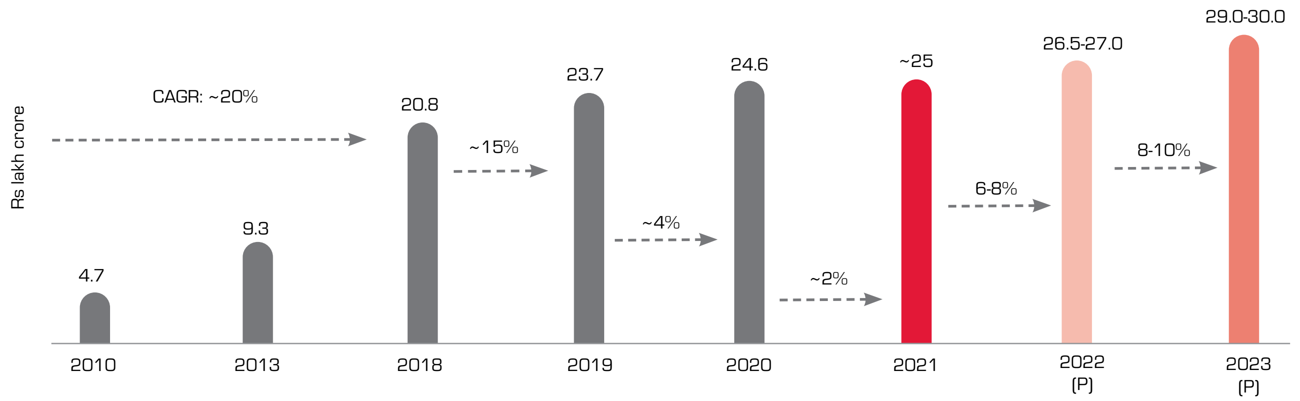
Prompt Corrective Action (PCA) framework for large NBFCs

The PCA framework will be applicable for all deposit-taking NBFCs and other large ones falling in the ML, UL and TL categories of scale-based regulation. These norms will come into effect on 1st October 2022 on the basis of the respective NBFCs' financial position on or after 31st March 2022.

Outlook

The NBFC sector is expected to deliver double-digit loan growth in FY 2023, on top of 6-8% growth projected for FY 2022. This will be driven by improvement in economic activity and strengthened balance sheets of NBFCs.

AUM and growth trajectories of NBFCs



Source: Crisil November 2021

Overall, secured lending through loans against property, housing loans and vehicle finance will likely see a higher demand as compared to unsecured personal and business loans. There is significant pent-up demand in the vehicle finance segment, which can see a strong revival in growth depending on the availability of vehicles, which are facing component shortage due to the pandemic.

Asset quality metrics are expected to improve supported by the expected improvement in macro-economic activity, sharper focus on collections and adequate provisioning. However, the performance of restructured portfolios, as and when their regular payments begin, and impact from a potential resurgence of the pandemic are key risks.

The transition from a benign interest rate environment of FY 2022 to a rising interest rate scenario in FY2023, would impact funding costs for incremental borrowings across lenders. While the balance sheet of NBFCs have sufficient liquidity to maintain funding costs for certain quarters, cost of incremental borrowings is likely to rise across capital market instruments and bank funding.

4. Automobile/vehicle financing

Overall, the automobile sector witnessed a de-growth of 6% in FY 2022. All segments are facing supply-side challenges and the industry is yet to see complete recovery from the disruptions it has been facing since early 2020. Ongoing challenges due to the pandemic, supply chain disruptions and semi-conductor shortages are some of the reasons for the poor performance.

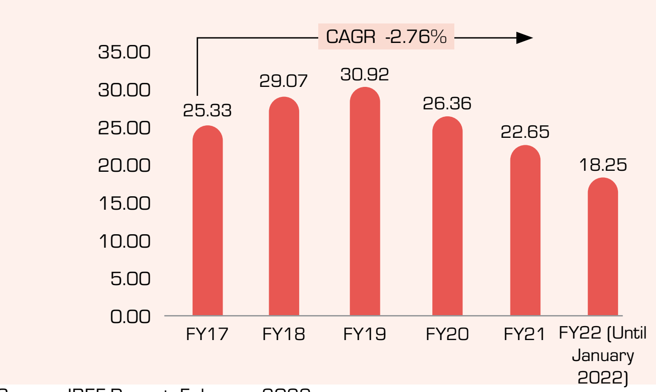
The domestic market for automobiles remained lacklustre during year, with some pockets of strengths in the passenger vehicles (PVs) and tractors segments. The outlook is positive for the forthcoming year, given the economic recovery, the opening up of schools and offices, and increasing consumer confidence from the vaccination drives.

Table: Domestic sales (April-March 2022) (in Nos.)

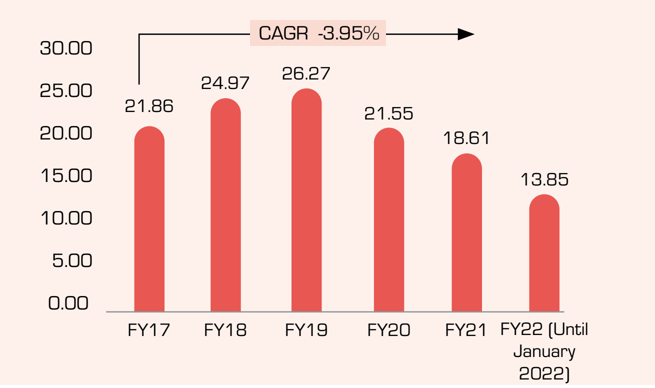
Segment	2018-19	2019-20	2020-21	2021-22
Passenger vehicles (PV)	33,77,389	27,73,519	27,11,457	30,69,499
Commercial vehicles (CV)	10,07,311	7,17,593	5,68,559	7,16,566
Three-wheelers	7,01,005	6,37,065	2,19,446	2,60,995
Two-wheelers	2,11,79,847	1,74,16,432	1,51,20,783	1,34,66,412
Total	**2,62,66,179**	**2,15,45,551**	**1,86,20,233**	**1,75,13,596**

Source: Society of Indian Automobile Manufacturers (SIAM)

Number of Automobiles in India (in million)



Number of Automobiles in India (in million)



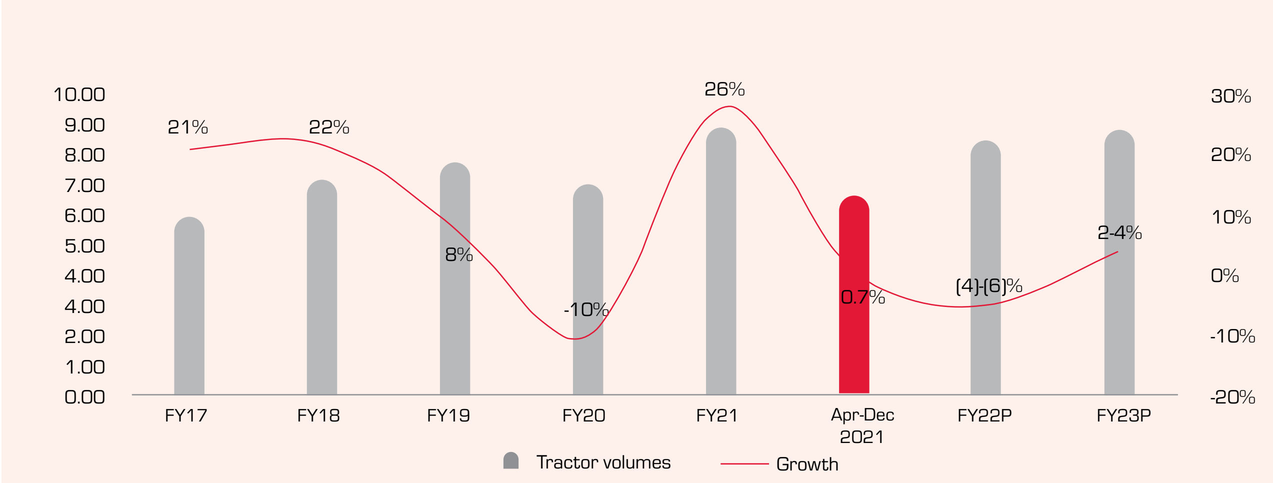
Source: IBEF Report, February 2022

The demand for Passenger Vehicle continues to remain strong as people prioritise safety and hence personal transport. However, the segment still faces supply issues due to semiconductor shortage. Commercial vehicle sales remain significantly below the pre-COVID levels, but there is momentum building up. The Union Budget 2022-23 stressed on developing 25,000 kms of new highways, which will further push infrastructure spending, thus resulting in an increase in the sale of commercial vehicles. Also, some traction is being witnessed in replacement demand after a period of two years.

The degrowth in the two-wheeler and three-wheeler market continued for the third straight year due to soft demand in rural India and high cost of ownership. Rural demand has generally been a key driver of the two-wheeler and entry-level PV segments. The Government's plan for Rs. 2.3 lakh crore direct payment as minimum support price (MSP) to farmers may boost sales in the two-wheeler, tractor and entry level PV categories.

For the FY 2022 (April 21 - March 22), the total number of tractor sales stood at 8,42,266 units, along with a 6.35% degrowth over 8,99,411 units sold in the financial year of 2021.

Going forward, the tractor sector has a promising potential for a long and steady growth with rising tractor penetration rate, which has grown to 45-50 tractors per 1,000 hectares, which is higher than the world average of 30 tractors per 1,000 hectares.



1 Source: Crisil

NBFCs are seeing a rise in demand for used vehicle financing amid Covid. The pandemic preference for owning second and third cars in households, upgrades by two-wheeler owners to preowned cars and lower cost of used vehicles are some of the drivers for the increase in demand for used vehicles. NBFCs offering loans for used vehicles are bullish about rapid growth in the financial year.

MMFSL response: Quiklyz

In September 2021, we announced our leasing and subscription business with a newly constituted brand called Quiklyz. The subscription business model allows customers to access their PV of choice across brands for a certain monthly fee. Quiklyz offers lower price point against regular car ownership and is targeted at individuals, corporates and businesses in urban areas. We plan to launch similar services in semi-urban and rural markets in the future. Quiklyz has tied up with leading to provide leasing offerings. With this business model, we intend to build an AUM of Rs. 10,000 crore over the next 5 years.

Outlook

Overall, vehicle financing is looking upbeat with good footfalls at dealerships; PV and CV financing volumes are picking up and as availability improves, loan disbursements will likely improve. Tractor financing is holding up, and assuming there is normal monsoons in the coming year, the sales volume is expected to grow by 2-4%. Though supply of used vehicles remains an issue due to reduced availability as buyers await their new vehicles before replacement, this has led to improved resale pricing. In addition, the increase in commodity prices has also led to price increases by all OEMs resulting in value growth in financing.

While the third wave is largely behind us, the ongoing Russia-Ukraine war brings new challenges for auto retail, given the semiconductor shortage, supply side pressures and crude breaching US$130 mark, which will negatively impact customer sentiment.

5. SME financing

MSMEs employ 40% of the country's workforce; contribute 30% of the nation's GDP and are responsible for 50% of its exports. The MSME sector was among the hardest hit during the pandemic. In view of the significance of the sector for income and employment generation, the RBI and the central government introduced several measures in FY 2021 to revive the sector. During FY 2022, many of these regulatory policies were extended including:

- The scheme of one-time restructuring of loans to MSMEs without an asset classification downgrade was extended in May 2021
- The Tap Targeted Long-Term Repo Operations (TLTRO) scheme was extended till 31st December 2021
- The special refinance facility was bolstered in April 2021 by providing fresh support of Rs. 15,000 crore to Small Industries Development Bank of India (SIDBI) to meet the funding requirements of MSMEs during FY 2022
- In June 2021, another special liquidity facility of Rs. 16,000 crore was provided to SIDBI for on-lending/ refinancing through novel models and structures to meet MSMEs' short- and medium-term credit needs
- The Central government extended the Emergency Credit Line Guarantee Scheme (ECLGS) facility till 30th September 2021 or till guarantees worth Rs. 3 lakh crore are issued
- Bank lending to registered NBFCs for on-lending to agriculture, MSMEs and housing was permitted to be classified as Priority Sector Lending till 30th September 2021

Additionally, the recent amendment of the Factoring Regulation Act can incentivise all NBFCs to boost the MSME sector.

Performance in FY 2022

According to RBI, credit growth to micro and small industries accelerated to 19.9% to Rs. 4.84 lakh crore in FY 2022 from 3.1% in FY 2021. According to a study by Assocham-CRISIL, the MSME sector is expected to rebound sharply with 15-17% growth in revenues for FY 2022, on the back of demand recovery following the easing of pandemic restrictions.

Outlook

The MSME segment is crucial for India's GDP growth. As economic activity picks up gradually as a result of withdrawal of pandemic restrictions on mobility, MSMEs' demand for credit will likely increase.

6. Housing finance

The demand for housing has seen a resurgence, driven by attractive pricing, rise in ready-to-move homes and reduction in home loan interest rates, leading to increase in sales volume. Tier 1 and Tier 2 cities have seen increase in demand, and this demand is expected to stay steady. Going forward, given the growing population and the under-penetrated market, affordable housing finance has significant potential.

HFCs, on their part, took several proactive steps to counter the impact of COVID-19 and ensure continuity of business during the lockdown by resorting to digitally enabled services for sourcing, processing, and disbursing loans.

Performance in F Y2022

HFC yields in FY 2022 have moderated in view of competition from banks while cost of funds remained favourable, leading to steady net interest margins, even as entities held higher balance sheet liquidity. Operating expenses moved up with revival in business volumes and credit costs are past the peak witnessed during the pandemic.

According to ICRA, HFCs witnessed improvement in their asset quality in Q4 FY 2022. The gross stage 3 assets moderated and stood at 3.3% vis-à-vis 3.6% in December 2021.

Outlook

In FY 2023, the housing finance segment is expected to grow 9-11%, as per ICRA (March 2022). Housing prices are expected to rise with inflation in raw material prices. With the economy recovering, and demand for real estate increasing, particularly in the residential housing sector, developers are encouraged to begin new projects. Non-housing loans including construction loans, which account for about a third of the housing finance market, are expected to moderate going forward.

Exhibit: Asset class-wise YoY growth trends (HFC)

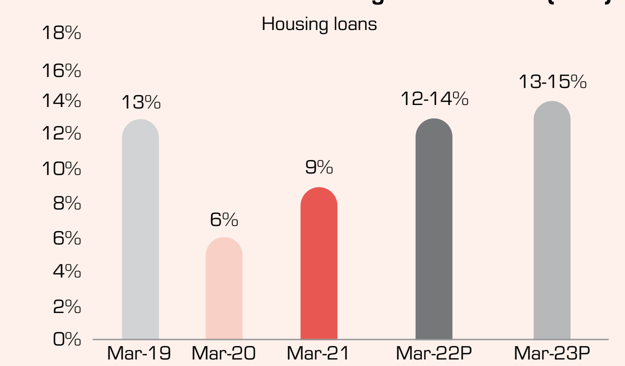
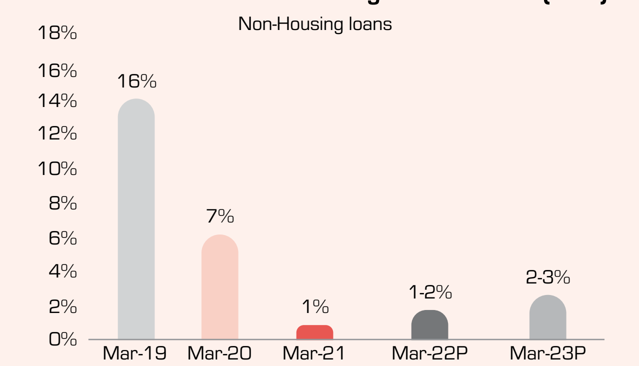


Exhibit: Asset class-wise YoY growth trends (HFC)



Source: ICRA Research

7. Mutual funds

In March 2022, equity AUM for the industry stood at Rs. 13.65 lakh crore, higher than the debt AUM of Rs. 12.98 lakh crore. Awareness and ease of access to mutual funds are helping capture the attention of new investors. The growing MF sector is leveraging technology and increasing the number of distribution channels to its advantage.

Outlook

Association of Mutual Funds in India (AMFI) has reduced the ARN (AMFI registration number) and renewal fees by 50% and Employee Unique Identification Number (EUIN) registration and renewal fees to Rs 500. By doing so, it is evident that it is encouraging new and young individuals across the country to reach out to a more extensive base of people living in Tier 2 and 3 cities and towns. This will boost financial savings in the MF asset class. Also, this would encourage the younger generation to see MF distribution as a career opportunity and enhance the sector.

8. Insurance industry

In FY2021, India's insurance penetration stood at 4.2%, wherein 3.2% contributed in life insurance and the rest 1% in non-life insurance. The collective new business premium income of life insurance companies witnessed a 12.93% year-on-year growth to Rs. 3.1 lakh crore for FY 2022 from Rs. 2. 8 lakh crore in the previous fiscal. This was backed by a rise in group single premium and group yearly renewable premium.

The non-life insurance industry reported an 11% growth in premia to Rs. 2.20 lakh crore in FY 2022 as compared to Rs. 1.98 lakh crore in FY 2021. General insurers, 25 in total, amassed premia to the tune of Rs. 1.84 lakh crore in FY 2022, up 8.79% from a year-ago, with private insurers growing at 12% and state-owned insurers registering a 4.55% growth. Growth in premia in the non-life insurance industry is being primarily driven by the health insurance segment, which has become the most dominant line of business for insurers in this segment post the pandemic. As per the latest data released by the General Insurance Council, premia growth in the health and motor segment have grown by 25.58% and 3.28% respectively.

Outlook

The insurance industry has a promising future, with the changing regulatory framework shaping the industry's efforts to improve customer experience. The life insurance industry alone is expected to increase by 14-15% annually by 2025. The use of Internet of Things (IoT) in the Indian insurance market is helping insurers analyse customers' risk profiles and saving habits, enabling them to inform customers and influence their choices.

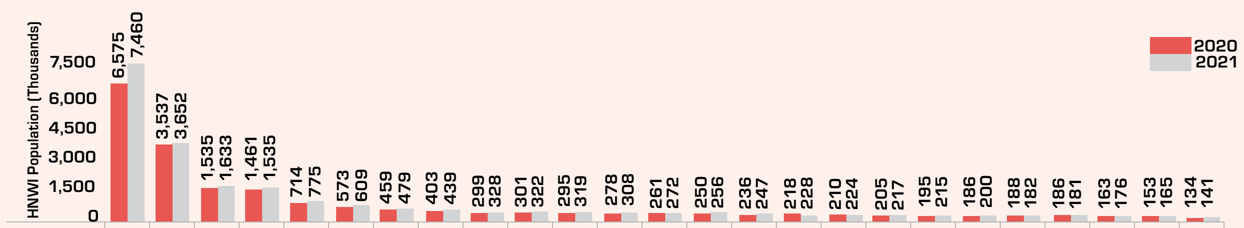
9. Wealth advisory management

The Indian wealth management sector is in its initial stage with prospects of significant growth in the future. Due to COVID-19, the industry adopted digitalisation early and has optimised its use efficiently. In India, high net worth individuals (HNWIs) and ultra-high net worth individuals (UHNWIs) have grown considerably in the previous decade, creating a demand for wealth management services. Despite the pandemic, the global HNWI population expanded by 7.8% (1.7 million new HNWIs) and wealth swelled by 8%. In India, HNWI population and wealth grew by 10.5% and 11.6% respectively.

Outlook

The Indian wealth advisory/management industry is expected to proliferate as it is likely that by 2026 Asia will replace Europe as the second most populous region, with a high number of UHNWIs. In India, the population of HNWI and UNHWI is expected to grow by 75% and 63%, respectively, between 2020 and 2025. With the younger generation now more inclined towards wealth management and efficient planning of assets and resources with innovative technologies, the industry has a high potential to grow.

Top 25 markets by HNWI population



(%) 2020-2021	United States	Japan	Germany	China	France	United Kingdom	Switzerland	Canada	Netherlands	Italy	Australia	India	South Korea
Annual growth	13.5	3.2	6.4	5	8.5	6.3	4.3	8.9	9.4	7.1	8.0	10.5	4.1
Ranking change	-	-	-	-	-	-	-	-	+1	−1	-	-	-

(%) 2020-2021	Iran	Spain	Russian Federation	Saudi Arabia	Kuwait	Taiwan	Norway	Hong Kong	Brazil	Austria	Sweden	Belgium
Annual growth	2.4	4.4	4.5	6.7	6.1	9.8	7.4	(3.1)	(2.5)	7.5	8.4	5.6
Ranking change	-	-	-	-	-	-	+1	−1	-	-	-	+1

10. Business review

The second wave of Covid led to lockdowns resulting in significant disruption across the travel and tourism industry. Many of our customer segments whose livelihood depended on people and goods movement were impacted because of which they couldn't repay the monthly dues. This resulted in deterioration in asset quality with the Company then reporting its highest levels of delinquency in recent times.

The business environment has since then returned to normalcy and disbursement trends indicate rural demand is back to pre-COVID levels. Contact-intensive businesses have reopened and there has been better visibility on cash flows, both from farm and infrastructure. These have led to a 45% increase in disbursements during FY 2022. On the asset quality, the Company reported its FY 2022 Gross Stage 3 at 7.66% in comparison to 8.9% reported at the end of FY2021.

In the Tractor and Mahindra UV (utility vehicles) financing segments, we continue to maintain leadership position. In the pre-owned vehicle finance space, the Company is witnessing an uptick, which augers well for growth and margins. Quiklyz, the newly launched leasing solution, has been able to enhance presence in the B2B segment and gradually, with a growing preference for an asset-light model, our leasing and subscription business is gaining scale.

Financial Results

Rs. in crore

Particulars	Consolidated		Standalone	
	FY 2022	FY 2021	FY 2022	FY 2021
Total Income	**11,400.5**	**12,170.5**	**9,718.8**	**10,516.8**
Less : Finance Costs	4,417.4	5,307.6	3,920.2	4733.2
Expenditure	5,347.3	6,046.3	4,314.9	5,241.4
Depreciation, Amortisation and Impairment	152.0	150.5	126.8	125.9
Total Expenses	9,916.7	11,504.4	8,361.9	10,100.5
Profit before exceptional items and taxes	1,483.8	666.1	1,356.9	416.3
Share of profit of Associates & Joint Ventures	45.0	39.5	-	-
Exceptional items	20.6	228.5	-	6.1
Profit Before Tax	**1549.4**	**934.1**	**1,356.9**	**422.4**
Less : Provision For Tax				
Current Tax	411.4	494.7	348.1	434.8
Deferred Tax	(12.3)	(340.9)	20.0	(347.6)
Profit After Tax for the Year	**1,150.3**	**780.3**	**988.8**	**335.2**
Less : Profit for the year attributable to Non-controlling interests	13.4	7.1	-	-
Profit for the Year attributable to Owners of the Company	**1136.9**	**773.2**	**988.8**	**335.2**
Balance of profit brought forward from earlier years	5,285.0	4,578.0	4,558.4	4,293.6
Add: Other Comprehensive income /(Loss)	(3.2)	(1.8)	(2.4)	(2.4)
Balance available for appropriation	6,418.7	5,349.4	5,544.8	4626.4
Less: Appropriations	-	-	-	-
Dividend paid on Equity Shares	98.6	-	98.8	-
Transfer to Statutory Reserves	223.6	98.8	198.0	68.0
Add/Less: Other Adjustments:	-	-	-	-
Gross obligation at fair value to acquire non-controlling interest	54.4	35.4	-	-
Changes in Group's Interest	(3.9)	(1.0)	-	-
Balance carried forward to balance sheet	6,147.0	5,285.0	5,248.0	4,558.4
Networth	**16,896.3**	**15,776.4**	**15,628.1**	**14,711.5**

10.1 SCOT Analysis

Strengths

- Vast distribution network especially in rural areas and small towns
- Long track record of operations with strong position in financing of tractors and UVs; market leader in tractor financing
- Diversified asset mix and well-diversified funding profile
- Vast knowledge of the needs of the customer segment we work with
- Diversified product range and robust collection systems
- Simplified and prompt loan request appraisal and disbursements
- Product innovation and superior delivery
- Parentage: Mahindra brand and fund-raising ability
- Strong financial position; comfortable capitalisation and liquidity profile
- High credit rating
- Long-lasting relationship across multiple OEMs
- Strong management team

Challenges

- Rising competition from banks
- Increasing cost of funding
- Retention of talent

Opportunities

- Recovery in economic activity
- Revival in rural consumption
- New pivots of growth: Digital Finco, Leasing, SME
- Digitalisation and data driven decision making

Threats

- Future waves of the pandemic may negatively impact asset quality
- Uncertain global political environment
- Tightening regulation of NBFCs
- Impact on demand in the backdrop of sustained inflation

10.2 Business performance

Operational review

The key operational highlights are:

- Total income was at Rs. 9,718.80 crore in FY 2022 compared to Rs. 10,516.81 crore in FY 2021, a decrease of 7.6%, primarily led by lower average loan book.
- Disbursements for the year was at Rs. 27,581 crore, a growth of 45% over the previous year, albeit on a lower base.
- Business Assets rose to Rs. 64,961 crore in FY 2022 from Rs. 64,608 crore in FY 2021, an increase of 0.5%.
- Strong Capital Adequacy at 27.8%, D:E ratio of 3.57x and maintained Liquidity buffer equivalent to 3 months requirement
- Maintained overlays of upwards of Rs. 1,000 crore resulting in a healthy Provision Coverage Ratio (PCR) of 58.1% for Gross Stage -3
- Customer based crossed 7.39 million customers.
- Employee base stood at 19,998 as on 31^{st} March 2022

11. Financial review

The following table presents the Company's standalone abridged financials for FY 2022, including revenues, expenses and profits.

Abridged statement of profit and loss

Rs. in crore

Particulars	Year ended 31^{st} March, 2022	Year ended 31^{st} March, 2021	Effective date
Revenue from operations	9,657.97	10,456.11	-7.63%
Other income	60.83	60.70	0.21%
Total revenue	9,718.80	10,516.81	-7.59%
Expenses:			
Employee benefits expense	1,171.40	1,015.23	15.38%
Finance costs	3,920.18	4,733.19	-17.18%
Depreciation and amortization expense	126.83	125.88	0.75%
Impairment on financial instruments	2,368.30	3734.82	-36.59%
Other expenses	775.18	491.36	57.76%
Total expenses	8.361.89	10,100.48	-17.21%
Profit before exceptional items and taxes	1,356.91	416.33	225.92%
Exceptional items (net) - income / (expense)	-	6.10	–
Profit before tax	1,356.91	422.23	221.22%
Tax expense	368.16	87.28	321.81%
Profit for the year	988.75	335.15	195.02%

Key Ratios

Particulars	Year ended 31^{st} March, 2022	Year ended 31^{st} March, 2021
PBT/Total Income*	14.0%	4.0%
PBT/Total Assets*	1.8%	0.5%
RONW (Avg. Net Worth)*	6.5%	2.5%
Debt/ Equity	3.57:1	3.98:1
Capital Adequacy	27.8%	26.0%
Tier I Capital	24.3%	22.2%
Tier II Capital	3.5%	3.8%
Book Value (Rs.) *	126.5	119.0
NIM (Gross Spread)	7.6%	7.7%

Analysis of Profit & Loss

- Revenue from operations during FY 2022 decreased by 7.6% over previous year. This was primarily due to the average loan book in FY 2022 being lower than that of previous year. In addition, the benefit of reduced borrowing costs was passed on to the consumers. Disbursements improved with each passing quarter resulting in the closing loan book being higher by 0.5% over the previous year.
- Net interest income grew by 0.3% over previous year mainly due to significant reduction in interest rates. Your Company continued to benefit from higher credit rating and a strong Capital Adequacy.
- Net Interest Margin (Gross Spread) for the year stood at 7.6% which is at similar level of 7.7% as in 2020-21. Your Company continued to maintain Gross Spreads by passing on the benefit of lower interest costs to its customers.
- The cost to income ratio for the year increased during the year to 35.8% as compared to 28.2% in FY 2021 primarily due to higher business activity and increased operations during the year. Your Company has invested in new collection related processes, upgrading its IT infrastructure and bringing in new talent. Operating Expenses have moved up as all branches reopened on a pan India level. Your Company continues to initiate

various cost control measures, the benefit of which is expected to be witnessed with increase in Business Assets as disbursements grow.

- The profit before tax for FY 2022 was higher by around 221% at Rs. 1,356.91 crore as against Rs. 422.43 crore in FY 2021, primarily on account of reduction in impairment provisions. Your Company however continued to maintain similar provision coverage of 58.1% in FY 2022 vis-à-vis 57.9% in FY 2021.
- Profit After Tax (PAT) for the year, stood at Rs. 988.75 crore, higher by around 195% as compared to Rs. 335.15 crore in FY 2021 mainly due to significant reduction in impairment provisions on the loan portfolio as cited above.
- Return on Equity (RoE) for the year stood at 6.5% as against 2.5% in FY 2021. Return on Assets (RoA) for the year stood at 1.3% as compared to 0.4% for the previous year. The increase in these ratios is mainly attributable to lower impairment costs in comparison to previous year.

12. Risk Management

In view of the growing volatility in the operating environment impacting global businesses on an unprecedented scale, we are adopting a more proactive risk management and mitigation framework. The Risk Management Committee assists the Board in overseeing various risks, including review and analysis of risk exposures related to the Company. Risk management measures are regularly reviewed by the Risk Management Committee and thereafter by the Board. Periodic diligence is performed and recommendations for corrective actions and process change are thereafter implemented.

Risk management process

The risk management system forms an integral part of all major functions within the Company. The process includes the following key elements:

- A strategy that is driven by objectives and principles
- Assignment of responsibilities
- 'ATMA' (Avoid-Transfer-Mitigate-Assume) risk management framework approach and reporting cycle to identify, assess, mitigate, monitor and report the risks that the Company is or may be exposed to
- A combination of 'top down' and 'bottom up' approach to the risk assessment and management process
- A risk-monitoring plan that outlines the review, challenge and oversight activities
- Outside-In reporting procedures which ensure risk information is actively monitored, managed and appropriately communicated at all levels within the Company
- Developing risk appetite statements with the strategic planning process, then monitoring and reporting on these statements

Identity → Assess → Mitigate → Monitor → Report

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

Liquidity risk

Liquidity risk refers to the inability of the Company to either meet the financial obligations, including debt servicing, or its inability to raise funds from external sources at an optimal pricing.

Approach: The Company continues to have a comprehensive Liquidity Risk Management (LRM) framework, which is governed by the Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee (ALCO) of the Board and Asset Liability Management Committee (ALMCO) oversee the implementation and ensure adherence to the risk tolerance/limits and liquidity buffer. In order to minimize any impact of any external shock, the Company maintains liquidity buffer to the tune of three months obligations.

We maintain a well-diversified lender profile with no undue concentration of funding sources. To ensure a diversified borrowing mix, concentration of borrowing through various sources is also monitored.

Interest rate risk

This refers to the fluctuations in interest rates, which could adversely affect borrowing cost, interest income and net interest margins of companies in the financial sector.

Approach: The ALCO and ALMCO regularly review the sensitivity analysis, which projects the Company's vulnerability to changes in the interest rates. The LRM framework has defined a judicious borrowing mix that allows us to manage interest costs. It also has defined a judicious investment mix, which allows us to optimise returns. Prudential limits on both borrowing and investments ensure that we do not take any undue risks. All these policies and review mechanisms assist in making necessary realignments to lending and borrowing decisions to mitigate any interest rate risks.

Operational risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes legal and reputational risks.

Approach: A strong risk management approach has been followed, which helps in mitigating the operational risks. This is done through segregation of roles, responsibilities and authorities at each level. The operations follow an appropriate level of segregation of duties, approval mechanisms and maintenance of supporting records. Additionally, regular audit and review mechanism provide a check on deviation arising from any contingent operational inefficiency.

Credit risk

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

Approach: The stringent credit appraisal system and post-disbursement monitoring ensures high quality of loan assets with minimum probability of default. We have an efficient credit appraisal and monitoring system in place. When required, we also resort to early settlements and repossessions followed by sale of the underlying collateral. These actions help mitigate the credit losses.

During the pandemic, we partnered with customers by extending ECLGs/suitable restructuring programs based on due assessment.

Business risk

Being an NBFC, we are exposed to various external risks, which have a direct bearing on our sustainability and profitability. Foremost among them are Industry risk and Competition risk. The volatile macro-economic scenario and sector-specific imbalances can result in loan asset impairment.

Approach: A dedicated team evaluates the trends in the economy and various other sectors. In step with market trends, we have developed tailormade products and we are reviewing new engines of growth like SME, digital finance and leasing to deepen market penetration and de-risk the business from overdependence on core, that is, vehicle finance. Driven by a nimble-footed sales force, wide range of products, continuous efforts to improve turnaround time and customer-friendly culture, we are efficiently staying ahead of the curve.

Regulatory risk

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

Approach: We fully comply with all the periodic guidelines issued by the RBI and other regulators and adhere strictly to Capital Adequacy, Fair Practice Codes, RBI Reporting, Asset Classification and Provisioning Norms, etc. to ensure zero-tolerance on the non-compliance aspect. Stringent review systems to ensure compliance with the statutory guidelines and norms of the NBFC industry are also in place.

Human capital risk

Risk of undesired attrition of good performers and critically skilled employees.

Approach: We strive to have contemporary, employee-friendly policies and people-oriented culture. We mitigate the risk of attrition by ensuring continuous analysis and action planning on all areas to constantly improve our people practices. Each year, the organisation does a comprehensive study of identifying employee pain areas and implements solutions around the identified areas. The compensation paid by us is comparable with other companies of our class and size. Regular benchmarking is done to understand the variances. Regular connect by business managers and HR ensures that employee concerns are addressed proactively to reduce regrettable attrition. We also invest in training and upskilling our workforce.

Pandemic risk

The COVID-19 pandemic has had an unprecedented impact on societies and economies worldwide. We have also been impacted from this event at different levels. In addition, the pandemic impact resulted in an increase in political and macro-economic risks.

Approach: Our conservative capital structure policies ensure that we always remain adequately capitalised. The liquidity chest ensures that such pandemic shocks can be absorbed without impacting our credit rating and debt servicing capability. Our reach ensures that we remain connected with our customers during such trying times, helping and partnering with them. Our Business Continuity Plans and processes ensure that the business keeps running with adequate security measures.

Information technology risk

Information technology and cyber risks are an ever-expanding area as organisations battle against a continuous wave of attacks, fraudsters and criminals.

Approach

- We have put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting
- The Management periodically reviews various technology risks such as protecting sensitive customer data, identify theft, data leakage, business continuity, access control etc.
- Cyber risk insurance has been obtained to minimise the impact
- Two-factor authentication has been implemented to mitigate the risk arising on account of remote access

Market risk

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

Approach: We are safeguarded against any market or liquidity risk owing to prudent approach of continuously maintaining a positive liquidity gap on a cumulative basis. Along with this, maintaining an adequate liquidity buffer at consolidated and at each lending entity level further safeguards us against market volatility. Such conservative and prudent liquidity risk management measures and practices adopted by the management demonstrated the robust asset liability management system during the COVID-19 related stress.

Climate risk

Risk from climate change may involve environmental degradation, rising sea levels, shift in weather patterns that threaten food production, the impact of which are global in scope and unprecedented in scale. Risk from climate change may also entail irregularities in the weather conditions such as sporadic monsoon which has a large bearing on the economic growth in the Indian context. Climate change may also involve risk of economic losses caused by physical damage to property and assets from extreme weather conditions and natural calamities. Our carbon footprint also poses a risk in terms of our decreased rating on the ESG front.

Approach: We have been working towards identifying frameworks to assess and keep a track on the progression of seasons and climate change and how the adverse impact brought about by such climate change on the business can be reduced. This involves identifying and mapping risks pertaining to sustainability and climate change for inclusion in the risk register. With the new-age emission norms and changing preference of the consumers for green vehicles, we are focusing on financing of environment-friendly CNG and electric vehicles.

13. Human resource

At Mahindra Finance, we firmly believe that our employees are our core and our greatest assets. Over the years, we have been adopting best-in-class practices, inclusive policies as well as offering unique health and fitness benefits to ensure a safe and secure ecosystem for diverse cohorts of employees. Our HR function is a strategic partner in driving business outperformance and in simultaneously creating a seamless employee experience across all touch points.

Ensuring the safety of our people was of paramount importance during the COVID-19 pandemic. We spared no effort in taking care of our employees and their families. Through various initiatives, we proactively reached out to them to address their concerns and, most importantly, we ensured their psychological well-being as well. We provided financial and healthcare assistance services to our COVID-affected employees by introducing COVID test/vaccination reimbursement policies, tele-consultation and other facilities for employees and their families.

The use of HR chatbots, Robotic Process Automations, tableau dashboards and other HR service automations are making our processes and practices more robust and employee-friendly. We are among the early pioneers of fostering a digital learning ecosystem. Through our digital learning platforms, we continue to drive a culture of personalised learning, empowering our employees to learn anywhere and at any time, thus assisting them to grow professionally and personally. Nurturing agility and building a continuous learning culture have always remained our core objective to create a change-ready organisation. Our efforts towards inculcating a data-driven mind-set with an aim to conquer customer centricity are nourishing our workforce to become future ready.

Talent management is a critical aspect at Mahindra Finance in its efforts to create a future ready leadership pipeline. We have a robust process that aims to identify high potential employees, further tutoring and developing them through a structured approach; strengthening their knowledge, skills, and expertise to become future leaders in the organisation.

Everything we do at Mahindra Finance is based on a strong foundation of values and is ingrained in the tenets of the Mahindra Rise philosophy –- 'Accepting No Limit', 'Alternate Thinking' and 'Driving Positive Change', which we continuously foster within all our employees.

We were ranked 54th among India's Best Companies to Work 2021 by Great Place to Work Institute.

14. Information technology

We have been at the forefront of leveraging state-of-the-art technology platforms for deriving business benefits and differentiation in the marketplace through automation, digitalisation and analytics.

Enhancing digital reach

With fast-evolving mobile technology, we have increasingly focused on the adoption of mobile app as a channel to offer customer service, build brand loyalty, increase customer retention, attract new customers and generate business revenue. The MF Customer app offers multiple services to customers on their fingertips, saving lot of time and cost of servicing these customers vis-à-vis a physical branch. Built in 11 languages (including nine Indian regional languages) the app empowers customers to access and manage their loan account, make EMI payments with multiple payment options (Debit card, Net Banking, UPI and wallets), apply and track new vehicle loans, cross selling insurance and MF products and more. In FY 2022, users of this app have increased by 42% from previous year. There were 7.2 lakhs users in FY 2022 (from 5 lakhs in FY2021) and collections from the app increased by 50% during FY 2022. We are also working on offering mobile app for our dealer partners and salesman across India. The dealer app is currently under development will enable dealer partners and salesman to access key business information on their smartphones.

Leveraging technology

As digitisation proceeds apace, the dimensions of our digital ambitions have grown multi-fold among various lines segments and products like auto loans, pre-owned car loans, leasing, SME etc. All technology projects are backed with a focused digital strategy to improve business performance, enhance customer experience, create new products or reimagine existing products to create new competitive advantage in the market using newer technologies. We have rolled out 'OneApp' – an application to boost experience of feet on street employees by empowering them with decision-making abilities with digital intervention and at the same time allowing them to do efficient collections. This has changed the digital posture of the way we do business.

However, we continue to focus on strengthening the core by implementing new-age technologies on cloud loan origination and management system by leveraging state-of-the-art API platform to support highly scalable business transactions. Digital has made loan processing quicker and at the same time ensured that all checks are in place. We also continue to expand our use of data sciences and artificial intelligence. Business intelligence dashboards and insights have played key roles in aiding rollout of strategic initiatives in business and collections. Machine learning models usage in lending and retention have played an expanded role in terms of business lines and volumes.

On the Fixed Deposit (FD) front, we field an innovative solution amongst NBFCs across the globe with our end-to-end digitisation process on FD advice issuance for customers, channel partners and platform partner integration. As an initiative to reinforce core technology platforms of Fixed Deposit Investment Solutions, we have initiated a core transformation project at the end of FY 2022. Among the solutions we have successfully delivered are digital interventions which will further enable our omnichannel offerings. These offerings are getting enabled by chatbot platforms, Whatsapp integration, smoothened high availability by enabling DR systems. These are complemented with the latest security compliance in all digital platforms, standardised CKYC compliance process with azure cognitive services and robotic process automation as catalysts to enhance FD operations, complying to regulators.

Further on the technology security front, we are continuously ensuring that risk is minimised by adopting risk management processes that are aligned to ISO 27001:2013 and COSO framework. We conduct periodic risk assessment and adopt defence in-depth strategy, which includes technology adoptions, monitoring and audits at periodic intervals, both internally and by external experts. The risks identified through the assessment are appropriately treated by adopting manual and automated technologies by mitigating or minimising or transferring the risks. We are in the process of adopting data privacy practices in line with the upcoming data privacy initiatives of the government.

15. Internal control

We have put in place an adequate internal control mechanisms to safeguard all our assets and to ensure operational excellence. The mechanism also meticulously records all transaction details and ensures regulatory compliance. We have multiple policy frameworks to ensure adequate controls on business processes. Further, Risk and Control dashboards have been defined and are periodically updated for all important operational processes. At periodic intervals, the management team and statutory auditors check and ensure that the defined controls are operative.

The Mahindra Group has a dedicated team of internal auditors to conduct internal audit. Every year, this team defines the audit agenda for the year, which is implemented after approval from the Audit Committee.

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

16. Cautionary statement

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

Report on Corporate Governance

Corporate Governance Philosophy

Your Company adheres to the highest standards of governance. Your Company is committed to ethical values, sustainable business practices, driving positive change in the areas in which it operates and committed to transparency in all its dealings and creating shared value for all its stakeholders.

Your Company places high emphasis on empowerment, integrity and diversity to generate long-term value for its stakeholders and retain investor trust. The governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation. It is a firm conviction of the Company that good Corporate Governance practices are powerful enablers, which infuse trust and confidence, that attract and retain financial and human capital.

Your Company has an active, experienced, diverse and a well-informed Board. Through the governance mechanism in the Company, the Board along with its Committees adopts best environmental, social and governance practices that support ethical leadership, sustainability and good corporate citizenship.

Your Company is in compliance with the Corporate Governance requirements as mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") in letter and in spirit. A Report on compliance with the Code of Corporate Governance as stipulated in the Listing Regulations, for the year ended 31st March, 2022 (year under review) and developments up to the date of this report are given below:

Board of Directors

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

The Board of your Company comprised nine Directors as on 31st March, 2022 and ten Directors as on date of this Report. As on the date of the report, the Company has a Non-Executive Non-Independent Chairman, 2 Executive Directors, 2 Non-Executive Non-Independent Directors and 5 Independent Directors (including 2 (two) Women Independent Directors).

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitisation, analytics, strategy formulation and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance and expert advice to the Board and the Management and enhancing the quality of Board's decision making process.

Detailed profile of the Directors is available on the Company's website at the web-link: https://mahindrafinance.com/discover-mahindra-finance/management.

Composition of the Board

Composition and other details of Board of Directors as on 31st March, 2022

Sr. No.	Name of the Directors and DIN number	Age	Tenure of Director	Total Number of Directorships and Committee Positions in public limited companies #			Directorships in other listed Companies	
				Directorships	Committee Memberships+	Committee Chairpersonship+	Name of the Equity Listed Companies	Category of Directorship
Non-Executive Non-Independent Chairman								
1	 Dr. Anish Shah 02719429	52	6 years	6	2	0	1. Mahindra & Mahindra Limited	Managing Director & CEO
							2. Mahindra Lifespace Developers Limited 3. Tech Mahindra Limited 4. Mahindra Logistics Limited, Chairman 5. Mahindra Holidays & Resorts India Limited	Non-Executive Non-Independent Director
Executive Directors								
2	 Mr. Ramesh Iyer VC & MD 00220759	63	20 years and 11 months	8	5	1	-	-
3	 Mr. Amit Raje WTD 06809197	48	1 year and 6 months	1	1	0	-	-
Independent Directors								
4	 Mr. C. B. Bhave 00059856	71	7 years and 2 months	4	4	3	1. Avenue Supermarts Limited 2. Tejas Networks Limited	Independent Director in both Companies
5	 Mr. Dhananjay Mungale 00007563	68	7 years and 8 months*	8	9	4	1. Mahindra Logistics Limited 2. NOCIL Limited 3. Tamilnadu Petroproducts Limited 4. Mahindra CIE Automotive Limited	Independent Director in all Companies
6	 Mr. Milind Sarwate 00109854	62	3 years	9	10	4	1. Asian Paints Limited 2. FSN E-Commerce Ventures Limited 3. Matrimony.com Limited 4. Metropolis Healthcare Limited 5. Sequent Scientific Limited	Independent Director in all Companies
7	 Ms. Rama Bijapurkar 00001835	65	7 years and 8 months*	8	6	3	1. Nestle India Limited 2. Sun Pharmaceutical Industries Limited 3. Cummins India Limited 4. VST Industries Limited 5. Apollo Hospitals Enterprise Limited	Independent Director in all Companies
8	 Dr. Rebecca Nugent 09033085	45	1 year and 1 month	1	0	0	-	-
Non-Executive Non-Independent Director								
9	 Mr. Amit Kumar Sinha 09127387	48	11 months	5	1	1	Mahindra Logistics Limited	Non-Executive Non-Independent Director

Notes:

Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL).

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL. In the Committee details provided, Committee Membership(s) includes Chairmanship(s).

* Tenure has been considered w.e.f. 1st April, 2014, in line with statutory guidelines for Independent Directors.

Core Skills/ Expertise/ Competencies of the Board of Directors of the Company

A chart/ matrix setting out the core skills/ expertise/ competencies identified by the Board of Directors in the context of the Company's business and sector(s) as required for it to function effectively and those actually available with the Board during FY 2022, are given below:

Skills	Brief description of skill sets required in Board in context of business of the Company	Dr. Anish Shah	Mr. Ramesh Iyer	Mr. Amit Raje	Mr. C. B. Bhave	Mr. Dhananjay Mungale	Mr. Milind Sarwate	Ms. Rama Bijapurkar	Dr. Rebecca Nugent	Mr. Amit Kumar Sinha
Business Experience	• Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values. • Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. • Expertise in the field of Banking and Financial Services.	✓	✓	✓	✓	✓	✓	✓	✓*	✓
Financial Experience and Risk Oversight	• Understanding of Finance and Financial Reporting Processes. • Risk oversight comprising ability to understand and oversee various risks facing the Company and ensure that appropriate policies and procedures are in place to effectively manage risk.	✓	✓	✓	✓	✓	✓	✓	x	✓
Technology and Innovation	• An appreciation of emerging trends in Banking and Financial services across the globe. • Expertise in digital and robotic innovation in the field of Finance and Investments. • Ability to visualise future trends and devise strategies for adoption.	✓	✓	✓	✓	x	✓	✓	✓	✓
Governance and Regulatory Oversight	• Devise systems for compliance with a variety of regulatory requirements. • Reviewing compliance and governance practices for a long term sustainable growth of the Company and protecting stakeholders' interest.	✓	✓	✓	✓	✓	✓	✓	x	✓
Consumer Insights and Marketing Exposure (mainly rural and semi-urban markets)	• Ability in developing strategies to increase market share through innovation, build better brand experience for customers, improve prospective customer engagement levels and help establish active customers become loyal brand followers.	✓	✓	✓	✓	✓	✓	✓	✓	✓

*As per self- assessment, does not possess the requisite skill set pertaining to Banking and Financial Services.

Changes in Board Members during FY 2022

The Board, as a part of its succession planning, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company. The following changes in the Board composition were recommended by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company during the year under review:

Board Member	Change	Effective date and Period
Mr. Dhananjay Mungale	Resigned as the Chairman of the Board of Directors, but continues to be an Independent Director	upto 1st April, 2021
Dr. Anish Shah	Director of the Company was appointed as the Non-Executive Chairman	w.e.f 2nd April, 2021
Mr. Amit Raje*	Appointed as Whole-time Director, designated as Chief Operating Officer Digital Finance - Digital Business Unit, liable to retire by rotation	1st April, 2021 (for a period of five years.)
Mr. Amit Kumar Sinha*	Appointed as an Additional Non-Executive Non-Independent Director to hold office up to the 31st Annual General Meeting ("AGM"), liable to retire by rotation	23rd April, 2021
Mr. Ramesh Iyer*	Re-appointed as Managing Director, designated as "Vice-Chairman & Managing Director", of the Company	30th April, 2021 (for a period of three years)

*The shareholders of the Company at the AGM held on 26th July, 2021, had approved the appointment of Mr. Amit Raje and Mr. Amit Kumar Sinha, and had approved the re-appointment of Mr. Ramesh Iyer with requisite majority.

Pursuant to the recommendation of the NRC and the Board of Directors of the Company, the shareholders of the Company have by means of an Ordinary Resolution passed on 15th March, 2022 with requisite majority, vide Postal Ballot conducted through remote e-voting mode, approved the appointment of Mr. Siddhartha Mohanty (DIN: 08058830) as a Non-Executive Non-Independent Director of the Company with effect from 1st April, 2022, liable to retire by rotation.

Profile of Mr. Siddhartha Mohanty

Mr. Mohanty took charge as Managing Director of Life Insurance Corporation of India ("LIC") on 1st February 2021.

Mr. Mohanty started his career as a direct recruit officer with LIC in 1985 and worked in different capacities in various departments giving him exposure to multi-dimensional experience especially in the field of Marketing, Human Resources, Investments, Legal and Personnel.

Prior to taking charge as Managing Director of LIC, he was Managing Director & Chief Executive Officer of LIC Housing Finance Limited ("LIC HFL"), one of the largest housing finance companies in India. He was also LIC HFL's Chief Operating Officer. Before joining LIC HFL, he was Executive Director-Legal with LIC. He has also headed few Divisions in the capacity of Senior Divisional Manager in-charge, spearheading the Divisions to successfully achieve the business targets. Mr. Mohanty is MA and holds a Degree in Law. Other qualifications include Post Graduate Certificate in Business Management and Licentiate from the Insurance Institute of India.

His innovative style of working, strong analytical ability, strategic thinking and capability to arrive at simple solutions for complex problems have resulted in success in each of his assignments. He has a broad understanding of the landscape of the industry which helps him to draw unique strategies.

Directors retiring by rotation at ensuing AGM

In terms of Section 152 of the Act, Dr. Anish Shah (DIN:02719429), Non-Executive Chairman and Mr. Amit Raje (DIN:06809197), Whole-time Director - Chief Operating Officer Digital Finance - Digital Business Unit are liable to retire by rotation and, being eligible, offer themselves for re-appointment at the ensuing AGM.

Dr. Anish Shah

Dr. Anish Shah is the Managing Director and CEO of the Mahindra & Mahindra Limited. He joined Mahindra Group in 2014, as Group President (Strategy), and worked closely with all businesses on key strategic initiatives, built capabilities such as digitisation & data sciences and enabled synergies across group companies. In 2019, he was appointed Deputy Managing Director and Group CFO, with responsibility for the Group Corporate Office and full oversight of all businesses other than the Auto and Farm sectors, as a part of the transition plan to the CEO role.

Dr. Shah was President and CEO of GE Capital India from 2009-14, where he led the transformation of the business, including a turnaround of its SBI Card joint venture. His career at GE spanned 14 years, during which he held several leadership positions at GE Capital's US and global units. As Director, Global Mortgage, he worked across 33 countries to drive growth and manage risk. As Senior Vice President (Marketing and Product Development) at GE Mortgage Insurance, he led various growth initiatives and played a key role in preparing the business for an IPO, as a spinoff from GE. In his initial years with GE, Dr. Shah also led Strategy, eCommerce and Sales Force Effectiveness and had the unique experience of running a dot-com business within GE. Dr. Anish Shah also received GE's prestigious Lewis Latimer Award for outstanding utilisation of Six Sigma in developing a "Digital Cockpit".

He also has diverse experience with global businesses beyond GE. He led Bank of America's US Debit Products business, where he launched an innovative rewards program, led numerous initiatives in payment technology and worked closely with various teams across the Bank to enhance value for the customer.

As a strategy consultant at Bain & Company in Boston, he worked across multiple industries, including banking, oil rigs, paper, paint, steam boilers and medical equipment. His first role was with Citibank in Mumbai, where he issued bank guarantees and letters of credit as Assistant Manager, Trade Services.

Dr. Anish Shah holds a Ph.D. from Carnegie Mellon's Tepper School of Business where his doctoral thesis was in the field of Corporate Governance. He also received a Masters degree from Carnegie Mellon and has a post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad. He has received various scholarships, including the William Latimer Mellon Scholarship, Industry Scholarship at IIMA, National Talent Search and Sir Dorabji Tata Trust.

Dr. Anish Shah is not related to any Director of the Company. Details of listed companies in which he holds Directorships/ memberships of Committees of Board is given in the Notice of 32nd AGM. Dr. Anish Shah has not resigned from any listed entity in the past three years. He does not hold any shares or securities in the Company including as beneficial owner.

Mr. Amit Raje

Mr. Amit Raje joined the Mahindra Group in July, 2020 as Executive Vice President – Partnerships & Alliances and was responsible for leading M&A and Investor Relations. Prior to joining Mahindra Group, Mr. Raje was the Managing Director in the Principal Investing Area of Goldman Sachs. Mr. Amit Raje has cumulative experience of over 20 years in Corporate Finance, Mergers & Acquisitions and Private Equity. Prior to Goldman Sachs, he worked with Kotak Investment Advisors Ltd., the alternate asset arm of Kotak Mahindra Bank, and Deloitte & Co. in the Transaction Advisory Services.

Mr. Amit Raje is a postgraduate from Mumbai University and an MBA with a specialisation in Finance & Private Equity, from the London Business School.

Mr. Amit Raje is not related to any Director of the Company. Mr. Amit Raje has not been a Director of any listed entity (except the Company) in the past three years. He is a member of the Stakeholders Relationship Committee, Asset Liability Committee and Digital and AI Committee of the Company. He does not hold any shares or securities in the Company including as beneficial owner.

Pecuniary relationship with Directors

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the eligible Non-Executive Directors would be entitled to under the Act, none of the Directors have any other pecuniary relationships or transactions with the Company, its Subsidiaries or Associates, or their Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. None of the Directors of your Company are inter-se related to each other.

Management Team

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

The Senior Management of your Company have made disclosures to the Board confirming that there have been no material financial and commercial transactions between them and the Company during FY 2022 which could have potential conflict of interest with the Company at large.

Changes in Key Managerial Personnel ("KMP") during FY 2022

The following changes in the KMPs was recommended by the NRC and approved by the Board of Directors of the Company during the year under review:

Key Managerial Personnel	Change	Effective date
Ms. Brijbala Batwal	Appointed as the Company Secretary of the Company	w.e.f. 1st February, 2022
Ms. Arnavaz Pardiwalla	Resigned as the Company Secretary of the Company	up to 31st January, 2022

Number of Board Meetings

The Board of Directors met seven times during the year under review i.e. on 23rd April, 2021, 26th July, 2021, 30th August, 2021, 28th September, 2021, 28th October, 2021, 2nd February, 2022 and 11th March, 2022 as against the statutory requirement of at least four meetings. The requisite quorum was present for all the Meetings.

The maximum time gap between any two Board Meetings was not more than one hundred and twenty days. These Meetings were well attended.

The details of attendance of Directors at the Board Meetings held during the financial year under review and the 31st AGM held on 26th July, 2021 is as under:

Name of the Director	Attendance at Board meetings, out of Board meetings held*	% Attendance	Attendance at 31st AGM held on 26th July, 2021
Dr. Anish Shah	7 out of 7	100%	✓
Mr. Ramesh Iyer	7 out of 7	100%	✓
Mr. Amit Raje	6 out of 7**	86%	✓
Mr. C. B. Bhave	7 out of 7	100%	✓
Mr. Dhananjay Mungale	7 out of 7	100%	✓
Mr. Milind Sarwate	7 out of 7	100%	✓
Ms. Rama Bijapurkar	6 out of 7**	86%	✓
Dr. Rebecca Nugent	7 out of 7	100%	✓
Mr. Amit Kumar Sinha	6 out of 6	100%	✓

* Attendance and percentage is calculated for meetings attended during the Director's tenure.

** Leave of absence was granted to Mr. Amit Raje and Ms. Rama Bijapurkar for not attending Board Meeting held on 23rd April, 2021, and 28th September, 2021 respectively.

Compliance with Directorship Limits

On the basis of disclosures received from the Directors, it is confirmed that as on 31st March, 2022, none of the Directors of the Company:

i. Hold Directorship positions in more than twenty companies (including ten public limited companies and seven listed companies);

ii. Is a Member of more than ten committees and/or Chairperson of more than five committees, across all the Indian public limited companies in which they are Directors;

For the purpose of determination of committee position limits, chairpersonship and membership positions of the Audit Committee ("AC") and the Stakeholders Relationship Committee ("SRC") have been considered in terms of Regulation 26 of the SEBI Listing Regulations.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. Amit Raje, Whole-time Director, do not serve as Independent Director in any other listed company.

The above compliances were met throughout the year.

Certificate regarding Non-Debarment and Non-Disqualification of Directors

A certificate issued by Dr. C. V. Madhusudhanan, Partner, M/s. KSR & Co., Company Secretaries LLP, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that none of the Directors on the Board of the Company as on 31st March, 2022, have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report as "**Annexure A**".

Board Confirmation regarding Independence of the Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Rules framed thereunder, and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

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

None of the Independent Directors of the Company have resigned during the financial year.

Meetings of Independent Directors

Meetings of Independent Directors were held on 30th August, 2021 and 10th March, 2022, more than the Statutory mandate of holding minimum one meeting in a year. These Meetings were conducted in an informal manner to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of the Vice-Chairman & Managing Director, other Non-Independent Directors, Chief Financial Officer and Members of the Management.

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

Familiarisation Programme for Directors

The Company has adopted a structured programme for orientation of all the Directors including Independent Directors at the time of their joining so as to familiarise them with the Company – its operations, business, industry and environment in which it functions and the regulatory environment applicable to it.

Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations, the Company has during the year conducted familiarisation programmes through briefings at Board/Committee Meetings for all its Directors including Independent Directors, which inter alia, included the following:

- Organising an annual Strategy Board Meeting which is attended by the Management and Functional Heads to deliberate on various topics related to the long-term Vision and Strategy of the Company
- Quarterly update on Business and Financial performance
- Presentations made by Internal Auditors and Statutory Auditors
- Presentation on Risk Management, mitigation and Enterprise Risk Management
- Briefing on Strategic Investments and Business Opportunities of the Company
- Briefing on Industry Outlook and Competition updates
- Briefing on Information Technology Framework including Digitalisation initiatives
- Strategy/Performance and investments made by subsidiary companies
- Implementation of Liquidity Risk Management ("LRM") framework and review of LRM & Asset Liability Management ("ALM") returns
- Statutory/Regulatory updates at Board and various Committees of the Board including on Insider Trading Regulations and SEBI Listing Regulations
- Briefing on Corporate Social Responsibility ("CSR") activities, Business Responsibility ("BR") performance and Environmental, Social and Governance ("ESG") initiatives
- Update on News and articles related to the Company, press releases, disclosures made to Stock Exchanges
- Briefing on Internal Control over Financial Reporting, Internal Control Processes, Framework for Related Party Transactions, etc
- Updates on Roles, Rights and Responsibilities of Directors and Company Policies
- Correspondence with Regulators

Pursuant to Regulation 46 of the Listing Regulations, the details of familiarisation programmes are available on the website of the Company at the web-link: https://mahindrafinance.com/media/392590/familiarization-programs-conducted-in-fy-2022.pdf and also given below :

Independent Directors	No of Programmes/ Meetings attended		No. of hours invested	
	During FY 2022	From 1st April, 2015 till 31st March, 2022 (Cumulative)	During FY 2022	From 1st April, 2015 till 31st March, 2022 (Cumulative)
Mr. C.B. Bhave	22	101	30 hours 50 minutes	132 hours 50 minutes
Mr. Dhananjay Mungale	27	102	32 hours	123 hours
Mr. Milind Sarwate	26	53	33 hours 10 minutes	65 hours 40 minutes
Ms. Rama Bijapurkar	18	84	27 hours 25 minutes	114 hours 25 minutes
Dr. Rebecca Nugent*	6	9	13 hours	20 hours

*appointed w.e.f. 5th March, 2021.

Board Procedures

Overall strategic direction and periodical review of matters by the Board and its Committees

The Board provides the overall strategic direction and conducts structured reviews by itself or through its Committees , which comprehensively encompasses all the facets of Company matters including periodical review of strategy and business plans, annual operating and capital expenditure budgets, loan disbursements, fund raising proposals, default in financial obligations, if any, NPA Position, LRM and ALM position, credit ratings, ESG initiatives including BR and CSR initiatives, investments and exposure limits, RBI Inspection reports , approval and adoption of quarterly/half-yearly/annual results, risk assessment and minimisation procedures, stakeholder relationship matters, Policies, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review of major legal issues, minutes of the Committees of the Board, major accounting provisions and write-offs, corporate restructuring, details of any joint venture or collaboration agreement(s) etc.

Information and Presentations at Meetings

To enable the Board to discharge its responsibilities effectively and take informed decisions, the Vice-Chairman & Managing Director apprises the Board at every quarterly Board Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the Regulatory scenario, followed by presentations by the Chief Financial Officer of the Company on Financial performance of Company, its subsidiaries and JVs. Functional and other updates are also presented to the Board on periodical basis.

Review of subsidiary matters

The Board is briefed on the operating and financial performance of the subsidiaries. The minutes of the Board Meetings of your Company's subsidiary companies and a statement of all significant transactions, arrangements entered into, and investments made by the unlisted subsidiary companies are also placed before the Board.

Notice of Meetings and agenda

The Company sends the Notice of the Meetings accompanied by detailed agenda and agenda notes setting out the business to be transacted at the Meeting(s) to each Director at least seven days before the date of the Board and Committee Meetings except in case of shorter notice to transact urgent business. All the agenda items are supported by detailed Notes, rationale for proposal, documents and presentations, if any, to enable the Board to take informed decisions.

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

During FY 2022, no Board Meeting was held at a shorter Notice.

Frequency and Calendar of Meetings

The dates of all the Board and Committee Meetings are decided and communicated to the Directors well in advance.

The frequency of meetings scheduled and held are higher than the statutory requirement, to enable review of all Company matters at periodical intervals. The statutory frequency and number of meetings held during FY 2022 are given below:

Nature of Meeting	Frequency of meeting as prescribed statutorily in a year	No. of Meetings held in FY 2022
Board	4	7
Audit Committee	4	6
Nomination and Remuneration Committee	1	4
Stakeholders Relationship Committee	1	3
Risk Management Committee	2	4
Corporate Social Responsibility Committee	Not specified	3

Mode of holding the Meetings in FY 2022:

The meetings of the Board and Committees held during FY 2022 were conducted through electronic platform - Audio-Video conferencing as well as in physical form. Adequate facilities were provided to the Directors and invitees for active participation at the Meetings.

Process for preparation of Agendas for Board and its Committees

The agenda and proposals of the Board and the Committee Meeting are prepared in consultation with the Chairman, VC & MD and the CFO. Members of the Board/Committees are encouraged to freely express their views on the agenda items and are assisted with necessary clarifications and information that they might need with respect to the Agenda even prior to the meeting to enable meaningful participation at the meeting.

Secured Electronic Board Portal

The Company has a secured web-based portal that acts as a central repository for Board Members to access Board related agendas, papers, presentations, notes of Board and Committee Meetings and is also a common platform for communication amongst the Board Members. The Board portal also contains Annual Reports, Code of Conduct for Directors, terms of appointment, committee charters and other policies for ease of access. This enables greater transparency to the Board processes.

Post Meetings follow up procedure

An Action Taken Report on the key decisions taken/suggestions made at Meetings is recorded and update thereof is placed and discussed at the subsequent meetings of the Board and the Committee for its review.

Performance Evaluation of Board, Its Committees and Directors

An annual performance evaluation exercise was carried out in compliance with the applicable provisions of the Act, the SEBI Listing Regulations, the Company's Code of Independent Directors and the criteria and methodology of performance evaluation approved by the NRC.

The performance evaluation of Independent Directors was based on various criteria, inter alia, including qualifications, experience, skills, independence criteria, integrity of the Directors, contribution and attendance at meetings, ability to function as a team and devote time, fulfilment of functions, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry, etc.

The questionnaires for performance evaluation, which were further reviewed and improvised during FY 2022, are comprehensive and in alignment with the guidance note on Board evaluation issued by the SEBI, vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2017 and are in line with the criteria and methodology of performance evaluation approved by the NRC.

Outcome and results of the performance evaluation

All Directors of the Company as on 31st March, 2022 participated in the evaluation process. The Directors expressed their satisfaction on the parameters of evaluation, the implementation of the evaluation exercise and the outcome of the evaluation process.

The evaluation exercise for the FY 2022 concluded that the Board functions in a cohesive and professional manner enabling frank discussions and resolves issues constructively. They concluded that the Board effectively reviews all important areas including Strategic Direction, Risk Assessment and Compliance. Suggestions provided to enhance the Board's effectiveness through deeper focus in certain areas have been noted and taken up for implementation. The suggestions from previous evaluations were implemented by the Company during FY 2022.

Policy on Remuneration

Policy for Remuneration of the Directors

This Policy is available on the website of the Company at the Web-link: https://mahindrafinance.com/investor-zone/corporate-governance

The elements of remuneration package of Executive Directors include salary, benefits, stock options, provident fund, etc. are decided based on the individual performance, inflation, prevailing industry trends and benchmarks. The Non-Executive Directors are paid remuneration in the form of sitting fees and commission.

Policy on Remuneration of Key Managerial Personnel, Senior Management and other Employees

The Board and the NRC regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The broad structure of compensation payable to employees comprise fixed pay, variable pay, incentives, retirals and other benefits.

The Cost to Company of the employees is reviewed annually and increment is given to eligible employees based on Company and individual performance, future potential and market dynamics.

Basis the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their Meeting held on 2nd May, 2022 had approved the revised policy to interalia include the Clawback/ malus Clause in the terms and conditions of appointment of Key Managerial Personnel (including Executive Directors) and Senior Management, in certain circumstances as per RBI directives.

The Remuneration Policy for Key Managerial Personnel, Senior Management and other Employees, as amended up to date, can be accessed at the Company's website at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance

Remuneration to Directors

The eligible Non-Executive Directors are paid remuneration in the form of sitting fees and commission within the limits prescribed under the Act. The remuneration payable to eligible Non-Executive Directors is recommended by the NRC to the Board of Directors subject to approval of Members of the Company.

The NRC while deciding the basis for determining the remuneration to the eligible Non-Executive Directors, takes into consideration various relevant factors, including the overall compensation guidelines of the Mahindra Group pertaining to commission, current trends and practices in relevant industries, the market trends in terms of compensation levels, responsibilities undertaken by the Directors such as Chairpersonship of Committees, their contribution in enhancing stakeholders' value resulting in overall growth of the Company and such other factors as the NRC may deem fit.

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

The eligible Non-Executive Directors are paid sitting fee for attending each Meeting of the Board and Committees thereof as under:

Meetings	Sitting Fees per meeting per Director
Board of Directors	Rs. 1,00,000
Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Asset Liability Committee, IT Strategy Committee and Committee for Strategic Investments	Rs. 50,000
Stakeholders Relationship Committee, Corporate Social Responsibility Committee, and Digital and AI Committee	Rs. 30,000

No revision has been made in the above mentioned fees during the Financial Year. Mr. Siddhartha Mohanty, Non-Executive Non-Independent Director is in whole-time employment of the Life Insurance Corporation of India ("LIC"). The sitting fees and remuneration towards services of Mr. Siddhartha Mohanty, would be paid to LIC.

In addition, an aggregate commission of Rs. 1.5 Crores, constituting 0.13% of the Net profits of the Company for the year ending on 31st March, 2022 has been provided in the books of accounts as payable to all the Independent Directors of the Company for the year ended 31st March, 2022 as under:

Name of the Independent Directors	Commission for the year ended 31st March, 2022 provided as payable in the accounts of the Company for the year under review (Rs. in Crores)
Mr. C. B. Bhave	0.30
Mr. Dhananjay Mungale	0.30
Mr. Milind Sarwate	0.30
Ms. Rama Bijapurkar	0.30
Dr. Rebecca Nugent	0.30
Total	**1.50**

Considering the performance of the Company and significant contribution made by the Independent Directors, the commission amount has been increased from Rs. 25 Lakhs per annum to Rs. 30 Lakhs per annum per Independent Director, for FY 2022. Mr. Dhananjay Mungale who received a commission of Rs. 32 Lakhs per annum in FY 2021, in his capacity as former Chairman of the Board will receive Commission of Rs. 30 Lakhs for FY 2022, aligned with all other Independent Directors.

The Company has not granted Stock Options to any of its Directors during the year under review.

None of the Non-Executive Directors received remuneration in excess of 50% of the total remuneration paid to all the Non-Executive Directors during the year ended 31st March, 2022.

Remuneration of Executive Directors includes salary, perquisites, allowances, benefits, amenities, retirals, viz. superannuation including gratuity and provident fund and stock options. The remuneration of Directors is recommended by the NRC to the Board, which is subject to approval of the Shareholders of the Company.

The NRC while deciding the basis for determining the remuneration of the Executive Directors takes into consideration the individual performance and the business performance. The business performance is evaluated using a Balanced Score Card ("BSC") while individual performance is evaluated on Key Result Areas ("KRAs"). Both the BSC and KRAs are evaluated at the end of the financial year to arrive at the BSC rating of the business and performance rating of the individual. The performance pay is paid annually basis the Company and individual performance.

Detailed information of Directors' remuneration for the FY 2022 is set forth as under:

Executive Directors

(Rs. in Crore)

Name of the Directors	Salary	Perquisites	Superannuation and Provident Fund#	Commission for the year ended 31st March, 2021 paid during the year under review	Total
Mr. Ramesh Iyer, VC & MD	4.39	1.52@	0.33	1.28	7.53
Mr. Amit Raje, WTD	2.79	0.70^	0.09	Nil	3.58

Note: Commission of Rs. 24 lakhs for FY 2021 was paid to Mr. V. Ravi, former Executive Director and Chief Financial Officer, in FY 2022

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

^ Mr. Amit Raje, was granted 97,783 ESOPs of M&M at an exercise price of Rs. 5/- per share, when he was in employment with M&M. He moved to payroll of Company with effect from 1st April, 2021. Out of 12,299 ESOPs of M&M vested and exercisable by him, he exercised 9,430 ESOPs during the year with perquisite value of Rs. 0.7 crores. The ESOPs granted to him by M&M would continue to vest unto him from time to time.

@ This includes Rs. 1.45 Crores being perquisite value of ESOPs of the Company exercised during the year. The details of ESOPs to Mr. Ramesh Iyer are given in the table below.

Details of ESOPs granted, vested and exercised by Mr. Ramesh Iyer, VC and MD are given as under :

Date of grant	21st October, 2015	24th October, 2018
No. of ESOPs granted under ESOS 2010 Scheme	12,976	2,32,468
Exercise Price	10,812 ESOPs at exercise price of Rs. 2 per share 2,164 ESOPs at exercise price of Rs. 50 per share*	1,29,149 ESOPs at exercise price of Rs. 2 per share 1,03,319 ESOPs at exercise price of Rs. 50 per share*
Vesting period	Over 5 equal instalments, vesting annually	Over 5 equal instalments, vesting annually
Vesting Conditions	Time based	Time based
No. of ESOPs vested	12,976	129,150
No. of ESOPs exercised upto 31st March, 2021	8,648	25,830
No. of vested ESOPs exercised during FY 2022	Total ESOPs exercised: 4,328 2,164 ESOPs at exercise price of Rs. 2/- per share 2,164 ESOPs at exercise price of Rs. 50/- per share	Total ESOPs exercised: 1,03,320 51,660 ESOPs at exercise price of Rs. 2/- per share 51,660 ESOPs at exercise price of Rs. 50/- per share
No. of ESOPs outstanding (unvested) as on 31st March, 2022	Nil	1,03,318 (Will vest in FY 2023 and FY 2024)

*ESOPs augmented by equal no. of Rights Options on account of Right Issue in the ratio 1:1 made in August, 2020.

Notes :

1. ESOPs (362,313 nos.) were granted earlier under Company's ESOS 2010 Scheme , which have been fully vested and exercised by 2019. As on 31st March, 2022 he holds 18,13,750 equity shares (0.15%) in the Company.
2. Mr. Ramesh Iyer has received an amount of Rs. 63.11 lakhs during FY 2022 towards Employees' Phantom Stock Options granted by Mahindra Insurance Brokers Limited, Subsidiary of the Company.
3. The notice period for the Executive Directors is three months. Commission and Stock Options are performance linked. Other components are fixed. There is no separate provision for the payment of severance fees.

Non-Executive Directors

Rs. in crores

Name of the Directors	Sitting Fees for FY 2022 (excluding GST)	Commission for the year ended 31st March, 2021 paid during FY 2022	Total
Non-Executive Non-Independent Directors			
Dr. Anish Shah	Nil	Nil	Nil
Mr. Amit Kumar Sinha	Nil	Nil	Nil
Independent Directors			
Mr. C.B. Bhave	0.16	0.25	0.41
Mr. Dhananjay Mungale	0.17	0.32	0.49
Mr. Milind Sarwate	0.17	0.25	0.42
Ms. Rama Bijapurkar	0.12	0.25	0.37
Dr. Rebecca Nugent	0.08	0.02	0.10

Note: Commission of Rs. 24 lakhs for FY 2021 was paid to Mr. Arvind Sonde, former Independent Director, in FY 2022

During 2021-22, the Company did not advance loans to any of its Directors, their relatives or any firms in which they are interested.

Shareholding of Directors

The details of the shares held by the Directors as on 31st March, 2022 is as follows:

Name of the Directors	Number of Shares held	% to paid up Capital of the Company
Dr. Anish Shah	Nil	Nil
Mr. Ramesh Iyer	18,13,750	0.147%
Mr. Amit Raje	Nil	Nil
Mr. C. B. Bhave	Nil	Nil
Mr. Dhananjay Mungale	25,000	0.002%
Mr. Milind Sarwate	Nil	Nil
Ms. Rama Bijapurkar	30,000	0.002%
Dr. Rebecca Nugent	Nil	Nil
Mr. Amit Kumar Sinha	Nil	Nil

Note: Mr. Siddhartha Mohanty, appointed w.e.f. 1st April, 2022, does not hold any shares of the Company.

Codes of Conduct

In compliance with Regulations 17(5) and 26(3) of the SEBI Listing Regulations, the Board has laid down Codes of Conduct for Board Members and for Senior Management and Employees of the Company ("Codes").

These Codes have been posted on the Company's website at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance#Policies.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to Section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Vice-Chairman & Managing Director to this effect is enclosed at the end of this Report.

CEO & CFO Certification

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Vice-Chairman & Managing Director ("MD") and the Chief Financial Officer of the Company ("CFO") have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2022.

The MD and the CFO also jointly give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

Risk Management Framework

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to various risks that are related to its lending business and operating environment. Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the Company. The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators.

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

The Risk Management architecture includes monitoring by the Board of Directors through the Audit Committee, the Asset Liability Committee and the Risk Management Committee.

The Risk Management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis Report, forming part of this Annual report.

Web based Portal for ensuring compliances

The Company has a web-based portal for ensuring compliances with all applicable laws and statutory obligations. The said portal provides for timely alerts and advisory to ensure compliances within stipulated timelines.

Committees constituted by the Board

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

Your Company has nine Committees as on 31st March, 2022:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee
6. Committee for Strategic Investments
7. Asset Liability Committee ("ALCO")
8. IT Strategy Committee
9. Digital and AI Committee

All the above Committees except ALCO are chaired and led by an Independent Director

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

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

Internal Guidelines on Corporate Governance

In accordance with the provisions of the Listing Regulations and Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended, the Company has in place the Internal Guidelines on Corporate Governance and the same is also published on the website of the Company, for the information of the stakeholders.

Summary of the Committees and their constitution as on 31st March, 2022 in nutshell is as under:

Committees	Dr. Anish Shah (NED)	Mr. Ramesh Iyer (VC & MD)	Mr. Amit Raje (WTD)	Mr. C. B. Bhave (ID)	Mr. Dhananjay Mungale (ID)	Mr. Milind Sarwate (ID)	Ms. Rama Bijapurkar(ID)	Dr. Rebecca Nugent (ID)	Mr. Amit Kumar Sinha ,(NED)
Audit Committee	M	-	-	C	M	M	M	-	-
Nomination and Remuneration Committee	M	-	-	M	C	M	-	-	-
Stakeholders Relationship Committee	-	M	M	M	-	-	C	-	-
Corporate Social Responsibility Committee	-	M	-	-	C	-	M	-	-
Risk Management Committee	-	M	-	C	M	M	M	-	-
Committee for Strategic Investments	M	M	-	-	C	M	-	-	-
Asset Liability Committee*	-	C	M	-	M	M	-	-	-
IT Strategy Committee*	-	M	-	M	-	C	-	M	M
Digital & AI Committee*	-	M	M	-	-	M	-	C	M

C = Chairperson; M = Member

*The Committee includes employees who are part of the Senior Management and External consultant, as Members of the Committee.

a) Audit Committee

The Audit Committee of the Board is constituted in compliance with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. All the Members of the Committee are financially literate and possess strong accounting and related financial management expertise. The Chairman of the Audit Committee is an Independent Director and was present at the 31st AGM of the Company to address the Shareholders' queries pertaining to Annual Accounts of the Company.

Meetings of Audit Committee

During FY 2022, the Audit Committee met six times i.e. on 23rd April, 2021, 26th July, 2021, 28th September, 2021, 28th October, 2021, 2nd February, 2022 and 23rd February, 2022. Quorum was present at all Meetings and the gap between two Meetings did not exceed 120 days.

The Audit Committee also periodically meets the Statutory Auditors and Internal Auditors of the Company without presence of the Management of the Company to assess the effectiveness of the audit processes and address any concerns.

Audit Committee Constitution:

Composition	Statutory Requirement	No. of members as on 31st March, 2022
Total Members	Minimum 3 Directors	5
Independent Directors	Minimum 2/3rd Members	4 (more than 2/3rd)
Non - Executive Non - Independent Director	-	1

Audit Committee composition as at 31st March, 2022 and attendance at the meetings held during FY 2022

Audit Committee Members	Category	Position held	Attendance and Meetings	% Attendance
Mr. C. B. Bhave	Independent Director	Chairman	6 out of 6	100%
Mr. Dhananjay Mungale	Independent Director	Member	6 out of 6	100%
Mr. Milind Sarwate	Independent Director	Member	6 out of 6	100%
Ms. Rama Bijapurkar	Independent Director	Member	5 out of 6	83%
Dr. Anish Shah	Non-Executive Non-Independent Director	Member	5 out of 6	83%

- Dr. Anish Shah ceased to be the Member of the Committee and Mr. Amit Kumar Sinha was appointed as a Member with effect from 2nd May, 2022.
- Ms. Rama Bijapurkar and Dr. Anish Shah were granted Leave of Absence ("LOA") from attending Audit Committee meeting held on 28th September, 2021 and 2nd February, 2022 respectively.

Terms of reference of Audit Committee

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations. The Board at its meeting held on 26th July, 2021 enhanced the terms of reference of the Committee to align with the amendment in the Listing Regulations.

Besides having access to all the required information from the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. The terms of reference include, inter alia, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management the quarterly and annual financial statements and the Auditors' Report thereon before submission to the Board for approval, select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, approve transactions of the Company with related parties including subsequent modifications thereof and grant omnibus approvals for related party transactions subject to fulfilment of certain conditions, recommendation for appointment/re-appointment and remuneration of Auditors, review and monitor the Auditor's independence and performance, effectiveness of the audit process, suggestions and other related matters, scrutinise inter corporate loans and investments etc.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2)(c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the Listing Regulations. The Committee is also authorised to oversee the functioning of the Whistle Blower Policy/ Vigil Mechanism as well as review on a quarterly basis, the Report on compliance under the Code of Conduct for Prevention of Insider Trading ("PIT") adopted by the Company pursuant to the PIT Regulations. Further, a Report under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also placed before the Committee.

Separate Meeting with Credit Rating Agencies

In compliance with the provisions of SEBI Circular No. SEBI/ HO/ MIRSD/CRADT/CIR/P/2019/121 dated 4th November, 2019, the Members of the Audit Committee also interact with the Credit Rating Agencies at a separate Audit Committee Meeting once in a year to inter alia discuss matters including related party transactions, internal financial controls and other material disclosures made by the Company.

Invitees to Audit Committee Meetings

The VC & MD, Whole-time Director, Internal Auditor, Statutory Auditors, CFO, Treasury Head, Accounts Head, Chief Operating Officer ("COO") and Chief Risk Officer ("CRO") are also invited to attend the Audit Committee Meetings. The Company Secretary acts as secretary to the Committee.

The key activities of the Audit Committee during FY 2022

The Committee reviewed/ recommended and approved the matters during FY 2022 as per the Terms of reference, prescribed statutorily and by the Board. The key activities of the Audit Committee are as under:

Key Activities of the Audit Committee	
Key Matters reviewed/ recommended/ approved by the Committee during FY 2022	**Frequency**
Reviewed and recommended Quarterly, Half yearly and Annual Standalone and Consolidated financial statements of the Company and other related matters	Q/ A
Reviewed and recommended the Audit Fees and fees payable for other permitted services to be rendered by the Statutory Auditors	A
Reviewed the performance of the Statutory Auditors and Internal Auditors	A
Reviewed the Management's Discussion and Analysis of the financial condition and results of operations of the Company	A
Reviewed the Directors' Responsibility Statement after making due enquiries from the Operating Management	A
Reviewed the internal audit findings, the action taken status and other matters concerning the internal audit functioning of the Company and the Group	Q
Reviewed and granted prior omnibus/ specific approvals for transactions with related parties and review of the same.	Q
Reviewed the Audited financial statements, in particular the investments made by all unlisted subsidiary companies and all significant transactions and arrangements entered into by the unlisted subsidiary companies	Q
Noted the performance of the Material Subsidiaries of the Company	A
Reviewed the Report under Whistle blower Policy and Report under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	Q
Reviewed, approved and recommended amendments to the Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited and Policy on Insider Trading	E
Reviewed compliance of Insider Trading Regulations and Systems for Internal Controls for prevention of Insider Trading	A
Held meeting with the Representatives of the Credit Rating Agencies which have rated the Non- Convertible Debentures issued by the Company	A
Considered and approved the appointment of the Registered Valuers under the Companies Act, 2013	E
Evaluated internal financial controls and risk management systems	P
Reviewed with the management, the statement of uses/ application of funds raised through an issue - Public/ Right Issue/ Pvt. Placement/ Pref. allotment	Q
Reviewed of fraud monitoring report	Q

Q- Quarterly; A- Annually; E- Event based, P- Periodically

b) Nomination and Remuneration Committee ("NRC")

The NRC of the Board is constituted in compliance with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations. The NRC comprises all Non-Executive Directors. NRC is headed by an Independent Director.

Meetings of NRC

During FY 2022, the NRC met four times i.e. on 23rd April, 2021, 26th July, 2021, 28th October, 2021 and 2nd February, 2022. All the Meetings were well attended.

NRC Constitution:

Composition	Statutory Requirement	No. of members as on 31st March, 2022
Total Members	Minimum 3 Directors	4
Independent Directors	Minimum 2/3rd Members	3 (2/3rd)
Non- Executive Non-Independent Director	-	1

NRC composition as at 31st March, 2022 and attendance at the meetings held during FY 2022

NRC Members	Category	Position held	Attendance and Meetings	% Attendance
Mr. Dhananjay Mungale*	Independent Director	Chairman	4 out of 4	100%
Mr. C. B. Bhave*	Independent Director	Member		
Mr. Milind Sarwate	Independent Director	Member		
Dr. Anish Shah	Non-Executive Non-Independent Director	Member		

* Mr. Dhananjay Mungale was appointed as the Chairman to replace Mr. C. B. Bhave, who resigned as Chairman of the Committee, with effect from 5th April, 2021. Mr. C. B. Bhave continues to be the member of the Committee.

Terms of reference of NRC

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations and applicable RBI guidelines. The Board at its meeting held on 2nd February, 2022 had amended the terms of reference to align with the amendment in the Listing Regulations.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to remuneration of Board, KMPs, senior management and employees of the Company commensurate with the size, nature of the business and operations of the Company, establish Director retirement policies and appropriate succession plans, devise policy on Board Diversity, performance evaluation of Board and its committees, recommend remuneration of senior management to the Board, determine overall compensation policies of the Company, and administer the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme – 2010" and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Scheme(s).

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

The key activities of the Nomination and Remuneration Committee during FY 2022

The Committee reviewed/ recommended and approved the matters during FY 2022 as per the Terms of reference, prescribed statutorily, and by the Board. The key activities of the Nomination and Remuneration Committee are as under:

Key Activities of the Nomination and Remuneration Committee	
Key Matters reviewed/ recommended/ approved by the Committee during FY 2022	**Frequency**
Enhanced the evaluation criteria for the performance of the Board, its Committees, Directors and Chairman of the Company	E
Recommended to the Board the appointment of Mr. Amit Raje as Whole-time Director for a period of five years with effect from 1st April, 2021 to 31st March, 2026	E
Recommended the remuneration payable to Directors, KMPs and Senior Management	A
Noting of Fit and Proper declaration of Directors	A
Recommended to the Board the appointment of Mr. Ramesh Iyer as Managing Director designated as Vice-Chairman & Managing Director for a period of three years with effect from 30th April, 2021 to 29th April, 2024 and his remuneration	E
Recommended to the Board the appointment of Mr. Amit Kumar Sinha as Additional Director (Non Independent and Non-Executive) on the Board of the Company with effect from 23rd April, 2021	E
Recommended the appointment of Ms. Mallika Mittal as the Chief Risk Officer, for a period of 5 years, with effect from 9th November, 2021 and her remuneration and other terms	E
Recommended the appointment of Mr. Raul Rebello as the Chief Operating Officer-Core Business with effect from 1st September, 2021 and his remuneration and other terms	E
Amended the Mahindra and Mahindra Financial Services Limited - Employees Stock Option Scheme – 2010 to align with statutory amendments	E
Noted the cessation of Ms. Arnavaz Pardiwalla as the Company Secretary of the Company with effect from 31st January, 2022 and recommended the appointment of Ms. Brijbala Batwal as the Company Secretary with effect from 1st February, 2022	E
Recommended the appointment of Mr. Siddhartha Mohanty as Director (Non Independent and Non-Executive) on the Board of the Company with effect from 1st April, 2022 and his remuneration	E
Noted the revised terms of reference in alignment with statutory amendments	E

A- Annually; E- Event based

Compliance with Fit & Proper Criteria for Directors

The Committee, in accordance with the Policy on 'Fit and Proper' Criteria for Directors, ensures the "Fit and Proper" status of Directors at the time of appointment and on a continuing basis, as prescribed by the Reserve Bank of India.

c) Stakeholders Relationship Committee ("SRC")

The composition of the SRC of the Board satisfies the requirements of Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the SEBI Listing Regulations. SRC is headed by an Independent Director.

Meetings of the SRC

During FY 2022, the SRC met three times i.e. on 22nd April, 2021, 28th October, 2021 and 1st February, 2022. All the Meetings were well attended.

SRC Constitution:

Composition	Statutory Requirement	No. of members as on 31st March, 2022
Total Members	Minimum 3 Directors	4
Independent Directors	Minimum 1	2 (50%)
Executive Directors	-	2

SRC composition as at 31st March, 2022 and attendance at the meetings held during FY 2022

SRC Members	Category	Position held	Attendance and Meetings	% Attendance
Ms. Rama Bijapurkar	Independent Director	Chairperson	3 out of 3	100%
Mr. C. B. Bhave	Independent Director	Member		
Mr. Ramesh Iyer	Executive Director	Member		
Mr. Amit Raje	Executive Director	Member		

There was no change in the composition of the SRC during the year.

Ms. Brijbala Batwal, Company Secretary is the Compliance Officer of the Company as required under Regulation 6 of the Listing Regulations and the Nodal Officer to ensure compliance with the IEPF Rules.

Terms of reference of SRC

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

The Committee meets, as and when required, to inter-alia, deal with matters relating to transfer/transmission of shares and debentures, approve requests for issue of duplicate share/ debenture certificates, issue of new Share Certificate(s) (including for transfer to the Investor Education and Protection Fund, as per the provisions of the Act and Rules framed thereunder), and monitor redressal of grievances of security holders including shareholders, debenture holders, investors/other security holders, relating to transfer/transmission of shares/ debentures, non-receipt of Annual Report, non-receipt of dividends declared, non-receipt of interest on Non-Convertible Debentures/Fixed Deposits issued by the Company, non-receipt of Debenture Certificate(s)/Fixed Deposit Receipt(s), issue of new/duplicate certificates, general meetings etc., review of measures taken for effective exercise of voting rights by Shareholders, review of adherence to the service standards adopted by the Company in respect of services being rendered by the Registrar & Transfer Agent (RTA), review of Annual Audit Report submitted by the independent auditors on the annual internal audit conducted on the RTA operations as mandated by SEBI, review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company.

Further, as a good governance practice, a Report on Customer Grievance Redressal pertaining to grievances/ complaints received from the Company's customers is also placed before the Committee for its review.

The key activities of the Stakeholders Relationship Committee during FY 2022

The Committee reviewed/ recommended and approved the matters during FY 2022 as per the Terms of reference, prescribed statutorily and by the Board. The key activities of the Stakeholders Relationship Committee are briefed as under:

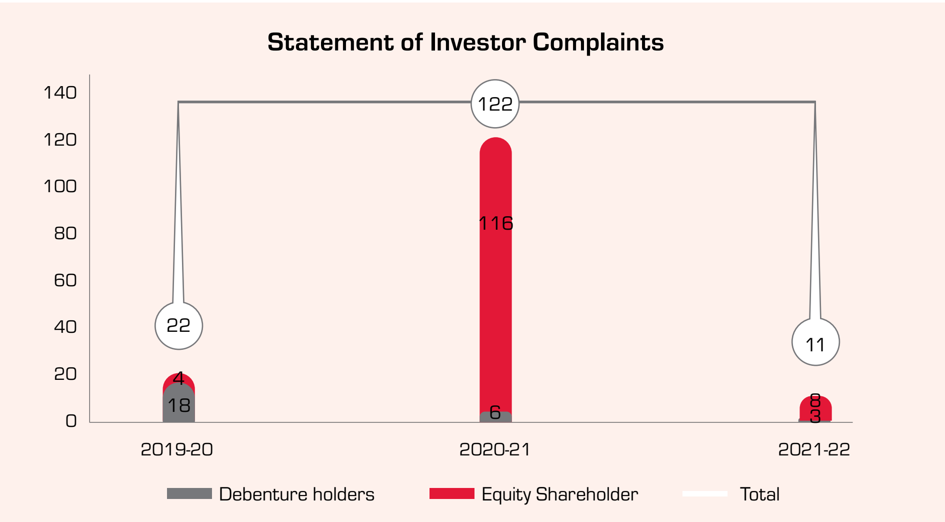
Key Activities of the Stakeholders Relationship Committee	
Key Matters reviewed/ recommended/ approved by the Committee during FY 2022	**Frequency**
Reviewed compliances related to KFin Technologies Limited ("RTA/ KFin") activities and Investor Related Compliances	P
Reviewed the complaints/ requests received from fixed deposit investors and action taken thereon	P
Noted the amount pertaining to Fixed Deposits/ Dividend and shares transferred to IEPF	P
Reviewed various initiatives undertaken by the Company to enable security holders to claim their unclaimed matured fixed deposits/ unclaimed dividend/ debentures, due for transfer to IEPF	P
Noted the Report on Customer Grievance Redressal/ Investors	P
Noting of release of Equity shares from "Mahindra & Mahindra Financial Services Limited - Right Allotment Suspense Demat Account" to the demat accounts of eligible investors	P
Review of Action Taken Report provided by RTA on the basis of the report from their Internal Auditor	A
Recommended the appointment of Nodal Officer and Deputy Nodal Officer	E
Noted the status of transmission/ rematerialisation and issue of duplicate Share/ Debenture certificates	P

A-Annually; E-Event based; P-Periodically;

Details of complaints/grievances received from Investors and resolved by the Company during last 3 years are given below.

Status of Investor Complaints

Statement of Investor Complaints	2019-20	2020-21	2021-22
Equity Shareholders	4	116*	8**
Debenture holders	18	6	3
Total	**22**	**122**	**11**



* There was spike in no. of investor complaints in FY 2021 arising out of Right Issue made by the Company. Most complaints pertained to Right issue, which were resolved satisfactorily as a result of pro-active interaction with the shareholders by the Company to resolve their queries.

** During FY 2022, the Company had received 11 Complaints, of which one complaint was pending as on 31st March 2022, which was resolved satisfactorily in April 2022.

The investor complaints pertained to:

(i) **Shares:** Non-receipt of correspondence/ communication pertaining to Rights Issue of the Company, eligibility criteria, non-receipt of Right issue applications/Shares, extinguishment of Rights Entitlement, non-receipt of Dividend , non-receipt of refund amount pertaining to subscription to the Rights Issue of Equity Shares of the Company and Non-receipt of Annual Report.

(ii) **Public NCDs:** Non-receipt of Interest.

d) Corporate Social Responsibility ("CSR") Committee

The CSR Committee of the Board is constituted in compliance with the requirements of Section 135 of the Act, led by an Independent Director.

Meetings of CSR Committee

During FY 2022, the CSR Committee met three times i.e. on 22nd April, 2021, 19th August, 2021 and 17th January, 2022. All Meetings were well attended.

CSR Constitution:

Composition	Statutory Requirement	No. of members as on 31st March, 2022
Total Members	Minimum 3 Directors	3
Independent Directors	Minimum 1	2
Executive Director	-	1

CSR Committee composition as at 31st March, 2022 and attendance at the meetings held during FY 2022

CSR Committee Members	Category of Member	Position held	Attendance and Meetings	% Attendance
Mr. Dhananjay Mungale	Independent Director	Chairman	3 out of 3	100%
Ms. Rama Bijapurkar	Independent Director	Member		
Mr. Ramesh Iyer	Executive Director	Member		

There was no change in the composition of the Corporate Social Responsibility Committee during the year.

Terms of reference of CSR

The CSR Committee has been constituted by the Board of Directors with powers, inter alia, to make donations/ contributions to any Charitable and/or CSR projects or programs to be implemented directly or through eligible executing agency(ies), of at least two percent of the Company's average net profits during the three immediately preceding Financial Years in pursuance of its CSR Policy for the Company's CSR initiatives.

The role of CSR Committee includes formulating and recommending to the Board an annual action plan (including alteration of such plan) consisting of: (i) list of approved projects or programs to be undertaken within the purview of Schedule VII of the Act, (ii) manner of execution of such projects; (iii) modalities of utilisation of fund; (iv) implementation schedules; (v) monitoring and reporting mechanism for the projects; (vi) details of need and impact assessment, if any, for the projects undertaken and also to monitor the CSR Policy periodically, etc.

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

The CSR Policy is hosted on the Company's website and can be accessed at web-link: https://www.mahindrafinance.com/investor-zone/corporate-governance/.

The key activities of the Corporate Social Responsibility Committee during FY 2022

The Committee reviewed/ recommended and approved the matters during FY 2022 as per the Terms of reference, prescribed statutorily and by the Board. The key activities of the Corporate Social Responsibility Committee are as under:

Key Activities of the Corporate Social Responsibility Committee	
Key Matters reviewed/ recommended/ approved by the Committee during FY 2022	**Frequency**
Noted of the revised terms of reference of the Committee to align with statutory amendments	E
Review of the CSR Projects/ activities undertaken by the Company for FY 2021	P
Considered and recommended to the Board Business Responsibility Report and Corporate Social Responsibility Report of the Company for approval and inclusion in the Annual Report of the Company	A
Considered and recommended to the Board Annual Action Plan of the Company for FY 2022	A
Reviewed the Company's Business Responsibility Performance	P

A- Annually; E- Event based; P- Periodically

e) Risk Management Committee ("RMC")

The RMC of the Board is constituted in compliance with Regulation 21 of the SEBI Listing Regulations and consists of Board Members, led by an Independent Director.

Meetings of RMC

During FY 2022, the RMC met four times i.e. on 22nd April, 2021, 23rd July, 2021, 28th October, 2021 and 2nd February, 2022. All meetings were well attended

RMC Constitution:

Composition	Statutory Requirement	No. of members as on 31st March, 2022
Total Members	Minimum 3 Directors	5
Independent Directors	Minimum 1	4
Executive Director	-	1

RMC Committee composition as at 31st March, 2022 and attendance at the meetings held during FY 2022

RMC Members	Category of Member	Position held	Attendance and Meetings	% Attendance
Mr. C. B. Bhave	Independent Director	Chairman	4 out of 4	100%
Mr. Dhananjay Mungale	Independent Director	Member		
Ms. Rama Bijapurkar	Independent Director	Member		
Mr. Milind Sarwate	Independent Director	Member		
Mr. Ramesh Iyer*	Executive Director	Member	-	-

* Mr. Ramesh Iyer was appointed as the Member of the Committee with effect from 2nd February, 2022 and no meeting was held thereafter.

Terms of reference of RMC

Regulation 21 of the Listing Regulations mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before Clause 49 of the erstwhile Listing Agreement came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28th January, 2008 to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company.

The Board at its meeting held on 26th July, 2021, had amended the terms of reference to align with the amendment in the Listing Regulations.

Ms. Mallika Mittal has been appointed as the Chief Risk Officer (" CRO") of the Company with effect from 9th November, 2021 to oversee and strengthen the Risk management function.

The CRO along with members of the Senior Management apprises the Risk Management Committee and the Board on the risk assessment, process of identifying and evaluating risks, major risks as well as the movement within the risk grades, the root causes of risks and their impact, key performance indicators, risk management measures and the steps being taken to mitigate these risks.

The key activities of the Risk Management Committee during FY 2022

The Committee reviewed/ recommended and approved the matters during FY 2022 as per the Terms of reference, prescribed statutorily and by the Board. The key activities of the Risk Management Committee are briefed as under:

Key Activities of the Risk Management Committee	
Key Matters reviewed/ recommended/ approved by the Committee during FY 2022	**Frequency**
Reviewed the Risks, Risk Management Report, Risk Mitigation Measures as prescribed under the Risk Management Policy along with Extreme Risks their impact, likelihood and exposure	P
Reviewed and approved the Enterprise Risk Management Framework of the Company	P
Noting of RBI observations pertaining to the Risk Management Committee	P
Noting of the Risk Assessment and Minimisation procedure	P
Approved and recommended to the Board the revised outsourcing policy (Non-IT), Risk Management Policy and Derivative Risk Management Policy	P
Approved and recommended to the Board the revised Terms of Reference of the Risk Management Committee	P
Approved and recommended to the NRC and Board, the appointment of Ms. Mallika Mittal as the Chief Risk Officer of the Company with effect from 9th November, 2021	E

P- Periodically; E-Event based

f) Committee for Strategic Investments ("CSI")

Terms of reference of CSI

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

No meeting of the Committee was held during the year under review.

CSI composition as at 31st March, 2022

Members of the Committee for Strategic Investments	Category of Member	Position held
Mr. Dhananjay Mungale	Independent Director	Chairman
Mr. Milind Sarwate	Independent Director	Member
Mr. Ramesh Iyer	Executive Director	Member
Dr. Anish Shah	Non-Executive Non-Independent Director	Member

There was no change in the composition of the Committee for Strategic Investments during the year.

g) Asset Liability Committee ("ALCO")

The Asset Liability Committee of the Board is constituted in compliance with the RBI requirements.

Meetings of ALCO

During FY 2022, the Committee met four times i.e. on 22nd April, 2021, 23rd July, 2021, 27th October, 2021, 1st February, 2022. All Meetings were well attended.

ALCO composition as at 31st March, 2022 and attendance at the meetings held during FY 2022

ALCO Members	Category of Member	Position held	Attendance and Meetings	% Attendance
Mr. Ramesh Iyer**	Executive Director	Chairman	4 out of 4	100%
Mr. Milind Sarwate**	Independent Director	Member		
Mr. Dhananjay Mungale	Independent Director	Member		
Mr. Amit Raje	Executive Director	Member		
Mr. Raul Rebello*	Chief Operating Officer	Member	-	-
Mr. Vivek Karve*	Chief Financial Officer	Member	-	-
Mr. Dinesh Prajapati*	Head - Accounts, Treasury and Corporate Affairs	Member	-	-

**Mr. Milind Sarwate ceased to be Chairman and Mr. Ramesh Iyer was appointed as the Chairman of the Committee with effect from 2nd February, 2022. Mr. Milind Sarwate continues to be member of the Committee.

* Appointed as the Member of the Committee with effect from 2nd February, 2022 and no meeting was held thereafter.

Note : The above changes in the ALCO Composition were made in compliance with RBI notification on Liquidity Risk Management Framework for Non-Banking Financial Companies

Terms of reference of ALCO

The ALCO was constituted by the Board in 2001. It reviews the working of the Asset Liability Management Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies. The Committee inter alia, oversees the Company's short, medium and long-term funding and liquidity management requirements. It also reviews the liquidity position based on future cash flows.

The Board at its meeting held on 26th July, 2021, had amended the terms of reference to align with the regulatory requirement.

The key activities of the Asset Liability Committee during FY 2022

The Committee reviewed/ recommended and approved the matters during FY 2022 as per the Terms of reference, prescribed statutorily and by the Board. The key activities of the Asset Liability Committee are as under:

Key Activities of the Asset Liability Committee	
Key Matters reviewed/ recommended/ approved by the Committee during FY 2022	**Frequency**
Noted the ALM returns submitted to RBI and report of the Asset Liability Management Committee (comprising cash management, liquidity planning, treasury chest policy, forex exposure, interest rate risk etc.)	Q
Noted RBI observations pertaining to the ALCO	P
Review of the fund raising plan for the financial year 2021-22	P
Approved and recommended the amendment to the Treasury Chest Policy, Liquidity and Investment Policy and Policy on Investment in Securitisation, of the Company	E
Reviewed the Liquidity Risk Management Policy, Procedure and Framework	Q
Noted the report on review of liquidity risk management framework	P
Noted the revised terms of reference and charter of the Committee arising out of Liquidity Risk Management Policy	E
Noted the report with regard to review of Liquidity Risk Management Framework by an external independent management consulting firm	A

A- Annually; Q- Quarterly; E- Event based; P- Periodically

h) IT Strategy Committee ("ITSC")

The Board of Directors at its Meeting held on 24th July, 2017, had constituted the IT Strategy Committee in compliance with the provisions of Clause 1.1 of Section-A on IT Governance of the Master Direction No. DNBS.PPD. No.04/ 66.15.001/2016-17 dated 8th June, 2017, issued by the Reserve Bank of India, specifying the IT framework to be adopted for the NBFC sector.

Meetings of ITSC

During FY 2022, the Committee met twice i.e. on 19th August, 2021 and 1st February, 2022. All the Meetings were well attended.

ITSC composition as at 31st March, 2022 and attendance at the meetings held during FY 2022

IT Strategy Committee Members	Category of Member	Position held	Attendance and Meetings**	% Attendance
Mr. Milind Sarwate	Independent Director	Chairman	2 out of 2	100%
Mr. C. B. Bhave	Independent Director	Member	2 out of 2	
Mr. Ramesh Iyer	Executive Director	Member	2 out of 2	
Dr. Rebecca Nugent*	Independent Director	Member	1 out of 1	
Mr. Amit Kumar Sinha*	Non-Executive Non-Independent Director	Member	1 out of 1	
Mr. Dinesh Gangwani*	Chief Information Officer	Member	1 out of 1	

* Appointed as Member with effect from 28th October, 2021, in compliance with RBI requirements.

** Attendance and percentage is calculated for meeting attended during the Member's tenure.

Mr. Gururaj Rao ceased to be the Member with effect from 28th June, 2021.

Mr. Rajesh Doshi, Former Director-IT , NSDL, is a Special Invitee and Mr. Mohit Kapoor, EVP-Group CTO (Mahindra Group) and head of technology of MMFSL, is a Permanent Invitee to the Committee

Terms of Reference of ITSC

The scope of the Committee inter alia, includes review and approval of IT strategy and policy documents, cyber security arrangements and any other matter related to IT governance. The Committee regularly invites a seasoned IT professional having the requisite expertise on the Information Technology framework to attend these Meetings. The Meetings of the IT Strategy Committee are also attended by the CTO, CFO and other senior persons.

The key activities of the IT Strategy Committee during FY 2022

The Committee reviewed/ recommended and approved the matters during FY 2022 as per the Terms of reference, prescribed statutorily and by the Board. The key activities of the IT Strategy Committee are briefed as under:

Key Activities of the IT Strategy Committee	
Key Matters reviewed by the Committee during FY 2022	**Frequency**
Information technology strategy, projects and initiatives	P
Information and cyber security strategy, infrastructure resiliency and tech disaster recovery	p
Data privacy roadmap	P
Key risk controls, emerging risk and major information technology incidents	P
Update on information system audit report	P
Progress on compliances in accordance with RBI Directive on IT framework for NBFCs	P

P- Periodically

i) Digital and AI Committee ("DAIC"), *a voluntary good governance initiative*

Terms of Reference of DAIC

The Board at its meeting held on 28th October, 2021 had constituted the Digital and AI Committee. The Committee was constituted voluntarily, as a good governance initiative, to advise the management on digital and AI strategy and roadmap, horizon scanning on AI trends, helping develop start-up and innovation ecosystem, guiding the management on ethical use of AI, preventing misuse of AI and ensuring data privacy for the customers and employees, helping develop roadmap for data assets which can be monetised later, defining high standards for customer centricity CX, defining data and AI governance framework.

No meeting of the Committee was held during the year under review.

DAIC composition as at 31st March, 2022

Digital and AI Committee Members	Category of Member	Position held
Dr. Rebecca Nugent	Independent Director	Chairperson
Mr. Milind Sarwate	Independent Director	Member
Mr. Ramesh Iyer	Executive Director	Member
Mr. Amit Raje	Executive Director	Member
Mr. Amit Kumar Sinha	Non-Executive Non-Independent Director	Member
Mr. Dinesh Gangwani	Chief Information Officer	Member
Mr. Mohit Kapoor	EVP & Group CTO	Member
Mr. Raul Rebello	Chief Operating Officer – Core Business	Member
Mr. Vineet Shukla	VP – Data Sciences - M&M	Member

Subsidiary Companies

Mahindra Rural Housing Finance Limited ("MRHFL") , a Debt listed subsidiary, is a material subsidiary of the Company as per the criteria specified in Regulation 16 of the Listing Regulations.

However, MRHFL is not considered as a material subsidiary under Regulation 24 of the Listing Regulations for the purpose of appointment of Independent Director of the Holding Company on its Board.

The Company has also complied with the other provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for subsidiary companies.

Disclosures

Policy for determining Material Subsidiaries

Your Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. The Policy was amended during the year to align the same with the amendments in the Listing Regulations. The updated Policy has been hosted on the website of the Company and can be accessed through the web-link: https://mahindrafinance.com/investor-zone/corporate-governance.

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transactions entered with related parties are placed before the Audit Committee for their review on quarterly basis.

During the FY 2022, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, Subsidiaries, etc., that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in note no. 53(ii) to Standalone Financial Statements of the Company for the year ended 31st March, 2022 forming part of the Annual Report.

In addition, as per the Listing Regulations, your Company has also submitted within the stipulated time, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results and also published it on the website of the Company.

Particulars of loans/ advances etc. pursuant to para A of Schedule V of Listing Regulations

The Company has not made any loans and advances in the nature of loans to Firms/ Companies in which Directors are interested nor made any loans and advances in the nature of loans to its subsidiaries and associates during FY 2022 . Disclosure on the same is given in note no. 53 (iv) of the Standalone Financial Statements of the Company for the year ended 31st March, 2022. The Company has not availed any loans from M&M, its Holding Company and Promoter, during FY 2022.

Disclosure on transactions with M&M as applicable, are given in note no. 53 (ii) of the Standalone Financial Statements of the Company for the year ended 31st March, 2022.

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions ("RPTs") pursuant to the provisions of the Act and Regulation 23 of the Listing Regulations, which guides on RPTs including the approval matrix to be followed , materiality threshold, and the manner of entering into Related Party Transactions.

The Policy was amended during the year to align the same with the amendments in Regulations 23 of the Listing Regulations to inter alia define material modifications to the RPTs.

The said Policy has been hosted on the website of the Company in accordance with the provisions of the Listing Regulations and RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended and can be accessed at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting

Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020. Any application guidance/ clarifications/ directions/ expectations issued by RBI or other regulators are implemented as and when they are issued/applicable.

Accounting policies have been consistently applied, for the preparation of Financial Statements, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Statutory Compliances, Penalties and Strictures

Your Company has complied with all the requirements of regulatory authorities. During the last three years there were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

Code for Prevention of Insider Trading Practices

The Company has, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("the PIT Regulations") formulated and adopted:

- **The 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'** to ensure prompt, timely and adequate disclosure of Unpublished Price Sensitive Information ("UPSI"). The Fair Disclosure Code inter alia, includes the Policy for Determination of "Legitimate Purpose".
- **The 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' ("Code")** to regulate, monitor and ensure reporting of Trading by Designated Persons and their immediate relatives designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit identified Designated Persons from trading in the Company's Securities when in possession of UPSI. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

  During the year, the Code was amended to revise the matrix in case of violations.

- **Policy and procedure for inquiry in case of leak / suspected leak of Unpublished Price Sensitive Information** The Company has formulated the 'Policy and Procedure for inquiry in case of leak/suspected leak of Unpublished Price Sensitive Information'.

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

Compliance Officer under SEBI Insider Trading Regulations

Mr. Vivek Karve, CFO of the Company, was appointed as the Compliance Officer under the 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' , with effect from 11th March, 2022.

Insider Trading e-Compliance Module

With a view to automate and facilitate the compliances under the PIT Regulations and the Company's Code , the Company has in place an 'Insider Trading e-Compliance Module , a digital platform ("Portal") for ensuring compliances including provision for reporting of trades, seeking pre-clearances and entering data on sharing of UPSI.

All designated persons of the Company have submitted their annual disclosures as on 31st March, 2022 and affirmed compliance with the Company's Insider Trading Code and the SEBI Insider Trading Regulations in the above Portal. Further, initial disclosures in Form A to be submitted on becoming a designated person of the Company are also received through the online portal.

The Company sends mailers periodically to educate the Designated Persons on the Insider Trading law. Frequent reminders are sent informing about window closures through the Portal.

Silent period

As a good governance practice, the Company voluntarily observes a 'Silent/ Quiet period' starting from 1st day of the month, after the end of the quarter, till the time of announcement of said results. During this period, no interactions with investors/ analysts/ funds are held to discuss unpublished financial performance of the Company to ensure protection of Company's Unpublished Price Sensitive Information ("UPSI").

Structured Digital Database for UPSI

The Company has in place a structured digital database wherein details of persons with whom UPSI is shared on need to know basis and for legitimate business purposes is maintained with time stamping and audit trails to ensure non-tampering of the database.

The Structured Digital Database is maintained internally by the Company and is not outsourced in accordance with the provisions of the SEBI Insider Trading Regulations.

Awareness initiatives on Prevention of Insider Trading

The Company has an internal awareness programme called – JAGRUT (enlightened) INSIDERS for creating awareness amongst the designated persons on the applicability, reporting and other compliances to be adhered to, closure of Trading window, protection of UPSI, maintenance of Structured Digital Database, do's and don'ts, etc. under the Company's Insider Trading Code, UPSI Leakage Policy and the SEBI Insider Trading Regulations.

The Company also has a dedicated e-mail helpline desk that can be reached by the Designated Persons for FAQs, queries and clarifications on the said Code, Policies and Regulations. There exists a process include/ exclude Designated Persons under the Code. Guidance is given to designated persons on requisite compliances.

Review of the Insider Trading compliances

A detailed report comprising of details of trading plans submitted, if any, pre-clearances given by compliance officer, trades carried out and reported to the stock exchanges, trading window closure period, details of violations, if any observed, confirmation on maintenance of Structured Digital Database, etc. as recommended in guidance note issued by The Institute of Company Secretaries of India on the Insider Trading Regulations is submitted to the Audit Committee and the Board of the Company for its review on a quarterly basis.

Violations, if any, are reported to the Audit Committee, every quarter. The Audit Committee on an annual basis also reviews and confirms that the systems for internal control for Insider Trading are adequate and are operating effectively in compliance with the SEBI Insider Trading Regulations.

Whistle Blower Policy/ Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns. The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity, through the channels provided below.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. The Whistle-blower can make a Protected Disclosure by using any of the following channels for reporting:

1. **Independent third party Ethics Helpline Service Portal:** https://ethics.mahindra.com
2. Toll free No: 000 800 100 4175
3. Chairperson of the Audit Committee

The Whistle Blower Policy has been widely disseminated within the Company. During the year under review, the Policy was amended to simplify the content to enhance the receptibility of the Policy for ensuring ease of comprehension and compliance. The updated Policy is available on the website of your Company at the web-link: https://www.mahindrafinance.com/investor-zone/corporate-governance/

The Audit Committee is apprised on the vigil mechanism on a periodic basis. During the year, no personnel was denied access to the Chairperson of the Audit Committee.

Means of Communication

- The Company, from time to time and as may be required, interacts with its shareholders, debenture holders and fixed deposit holders through multiple channels of communication such as announcement of financial results, postal ballot results, annual report, media releases, dissemination of information on the website of the Company and the Stock Exchanges, newspaper notices, reminders for unclaimed shares, unpaid dividend/unpaid interest or redemption amount on debentures, unclaimed Fixed Deposits and/or interest due thereon and subject specific communications. The details of unpaid/unclaimed Dividend/Fixed Deposits and interest thereon are also uploaded on the website at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance.
- Other subject specific communication to Shareholders during the year:
  - **Demat Suspense Account - Rights Issue:** The Company has sent requisite correspondence/reminders to the allottees of Rights Equity Shares whose shares were credited to a separate Rights Allotment Demat Suspense Account, requesting them to furnish the requisite documents/information for claiming the said shares and to facilitate the transfer of shares from the Rights Allotment Demat Suspense Account to the demat account of the Shareholders.
  - **Registration of email addresses for the purpose of receiving Annual Report and e-voting at the AGM:** The Company made special arrangements with the assistance of its Registrar & Transfer Agent during AGM of 2021 for registration of e-mail addresses of those Members whose email ids were not registered to enable them to receive the Notice of AGM along with the Annual Report including e-Voting credentials electronically.
- The Company publishes its quarterly, half-yearly and annual results in **Business Standard** (all India editions) and **Sakal** (Mumbai edition) which are national and local dailies, respectively . These are not sent individually to the Shareholders.
- The Annual Report of the Company, the quarterly, half-yearly and the annual financial results and official news releases are displayed on the Company's website at https://www.mahindrafinance.com/investor-zone/financial-information.
- **The Company discloses to the Stock Exchanges,** all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited and National Stock Exchange of India Limited respectively, viz. BSE Corporate Compliance and Listing Centre (Listing Centre) and NSE Electronic Application Processing System (NEAPS)/ NSE Digital Exchange Portal.
- **The Company also makes presentations to investors and analysts.** These presentations and other disclosures which are required to be disseminated on the Company's website under the Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.
- The Company **has designated** investorhelpline_mmfsl@mahindra.com **as an e-mail ID for the purpose of registering complaints/ queries/requests by investors** and displayed

the same on the Company's website. The Company has also designated mfinfd@mahindra.com as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company and the same has also been displayed on the Company's website.

- **The Company's website** is a comprehensive reference on the organisation's management, vision, mission, policies, Corporate Governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.
- **The Investor Zone section of the Company's website provides Frequently Asked Questions** on various topics related to information about the Company, transfer and transmission of shares, dematerialisation of shares, nomination facility, change of address, loss of share certificates, sub-division of shares and payment of dividend. In addition, various downloadable forms such as Nomination Form, Form for updation/ registering of KYC, Declaration for opting out of nomination, Deletion of Name, Letter of Indemnity in case of issue of duplicate dividend warrant, etc., required to be executed by the shareholders have also been provided on the website of the Company.
- The above information can be accessed on the Company's website at the web-link: https://www.mahindrafinance.com/investor-zone/faqs/.
- Members can also provide their feedback on the services provided by the Company and its Registrar & Transfer Agents by filling the **'Shareholders Satisfaction Survey'** form available on the website of the Company at https://mahindrafinance.com/investor-zone/investor-information.

General Body Meetings

Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2018 - 2019	23rd July, 2019	3.30 p.m. (IST)	1. Re-appointment of Mr. Dhananjay Mungale as an Independent Director, not liable to retire by rotation, to hold office for a second term commencing from 24th July, 2019 to 23rd July, 2024. 2. Re-appointment of Ms. Rama Bijapurkar as an Independent Director, not liable to retire by rotation, to hold office for a second term commencing from 24th July, 2019 to 23rd July, 2024. 3. Increase in borrowing limits from Rs. 70,000 Crores to Rs. 80,000 Crores under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.	Physical meeting- Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020.
2019-2020	10th August, 2020	3.00 p.m. (IST)	1. Increase in borrowing limits from Rs. 80,000 Crores to Rs. 90,000 Crores under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.	Held through Video-Conferencing/Other Audio Visual Means. Deemed Venue for Meeting: Registered Office: Gateway Building, Apollo Bunder, Mumbai 400 001.
2020-2021	26th July, 2021	3.30 p.m. (IST)	1. Re-appointment of Mr. Ramesh Iyer (DIN: 00220759) as Managing Director of the Company designated as "Vice Chairman & Managing Director" for a period of 3 years with effect from 30th April, 2021 to 29th April, 2024. 2. Appointment of Mr. Amit Raje (DIN: 06809197) as Whole-time Director of the Company designated as "Chief Operating Officer Digital Finance – Digital Business Unit" for a period of 5 years with effect from 1st April, 2021 to 31st March, 2026.	Held through Video-Conferencing/Other Audio Visual Means. Deemed Venue for Meeting: Registered Office: Gateway Building, Apollo Bunder, Mumbai 400 001.

All the Resolutions moved at the last 3 AGMs were passed by the requisite majority of Members.

Details of Extraordinary General Meetings held during the Financial Year

No Extraordinary General Meeting was held during the Financial Year under review.

Postal Ballot

During FY 2022, the Company had passed the following Resolutions through Postal Ballot:

Postal Ballot no. 1:

Sr. No.	Item no. of PB Notice	Description	Ordinary/ Special Resolution
Postal Ballot 1	1	Appointment of Messrs. Deloitte Haskins & Sells ("DHS"), Chartered Accountants (ICAI Firm Registration Number: 117365W) as one of the Joint Statutory Auditors of the Company	Ordinary Resolution
	2	Appointment of Messrs. Mukund M. Chitale & Co.,("MMC") Chartered Accountants (ICAI Firm Registration Number: 106655W) as one of the Joint Statutory Auditors of the Company	Ordinary Resolution

Scrutinizer details

Mr. S. N. Viswanathan (ICSI Membership No. ACS 61955) or failing him, Ms. Malati Kumar (ICSI Membership No. ACS 15508), Partners, M/s. S. N. Ananthasubramanian & Co., Company Secretaries, were appointed as Scrutinizer to conduct and scrutinize the postal ballot process and votes cast (through remote e-voting only) in a fair and transparent manner.

Details of voting on the above resolutions was as under:

Particulars	Percentage of Total Votes Polled (in %)		Result
	Item no. 1 (Appointment of DHS)	Item no. 2 (Appointment of MMC)	
Votes in favour of the resolution	99.999	99.999	Passed with requisite majority on 7th November, 2021.
Votes against the resolution	0.001	0.001	
Total	**100**	**100**	

Procedure adopted for Postal Ballot:

Pursuant to the applicable MCA Circulars, the Postal Ballot Notice dated 28th September, 2021 was sent to the Members whose name(s) appeared in the Register of Members / List of Beneficial Owners as received from National Securities Depository Limited ("NSDL") / Central Depository Services (India) Limited ("CDSL") as on cut-off date i.e. Monday, 4th October, 2021 and who had registered their e-mail addresses with the Company or KFin Technologies Limited (formerly KFin Technologies Private Limited) ("KFin") or the Depository Participant(s). Hard copy of the Postal Ballot Notice along with the Postal Ballot Form and pre-paid business reply envelope were not sent to the Members for the Postal Ballot in accordance with the said MCA Circulars and Members were required to communicate their assent or dissent only through the remote e-voting system.

The newspaper advertisement to this effect were published, both in Business Standard newspaper (English) having nation-wide circulation and Sakal newspaper (Marathi) having circulation in Mumbai edition on 8th October, 2021 in accordance with the provisions of the Act and Secretarial Standard -2 on General Meetings.

The remote e-voting facility was provided by KFin Technologies Limited . The remote e-voting period commenced from 9.00 a.m. (IST) on Saturday, 9th October, 2021 and concluded at 5:00 p.m. (IST) on Sunday, 7th November, 2021. The KFin remote e-voting system was disabled for voting at 5:00 p.m. (IST) on Sunday, 7th November, 2021 and the votes cast through remote e-voting were unblocked on 7th November, 2021 by the Scrutinizer in the presence of two witnesses who were not in employment of the Company.

The Scrutinizer submitted his report on postal ballot by remote e-voting process addressed to the Chairman of the Company on 8th November, 2021 a copy of which was received by the Company Secretary duly authorised by the Chairman of the Board.

The voting results were announced on 8th November, 2021 and submitted to the Stock Exchanges where shares of the Company were listed and uploaded on the website of the Company (www.mahindrafinance.com) and KFin and were also displayed at the Registered Office and the Corporate Office of the Company.

Postal Ballot no. 2:

Sr. No.	Item no. of PB Notice	Description	Ordinary/ Special Resolution
Postal Ballot 2	1	Alteration to the Objects Clause of the Memorandum of Association of the Company	Special Resolution
	2	Appointment of Mr. Siddhartha Mohanty as a Non-Executive (Non-Independent) Director of the Company, liable to retire by rotation	Ordinary Resolution

Scrutinizer details

Ms. Malati Kumar (ICSI Membership No. ACS 15508) or failing her, Mr. S. N. Viswanathan (ICSI Membership No. ACS 61955), Partners, M/s. S. N. Ananthasubramanian & Co., Company Secretaries, were appointed as Scrutinizer to conduct and scrutinize the postal ballot process and votes cast (through remote e-voting only) in a fair and transparent manner.

Details of voting on the above resolutions was as under:

Particulars	Percentage of Total Votes Polled (in %)		Result
	Item no. 1	Item no. 2	
Votes in favour of the resolution	99.999	99.578	Passed with requisite majority on 15th March, 2022
Votes against the resolution	0.001	0.422	
Total	**100**	**100**	

Procedure adopted for Postal Ballot:

Pursuant to the applicable MCA Circulars, the Postal Ballot Notice dated 2nd February, 2022 was sent to the Members whose name(s) appeared in the Register of Members / List of Beneficial Owners as received from National Securities Depository Limited ("NSDL") / Central Depository Services (India) Limited ("CDSL") as on cut-off date i.e. Tuesday , 8th February, 2022 and who had registered their e-mail addresses with the Company or KFin Technologies Limited (formerly KFin Technologies Private Limited) or the Depository Participant(s). Hard copy of the Postal Ballot Notice along with the Postal Ballot Form and pre-paid business reply envelope were not sent to the Members for the Postal Ballot in accordance with the said MCA Circulars and Members were required to communicate their assent or dissent only through the remote e-voting system.

The newspaper advertisement to this effect were published, both in Business Standard newspaper (English) having nation-wide circulation and Sakal newspaper (Marathi) having circulation in Mumbai edition on 12th February, 2022 in accordance with the provisions of the Act and Secretarial Standard -2 on General Meetings;

The remote e-voting facility was provided by KFin Technologies Limited. The remote e-voting period commenced from 9.00 a.m. (IST) on Monday, 14th February, 2022 and concluded at 5:00 p.m. (IST) on Tuesday, 15th March, 2022. The KFin remote e-voting system was disabled for voting at 5:00 p.m. (IST) on Tuesday, 15th March, 2022 and the votes cast through remote e-voting were unblocked on 15th March, 2022 by the Scrutinizer in the presence of two witnesses who were not in employment of the Company.

The Scrutinizer submitted his report on postal ballot by remote e-voting process addressed to the Chairman of the Company on 16th March, 2022 a copy of which was received by the Company Secretary duly authorised by the Chairman of the Board.

The voting results were announced on 16th March, 2022 and submitted to the Stock Exchanges where shares of the Company were listed and uploaded on the website of the Company (www.mahindrafinance.com) and KFin and were also displayed at the Registered Office and the Corporate Office of the Company.

As at the date of this report, there are no resolutions proposed to be passed through postal ballot.

Management

Management Discussion and Analysis

The Annual Report has a detailed section on Management Discussion and Analysis.

Compliance

The Company has complied with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, in this Report.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance. The status of the same is as follows:

Compliance status of mandatory Corporate Governance requirements as on 31st March, 2022 with weblink for policies is given hereunder:

Regulation No.	Corporate Governance requirement	Compliance Status
16(1)(b) & 25(8)	Criteria of Independence	Yes
17	Board of Directors	Yes
17A	Maximum number of Directorships	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of the listed entity	Yes, as applicable
25	Obligations with respect to Independent Directors	Yes
26	Obligations of employees, senior management, KMP, Directors and Promoters	Yes
27	Other Corporate Governance requirements	Yes

Regulation No.	Details on Company's Website	Compliance status	Weblink of Company's website
46(2)(a)	Details of Business	Yes	https://www.mahindrafinance.com/discover-mahindra-finance/about-us
46(2)(b)	Terms and conditions of appointment of Independent Directors	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(c)	Composition of various Committees of Board of Directors	Yes	https://www.mahindrafinance.com/discover-mahindra-finance/management
46(2)(d)	Code of conduct of Board of Directors and senior management personnel	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(e)	Details of establishment of Vigil Mechanism/ Whistle Blower Policy	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(f)	Criteria of making payments to Non-Executive Directors	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(g)	Policy on dealing with Related Party Transactions	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(h)	Policy for determining 'material' subsidiaries	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(i)	Details of familiarisation programmes imparted to Independent Directors	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(j)	Email address for grievance redressal and other relevant details	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(k)	Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances	Yes	https://www.mahindrafinance.com/investor-zone/Investor-Information
46(2)(l)	Financial Results	Yes	https://www.mahindrafinance.com/investor-zone/financial-information/
46(2)(m)	Shareholding Pattern	Yes	https://www.mahindrafinance.com/investor-zone/financial-information/
46(2)(n)	Details of agreements entered into with the media companies and/ or their associates	NA	-
46(2)(o)	Schedule of analyst or institutional investor meet and presentations made to analysts or institutional investors simultaneously with submission to stock exchange	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(p)	New name and the old name of the listed entity	NA	-
46(2)(q)	Items in sub-regulation (1) of Regulation 47 (Newspaper Publications)	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
46(2)(r)	Credit Ratings	Yes	https://www.mahindrafinance.com/investor-zone/Investor-Information
46(2)(s)	Separate audited financial statements of each subsidiary of the listed entity in respect of a relevant financial year	Yes	https://www.mahindrafinance.com/investor-zone/
30	Materiality Policy as per Regulation 30	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/
43A	Dividend Distribution policy as per Regulation 43A	Yes	https://www.mahindrafinance.com/investor-zone/corporate-governance/

Compliance with Non-Mandatory Requirements

The Company has also adopted the following non-mandatory requirements to the extent mentioned below:

Unmodified Audit Opinion

There was no audit qualification in Company's standalone or Consolidated financial statements for FY 2022. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

Separate Posts of Chairman and Managing Director and CEO

As on the date of this report, the Chairman of the Board is a Non-Executive Director and his position is separate from that of the Vice-Chairman & Managing Director. They are not related to each other.

Other Disclosures

Disclosure in relation to recommendations made by the Committees of the Board

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

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

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

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

The details of fees for all the services paid by the Company and its Subsidiaries on a consolidated basis to the Statutory Auditors of the Company and all entities in the network firm/network entity of which the Statutory Auditors are a part, are given below:

Rs. in Crores#

Particulars	BSR & Co. LLP*	Mukund M. Chitale & Co. ("MMC")**	Deloitte Haskins & Sells("DHS")**	Total fees for FY 2022
Statutory Audit	0.39	0.38	0.61	1.38$
Other Services	0.12	0.22	0.15	0.49$$
Reimbursement of expenses	0.05	-	-	0.05
Total	**0.56**	**0.60**	**0.76**	**1.92**

* Resigned as Statutory Auditor w.e.f. 9th November, 2021 pursuant to RBI Guidelines.

** MMC and DHS were appointed as the Joint Statutory Auditor of the Company w.e.f. 9th November, 2021

\# The above amounts are inclusive of GST.

$ includes Rs. 0.05 Crores paid by Mahindra Insurance Brokers Limited ('MIBL'), subsidiary of the Company to MMC, towards Statutory Audit fees for FY 2022.

$$ includes Rs. 0.08 Crores paid by MIBL to MMC towards other services during FY 2022

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

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

The Company has in place a comprehensive Policy in accordance with the provisions of the POSH Act and Rules made thereunder.

All employees (permanent, contractual, temporary and trainees) are covered under this Policy. The Policy has been widely communicated internally and is placed on the Company's intranet portal. The Company ensures that no employee is disadvantaged by way of gender discrimination.

During the year under review, the POSH Policy was amended to simplify the content to enhance the receptibility of the Policy for ensuring ease of comprehension and compliance. The updated POSH Policy is also available on the website of the Company and can be accessed at the web-link: https://www.mahindrafinance.com/investor-zone/corporate-governance/

The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee ("ICC") under the POSH Act to redress complaints received regarding sexual harassment.

To ensure that all the employees are sensitised regarding issues of sexual harassment, the Company conducts an online Induction Training through the learning platform M-Drona (Internal Training App) covering topics including POSH awareness, reconciliation before filing POSH complaint(s) and consequences of filing false complaint(s).

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2022, pursuant to the POSH Act and Rules framed thereunder:

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

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

c) Number of cases pending as at 31st March, 2022– NIL

d) Number of workshops/awareness programme on the subject carried out during the year under review were as under:

- Awareness program was conducted in which mailers & video on the Prevention of Sexual Harassment at the workplace along with POSH policies was circulated to all employees.
- An online e-learning module for employees on Prevention of Sexual Harassment covering the topics on Sexual Harassment, process of filing complaints, dealing with sexual harassment, etc. is developed for training all the employees. - **98.46% of the employees have completed this training**
- ICC training conducted for all ICC members. – **1 session**
- POSH sensitisation training conducted for HR team. – **5 sessions**

e) Nature of action taken by the employer or District Officer – Not Applicable.

General Shareholders Information

The Company is registered with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the MCA is L65921MH1991PLC059642.

32nd Annual General Meeting	
Day and Date	Thursday, 28th July, 2022
Time	3.30 p.m. IST
Mode of AGM	Through Video Conferencing/ OAVM
Deemed Venue of the Meeting	Gateway Building, Apollo Bunder, Mumbai - 400 001
Link to participate through video-conferencing	https://emeetings.kfintech.com
Remote e-voting starts	Saturday, 23rd July, 2022 9.00 a.m. IST
Remote E-voting ends	Wednesday, 27th July, 2022 5.00 p.m. IST
E-voting at AGM	Thursday, 28th July, 2022

Financial Year of the Company

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

Board Meetings schedule for Financial Reporting

- Quarter ending 30th June, 2022 - End of July, 2022
- Half-year ending 30th September, 2022 – 1st / 2nd week of November, 2022
- Quarter ending 31st December, 2022 – 1st / 2nd week of February, 2023
- Year ending 31st March, 2023 - End of April, 2023/ 1st week of May, 2023

Note: The above dates are indicative.

Dates of Book Closure

Book Closure for Dividend will be from Friday, 22nd July, 2022 to Thursday, 28th July, 2022, both days inclusive.

Dividend Payment

A dividend of Rs. 3.60 per Equity Share (180%) on the face value of Rs. 2 each, would be paid after 28th July, 2022, subject to approval by Shareholders at the ensuing AGM.

Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

Listing Details

A. Equity Shares

The Company's Shares are listed on:

Name:	BSE Limited (BSE)	The National Stock Exchange of India Limited (NSE)
Address:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
Stock Exchange Codes	532720	M&MFIN

The requisite listing fees for FY 2023 have been paid in full to both the Stock Exchanges.

Demat ISIN in NSDL and CDSL for Equity Shares : INE774D01024

B. Non-Convertible Debentures and Commercial Papers:

The Non-Convertible Debentures ("NCDs") of the Company comprise of secured, unsecured and subordinated NCDs issued through private placement and public issuances. The NCDs are listed on the Debt Market Segment of BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Commercial Papers are listed on the Debt Market of NSE, Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The Company has paid the requisite listing fees for FY 2023 in full.

The Rupee Denominated Medium Term Note programme is duly listed on the Singapore Exchange Securities Trading Limited, 2 Shenton Way, #02-02, SGX Centre 1, Singapore 068804. The Company does not have any outstanding listed securities under this programme.

Debenture Trustee:

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

Axis Trustee Services Limited

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

These details are also available on the website of the Company at the web-link: https://mahindrafinance.com/investor-zone/Investor-Information.

Monthly High and Low of Company's Shares for FY 2022 at BSE and NSE

Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2021	205.3	158.1	205.3	158.1
May, 2021	165.1	150.2	165.0	150.2
June, 2021	174.0	154.3	173.9	154.3
July, 2021	164.3	141.5	164.3	141.4
August, 2021	161.2	138.0	161.2	138.6
September, 2021	187.7	159.1	187.7	159.0
October, 2021	195.6	176.9	195.6	176.9
November, 2021	**206.4**	153.5	**206.4**	153.7
December, 2021	169.3	141.7	169.3	141.0
January, 2022	171.9	146.8	171.9	146.6
February, 2022	173.2	139.3	173.2	139.0
March, 2022	162.2	**128.0**	162.1	**128.0**

Chart A

MMFSL's share performance versus S&P BSE Sensex

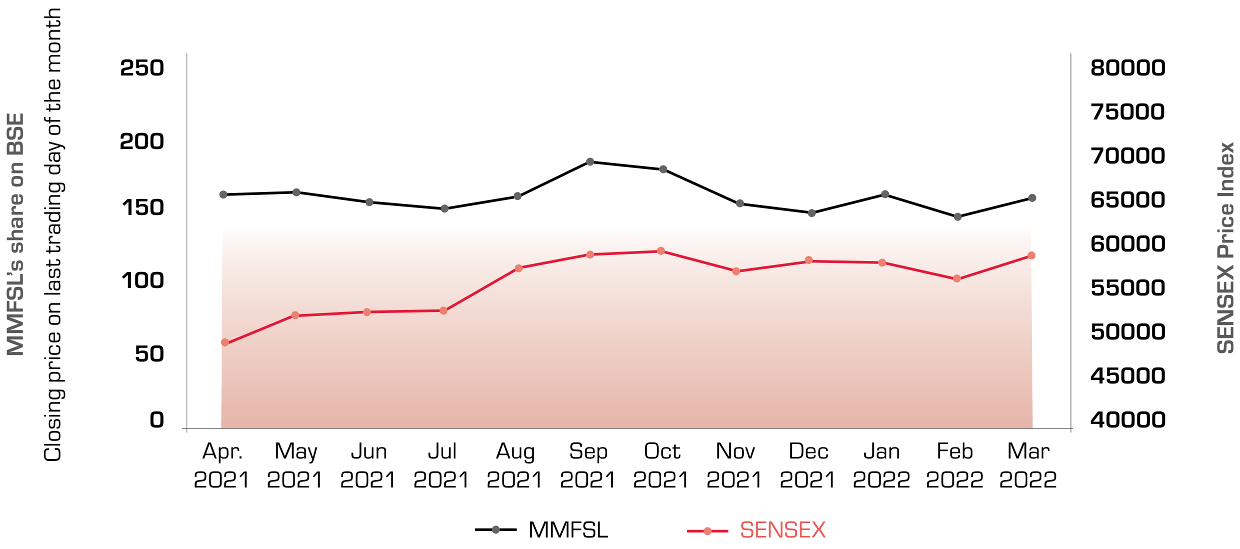
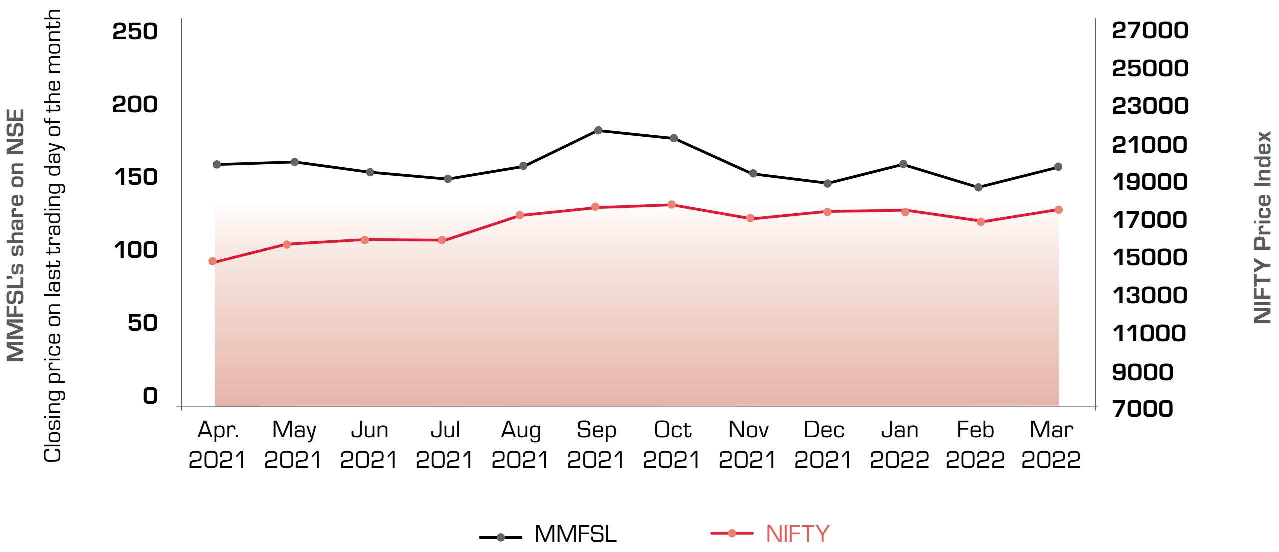


Chart B

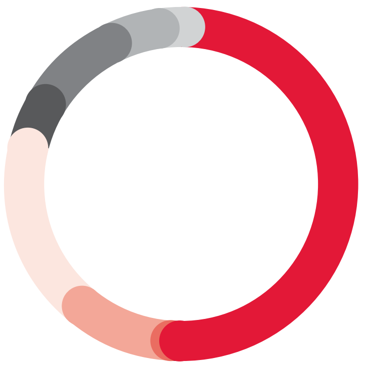
MMFSL's share performance versus Nifty 50



Distribution of Shareholding

Distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2022:

Shareholding pattern by ownership as on 31st March, 2022

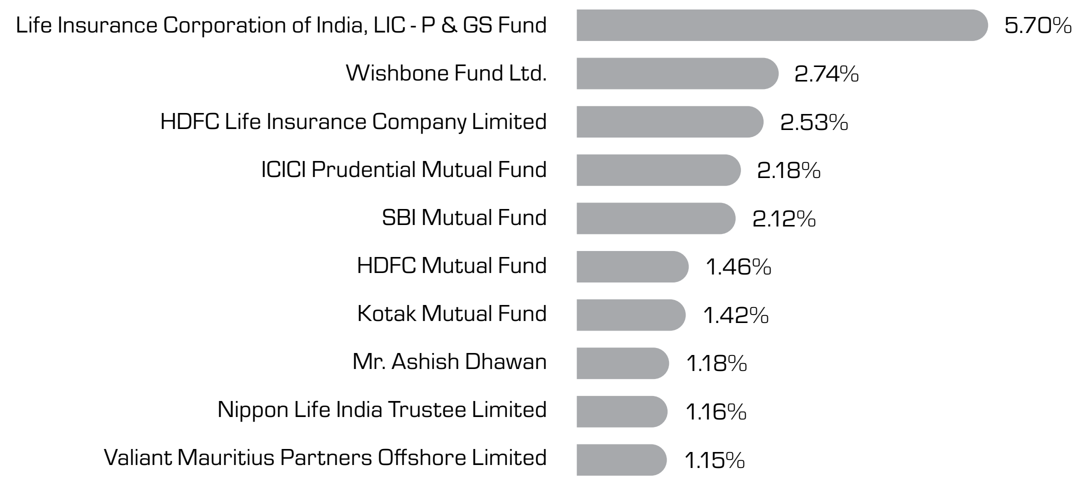


Promoter - Mahindra & Mahindra Limited	52.16
Foreign Portfolio Investors	17.90
Mutual Funds	10.02
Indian Public/ HUFs	8.87
Indian Financial Institutions/ Banks	5.70
Bodies Corporate	4.21
MMFSL ESOP Trust	0.21
Others	0.93
Total	**100**

Shareholding pattern by size as on 31st March, 2022

No. of Shares held	Number of Shareholders	Total No. of Shares held	% of Shareholding
1-500	227,262	222,61,600	1.80
501-1000	12,229	92,96,420	0.75
1001-5000	9,169	193,74,117	1.57
5001-10000	983	70,38,777	0.57
10001-20000	421	59,22,144	0.48
20001 and above	614	117,16,36,862	94.83
Total	**250,678**	**1,23,55,29,920**	**100.00**

Shareholding (other than promoter and promoter group) holding more than 1% as on 31st March, 2022:



Pledge of Equity Shares

No pledge has been created over the equity shares held by the Promoter of the Company as on 31st March, 2022. Pursuant to Regulation 31(4) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, M&M, Promoter of the Company has submitted a declaration to the Audit Committee of the Company that they have not made any encumbrance, directly or indirectly, during FY 2022 in respect of the shares held by them in the Company. The said declaration was noted by the Audit Committee.

Dematerialisation of Shares and Liquidity

As on 31st March, 2022, 99.98 percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are frequently traded on BSE and NSE.

	No. of Shareholders as on 31st March, 2022	%
Dematerialised	2,50,648	99.98
Physical	30	0.02
Total	**250,678**	**100**

Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

In accordance with the provisions of Regulation 39 (4) read with Regulation 34 (3) and Part F of Schedule V of the Listing Regulations, the details in respect of the unclaimed Equity Shares lying in the suspense account are as under:

Particulars	Number of Shareholders	Number of Equity Shares in Demat Suspense Account
No. of outstanding shares as on 1st April, 2021	12	2175
Less: Number of Shareholders who approached the Company for transfer of shares from suspense account and shares transferred to them	Nil	Nil
No. of outstanding shares in the suspense account as on 31st March, 2022	12	2175

The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Unclaimed Equity Shares in Rights Allotment Demat Suspense Account

The details of Unclaimed Equity Shares lying in the Rights Allotment Demat Suspense Account of the Company for the last two years is given below:

Year	No. of shareholders	No. of Equity Shares
FY 2022	5	157
FY 2021	11	557

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

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

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

In accordance with the said IEPF Rules and its amendments, the Company had sent notices/reminders to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisement and, thereafter, transferred the shares to the IEPF during financial year 2021-22.

The details of Dividend remitted to IEPF during the year:

Financial Year	Date of dividend declaration	Amount transferred to IEPF (in Rs.)	Date of transfer to IEPF
2013-14	24th July, 2014	5,11,394	4th September, 2021

Details of Shares transferred/ credited to IEPF

During the year 2021-22, the Company transferred 8,613 Equity Shares to IEPF Authority corresponding to unclaimed dividend for the year 2013-14. The IEPF Authority holds 77,382 Equity Shares in the Company as on 31st March, 2022.

Pursuant to IEPF Rules, the details of Equity Shares transferred to and released from IEPF Authority are given as follows:

Particulars	Number of shares transferred to IEPF
Transferred to IEPF during FY 2018	65,442
Less : Claimed by the Shareholder(s) during FY 2018	2,675
Total number of shares held by IEPF as on 31st March, 2018	62,767
Transferred to IEPF during the FY 2019	3,310
Less : Claimed by the Shareholder(s) during FY 2019	Nil
Total number of shares held by IEPF as on 31st March, 2019	66,077
Transferred to IEPF during FY 2020	1,480
Less : Claimed by the Shareholder(s) during FY 2020	Nil
Total number of shares held by IEPF as on 31st March, 2020	67,557
Transferred to IEPF during FY 2021	1,212
Less : Claimed by the Shareholder(s) during FY 2021	Nil
Total number of shares held by IEPF as on 31st March, 2021	68,769
Transferred to IEPF during FY 2022	8,613
Less : Claimed by the Shareholder(s) during FY 2022	Nil
Total number of shares held by IEPF as on 31st March, 2022	77,382

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

The Company has appointed the Company Secretary as the Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance.

Further, the Company has also appointed Deputy Nodal Officer to assist the Nodal Officer to inter alia verify the claim(s) and co-ordinate with the IEPF Authority, the details of which are available on the website of the Company at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance/.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2021 on the Company's website at the web-link: https://mahindrafinance.com/investor-zone/corporate-governance/ and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in.

The following table provides dates on which unclaimed dividend and their corresponding shares would become liable to be transferred to the IEPF:

Year	Date of declaration of dividend	Proposed period for transfer of unclaimed dividend to IEPF	Amount of unclaimed dividend (Rs.) (As on 31st March, 2022)
2014-15	24th July, 2015	24th August, 2022 to 22nd September, 2022	7,20,204
2015-16	22nd July, 2016	22nd August, 2023 to 20th September, 2023	8,28,020
2016-17	24th July, 2017	24th August, 2024 to 22nd September, 2024	6,97,639
2017-18	27th July, 2018	27th August, 2025 to 25th September,2025	15,22,436
2018-19	23rd July, 2019	23rd August, 2026 to 21st September, 2026	15,24,211
2019-20	No Dividend was declared		
2020-21	26th July, 2021	26th August, 2028 to 23rd September, 2028	5,31,016

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

As on 31st March, 2022, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

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

As per the Company's Derivative Risk Management Policy, your Company enters into derivative transactions to hedge its exposure to foreign exchange risk and interest rate risk on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallised at a pre-determined rate of exchange on the date of taking the derivative transaction. Your Company has hedged all its foreign currency borrowings for its full tenure and is in compliance with applicable RBI guidelines in this regard.

Your Company follows the Accounting Policy and Disclosure Norms for derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on 31st March, 2022 are disclosed in Note Number 51 to the Standalone Financial Statements in the Annual Report.

Credit Rating

The Credit Rating details of the Company as on 31st March, 2022 are provided below:

Rating Agency	Type of Instrument	Credit Rating*	Rating Description
India Ratings & Research Private Limited	Commercial Paper Programme and Short Term Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND A1+	The 'A1'+ rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	Long-term (incl. MLD) Debt instruments, Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND AAA/Stable	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
		IND PP-MLD AAA emr/Stable	'PP-MLD' refers to Principal Protected Market Linked Debentures wherein the issuer is obligated to pay the full principal upon maturity. Suffix "emr" denotes the exclusion of the embedded market risk from the rating.
CARE Ratings Limited	Long-term Debt Instruments and Subordinated Debt Programme	CARE AAA/Stable	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Brickwork Ratings India Private Limited	Long-term Subordinated Debt Programme	BWR AAA/Stable	
CRISIL Ratings Limited	Fixed Deposit Programme	CRISIL FAAA/ Stable	
	Commercial Paper Programme and Bank Loan Facilities	CRISIL A1+	The 'A1'+ rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	Long-term Debt Instruments, Subordinated Debt Programme and Bank Loan Facilities	CRISIL AA+/ Stable	The 'AA+' rating indicates a high degree of safety with regard to timely payment of financial obligations. Such instruments carry very low credit risk.

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2021-22. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies.

The details of Credit Rating are available on the website at https://www.mahindrafinance.com/

Locations/Offices

The Company has vast reach through 1,384 offices covering 27 states and 7 union territories in India.

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plants.

List of branches with addresses is available on the Company's website at the web-link: https://mahindrafinance.com/branch-locator

Share Transfer System

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form.

Pursuant to Regulation 40 of the Listing Regulations, with respect to requests for effecting transmission and transposition of securities held in physical form, the Company will issue a Letter of Confirmation for the said transactions and will give effect to the transaction once the securities are dematerialised.

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

The Stakeholders Relationship Committee meets as and when required to inter alia, consider other requests for transfer/transmission of shares/debentures, issue of duplicate share/debenture certificates, and attend to grievances of the security holders of the Company, etc.

Secretarial Audit / Reconciliation of Share Capital Audit

As a voluntary good governance practice, KSR & Co., Company Secretaries LLP, had conducted Secretarial Audit on the compliances by the Company, on a quarterly basis and the report has been placed before the Board every quarter.

Further, KSR & Co., Company Secretaries LLP have provided the Secretarial Audit Report of the Company for the year 2021-22. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

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

Pursuant to Regulation 40(9) of the Listing Regulations certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified Practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The quarterly audit for FY 2022 confirmed that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Annual Secretarial Compliance Report

Pursuant to SEBI Circular dated 8th February, 2019, as amended, read with Regulation 24A of the Listing Regulations, the Annual Secretarial Compliance Report for the financial year 2021-22 issued by KSR & Co., Company Secretaries LLP, confirming compliance with all applicable SEBI Regulations and Circulars/Guidelines issued thereunder, has been submitted to the Stock Exchanges within 60 days of the end of the financial year.

Address for Correspondence

Equity Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

KFin Technologies Limited
Unit: Mahindra & Mahindra Financial Services Limited
Selenium Building, Tower B, Plot Nos. 31-32, Financial District,
Nanakramguda, Gachibowli, Serilingampally Mandal,
Hyderabad – 500 032, Telangana, India.
Tel.: +91 40 6716 2222/1800 309 4001
Fax: +91 40 2300 1153
Email: einward.ris@kfintech.com
Website: www.kfintech.com

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the Equity Shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

The Registrar and Transfer Agents also have an office at:

KFin Technologies Limited
24-B, Raja Bahadur Mansion, 6 Ambalal Doshi Marg,
Behind BSE, Fort, Mumbai - 400 001.
Tel.: + 91 22 66 23 5454

For all investor related matters, the Company Secretary can be contacted at:

Mahindra Towers, 'A Wing', 4th Floor,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018.
Tel.: +91 22 6652 6000
Fax: +91 22 2498 4170
Email Id: investorhelpline_mmfsl@mahindra.com

Your Company can also be visited at its website:
https://www.mahindrafinance.com

Non-Convertible Debentures

KFin Technologies Limited also acts as Registrar and Transfer Agents for the Non-Convertible Debentures of the Company. Complaints or queries/ requests relating to Public Issuances of Debentures can be forwarded to Mr. Umesh Pandey at the same address as mentioned above. Email Id: einward.ris@kfintech.com; Tel : +91 40 6716 2222.

Complaints or queries/ requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Chakka Jagannadh, Email Id: einward.ris@kfintech.com; Tel. : +91 40 6716 2222.

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

Investor Services Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries, by visiting https://karisma.kfintech.com and clicking on 'INVESTORS SERVICE' option for query registration through free identity registration process.

Investors can submit their query in the QUERIES option provided on the above website, which would generate a registration number. For accessing the status/response to the query submitted, the grievance registration number can be used at the option 'Track your grievance' on right hand corner under 'Investor Grievance' option after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

Date: 2nd May, 2022

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in the Investor Relations Tab on the website of the Company at the web link: https://mahindrafinance.com/investor-zone/investor-information .

Fixed Deposits

For the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company, the investors are requested to correspond with the Company's Fixed Deposit Department at the following address:

Mahindra & Mahindra Financial Services Limited,
FD Processing Centre,
New No. 244, Old No. 713,
3rd Floor, Level 4,
Rear Block, Carex Center,
Anna Salai, Thousand Lights,
Chennai-600 006, Tamil Nadu.
Contact Details.:
Chennai : +91 44 4227 6079
Mumbai : +91 22 6652 3500/ 1800 266 9266
Email Id: mfinfd@mahindra.com

Declaration by the Managing Director under regulation 34(3) read with Schedule V of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members of
Mahindra & Mahindra Financial Services Limited

I, Ramesh Iyer, Vice-Chairman & Managing Director of Mahindra & Mahindra Financial Services Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2022.

For Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Vice-Chairman & Managing Director

Place: Mumbai
Date: 2nd May, 2022

Annexure A

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V - Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mahindra & Mahindra Financial Services Limited** having CIN L65921MH1991PLC059642 and having its registered office at Gateway Building, Apollo Bunder, Mumbai-400 001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para C, sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment/Re-appointment in the Company
1.	Dr. Anish Shah	02719429	18th March, 2016
2.	Mr. Dhananjay Mungale	00007563	24th July, 2019
3.	Ms. Rama Bijapurkar	00001835	24th July, 2019
4.	Mr. Chandrashekhar Bhave	00059856	3rd February, 2020
5.	Mr. Milind Sarwate	00109854	1st April, 2019
6.	Dr. Rebecca Nugent	09033085	5th March, 2021
7.	Mr. Ramesh Iyer	00220759	30th April, 2001
8.	Mr. Amit Raje*	06809197	18th September, 2020
9.	Mr. Amit Kumar Sinha	09127387	23rd April, 2021

*Mr. Amit Raje was appointed as the Non- Executive Director w.e.f 18th September, 2020. Further, he was appointed as a Whole Time Director w.e.f 1st April, 2021
Mr Siddhartha Mohanty was appointed as a Non-Executive and Non - Independent Director w.e.f 1st April, 2022, liable to retire by rotation

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **KSR & Co Company Secretaries LLP**

Dr. C. V. Madhusudhanan
Partner
FCS: 5367; CP: 4408
UDIN: F005367D000252790

Place: Coimbatore
Date: 2nd May, 2022

Practicing Company Secretaries' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by Mahindra & Mahindra Financial Services Limited (CIN: L65921MH1991PLC059642) (the Company) for the year ended 31st March, 2022, as stipulated in Regulation 34(3) read with Para E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's Responsibility

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

Our Responsibility

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

Our Opinion

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

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

For **KSR & Co Company Secretaries LLP**

Dr. C. V. Madhusudhanan
Partner
FCS: 5367; CP: 4408
UDIN: F005367D000252856

Place: Coimbatore
Date: 2nd May, 2022

Business Responsibility Report for the year 2021-2022

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

Section A: General Information about the Company

1.	**Corporate Identity Number (CIN) of the Company**	L65921MH1991PLC059642	
2.	**Name of the Company**	Mahindra & Mahindra Financial Services Limited	
3.	**Registered address**	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India.	
4.	**Website**	https://www.mahindrafinance.com	
5.	**E-mail**	investorhelpline_mmfsl@mahindra.com	
6.	**Financial Year reported**	1st April, 2021 to 31st March, 2022	
7.	**Sector(s) that the Company is engaged in (industrial activity code-wise):**	**Description of the main products/ services**	**NIC code for the product or service**
		Asset Financing	64990
8.	**List three key products/services that the Company manufactures/provides (as in balance sheet):**	1) Vehicle/Tractor Financing 2) Small and Medium-sized Enterprises (SME) Financing 3) Bill Discounting	
9.	**Total number of locations where business activity is undertaken by the Company**	**i. Number of International Locations (Provide details of major 5)**	**ii. Number of National Locations**
		The Company has presence in India & operates through its Joint Venture (JV) company Mahindra Finance USA LLC, in United States and through its subsidiary company Mahindra Ideal Finance Limited, in Sri Lanka.	1,384 offices as on 31st March, 2022
10.	**Markets served by the Company – Local/State/National/ International/**	The Company serves Local/State and National Level markets with focus on rural and semi-urban areas of India.	

Section B: Financial Details of the Company

1.	**Paid up Capital (Rs.)**	247.1 Crore (Issued, Subscribed and Paid-up Capital)
2.	**Total Turnover (Rs.)**	9718.80 Crore (Total Income)
3.	**Total profit after taxes (Rs.)**	988.8 Crore (PAT)
4.	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**	2%* *Of the CSR Obligation of Rs. 37.51 Crores (2% of the net profits of the Company) for FY 2022, the Company has spent Rs. 29.7 Crores (1.58%) by 31st March 2022 and remaining Rs. 7.8 Crores (0.42 %) has been transferred to unspent CSR account , which will be spent towards the Company's ongoing project "Swabhimaan" within the stipulated time as permitted under CSR Rules.
5.	**List of activities in which expenditure in 4 above has been incurred.**	Guided by UN's Sustainable Development Goals, we work on a range of thematic areas namely Education, Livelihoods, Health and Environment under our CSR programs. Swabhimaan" is our Flagship program under which we work for holistic development of the driver community to address the professional, financial and familial level challenges faced by the drivers and their families. Our approach is an integrated channeling of these thematic areas into Community to deliver socio economic change. In FY 2021-22, following interventions were carried out in collaboration with implementation partners.

Education & Livelihood (Skills Training):

Drivers Training for Freshers:
The objective is to promote technical driving skills amongst men and women (novice). The course consist of theory and practical training. This project facilitates issue of driving license to candidates completing the training, creating employment opportunities for unemployed youths.

During the project period, 1566 youth (70% male & 30% female) were trained for driving of Light Motor Vehicle (LMVs), Light Commercial Vehicles (LCVs) and E Auto Rikshaw from 3 states.

Auto- mechanic Training for women:
The main objective is to promote automotive skills amongst women to enhance their livelihoods. In the reporting period, the program trained 1,047 Women from 4 states.

Divyang Vikas Kendra:
As an effort to increase the inclusion of Persons with Disability (PWD), Mahindra Finance supports skilling and employability training of PWDs. We train them in sector skills namely retail, hospitality, and Information Technology Enabled Services. In FY 2022, we trained 250 candidates with disability from Vishakhapatnam enabling them to get gainful employment.

Mahindra Pride School (MPS):
This is livelihood training school which provides intensive training in Information technology, Retail and Hospitality to youth from socially & economically disadvantaged backgrounds and help them get suitable employment opportunities. We supported 650+ Youth (73% males & 27% females) in Pune & Chennai.

Mahindra Pride Classrooms (MPC):
MPC's provide online 40-120 hours of training to final year students covering English speaking, Life skills, Aptitude, Interview, Group Discussion and Digital Literacy. We supported more than 67,800 students (50% male & 50% female) from selected 9 states in India.

Women's Economic Empowerment through Regenerative Agriculture
9,420 women from Wardha district in Maharashtra were trained in organic regenerative agriculture methods to transform the soil on their land and earn profits throughout the year in addition to securing food and nutrition for their families.

Road Safety Training for existing Drivers:
Considering the risk of road accidents for drivers, we have initiated Road Safety training programs for the drivers. As research indicates most of the drivers have not taken formal driving training and hence are oblivious to the road safety techniques and measures. We trained 1320 drivers from 6 states during reporting period.

Financial Planning (Dhan Samvaad):
In order to instill a financial discipline amongst the drivers, we conducted Dhan Samvaad training on financial planning under which we trained them about the importance of savings, techniques of money management, various investment options, insurance etc. We have trained over 25,000 drivers from 4 states. This has helped drivers to increase their awareness level on digital banking and methods of savings.

Saksham Scholarship:
Under Saksham Scholarship program, we supported the children of drivers by providing them with scholarships from Grade 1 till Post Graduation. This helps the family to minimize financial burden to some extent. It also serves as enabler especially for pursuing higher education and fulfilling the aspirations of parents and their children. We supported 3200 students (driver's children) under our Saksham scholarships from 5 states.

Nanhi Kali:
The purpose of the project is to curtail the high dropout rate prevalent amongst schoolgirls in India and ensure that girls attend school with dignity and attain quality education. We supported education of 4,950 marginalized girls from two districts in Punjab.

Health:

Insurance:
This is a unique program wherein we provide the LMV and LCV drivers with free personal accident and medical insurance policy for the period of one year. The objective of this project is to provide safety net to drivers and their families and increase the awareness about importance of insurance cover. We have provided insurance to 17,800 drivers from 2 states.

Environment:
Mahindra Hariyali: The program is meant to increase green cover in the country by planting trees in multiple locations across India and supporting Environmental conservation & restoration projects. More than 42,000+ saplings have been planted across India with the participation of employees.

Disaster Management:

Covid 19 Care Interventions:
During the second wave of COVID-19 pandemic, Mahindra Finance directly and in collaboration with the local NGO partners implemented following interventions:

- Established three 50 bedded Covid Care Centre at Christ Hospital, Chandrapur, Maharashtra, Sadar Hospital, Chaibasa, Jharkhand and GMCH, Guhwati, Assam for treatment of COVID 19 symptoms of low & mild patients. Around 4,700 patients benefited from this intervention.
- Donated 10,000 PPE kits to the various Govt. Medical Colleges, PHC and District & Rural Hospitals.
- Donated 39 ambulances to District & Rural Hospitals, NGOs towards Covid Relief efforts.
- Supported 5 Healthcare Centres' with required medical equipment like Oxygen Concentrators, ICU Para Monitor etc, spread awareness about the vaccination drive in the targeted community.
- Administered 2.05 Lakhs Covid 19 jabs for tribal, rural, and hard-to-reach areas in Maharashtra in collaboration with NGO partner and State Govt of Maharashtra.

Relief and Rehabilitation:

In August 2021, Western Maharashtra was severely affected by incessant floods. This caused huge damage to social infrastructure. As a response to this calamity, we supported reconstruction and restoration of 4 government schools in Kolhapur & Sangali which included repairing of ramp, building, boundary wall and restoration of toilets, handwashing station and safe drinking water. Over 2,400 school children benefited from this intervention.

- Also, renovated 3 flood affected Primary Health Centres (PHC) in Chiplun & Sangli, Maharashtra to offer quality services to over 2 Lakh people.
- We distributed dry Ration Kits to the Flood-Affected families in Alappuzha, Kerala to 1,050 families.
- Distributed hygiene kits to the neediest families living in disaster-affected places in Uttarakhand with the support of local administration authorities beneficiating 1350 families.

Other Projects:

Employees Volunteering Initiatives:

We have always encouraged our employees to participate in various CSR Projects to drive positive changes amongst the community. During reporting period, over 16,400 employees (82%) contributed 1 lakh plus volunteering hours in various virtual & on initiatives undertaken by the company as below:

a) **Swachh Bharat:** We undertook initiatives to increase awareness on Swachh Bharat and to improve public health facilities.

b) **Samantar:** Our employees reached out to 700+ needy individuals from Orphanages, Old Aged Homes & centres for Differently Abled Homes.

Support to other NGOs:

In FY 2022 we supported 25 NGOs to support the cause aligned with schedule VII of section 135 of the Companies Act 2013.

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes, the Company has six Subsidiary Companies as on 31st March, 2022.

1) Mahindra Insurance Brokers Limited [MIBL]
2) Mahindra Rural Housing Finance Limited [MRHFL]
3) Mahindra Manulife Investment Management Private Limited [MMIMPL]
4) Mahindra Manulife Trustee Private Limited
5) Mahindra Finance CSR Foundation [Section 8 Company]
6) Mahindra Ideal Finance Limited

2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).

Yes, three Subsidiary Companies vis. Mahindra Insurance Brokers Limited (MIBL), Mahindra Rural Housing Finance Limited (MRHFL) and Mahindra Manulife Investment Management Private Limited (MMIMPL) participate in the Company's BR initiatives and details of the same have been included in the scope of Mahindra Financial Service Sector's (FSS) Sustainability Report. The FSS Sustainability Reports of last 9 years are available on the Company's website at - https://mahindrafinance.com/discover-mahindra-finance/sustainability.

Since the reporting year FY 2022, we have published consolidated Integrated Report to meet the requirements of both sustainability and annual report. The Integrated report includes information on all our subsidiaries.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Yes, the Company has developed a long-lasting relationship with Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers Council and organises regular Dealer meets. As part of these engagement activities with dealers we highlight our business practices and process which are in line with the governing framework, and we also align with dealers on our core business focus i.e. enabling people to earn livelihood and creating positive social impact.

On Suppliers front, the Company has service providers and vendors that provide services and products required for business operations. The Company has various sustainability focused programs that expand the reach of environmental and social responsibility to our suppliers. The Company also encourages and appreciates its suppliers who adopt sustainability focused practices and promote them. In 2019, the Company formulated 'Vendor & Supplier Code of Conduct'. It sets forth key social, environmental and governance standards that the Company expects its suppliers and vendors to follow.

Since, the business reach is widespread across the country, the number of dealers and suppliers the Company engages and works with, is considerably high. Currently, the coverage of the dealers and suppliers covered under sustainability program is less than 30%.

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

Director Identification Number (DIN)	Name	Designation
00220759	Mr. Ramesh Iyer	Vice-Chairman & Managing Director

b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	N.A.
2.	Name	Mr. Atul Joshi
3.	Designation	Chief – HR & Admin
4.	Telephone number	022 66526029
5.	e-mail id	JOSHI.ATUL@mahindra.com

2. Principle-wise (as per NVGs) BR Policy/policies

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

The 9 principles outlined in the National Voluntary Guidelines are as follows:

Particulars	Details
PRINCIPLE 1	Business should conduct and govern themselves with Ethics, Transparency and Accountability.
PRINCIPLE 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
PRINCIPLE 3	Businesses should promote the wellbeing of all employees.
PRINCIPLE 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
PRINCIPLE 5	Businesses should respect and promote human rights.
PRINCIPLE 6	Businesses should respect, protect and make efforts to restore the environment.
PRINCIPLE 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
PRINCIPLE 8	Businesses should support inclusive growth and equitable development.
PRINCIPLE 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

		Ethics, Transparency and Accountability	Product Life Cycle*	Employee Wellbeing Stakeholder Engagement	Stakeholder Engagement	Human Rights	Environment*	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify?	Y	N.A.	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]	Y[1]

Sl. No.	Questions	Ethics, Transparency and Accountability P1	Product Life Cycle* P2	Employee Wellbeing Stakeholder Engagement P3	Stakeholder Engagement P4	Human Rights P5	Environment* P6	Public and Regulatory Policy P7	Inclusive Growth P8	Customers and Consumers P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y²	Y²	Y²	Y²	Y²	Y²	Y²	Y²	Y²
8	Does the Company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	N.A.	Y	Y	Y	Y	N.A.	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y³	Y³	Y³	Y³	Y³	Y³	Y³	Y³	Y³

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

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

Y¹– The Company's Business Responsibility Policy, The Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Fair Practices Code, Internal Guideline on Corporate Governance, Corporate Social Responsibility Policy, Sustainability Policy, Whistle Blower Policy, Anti Bribery Policy and Human Rights Policy. Below mention are the links for the policies developed by the Company.

- https://www.mahindrafinance.com/media/383968/mmfsl_businessresponsibilitypolicy_signed.pdf
- https://mahindrafinance.com/media/125149/coc_directors.pdf
- https://mahindrafinance.com/media/125158/code_for_independent_directors.pdf
- https://www.mahindrafinance.com/pdf/CorpGov_Mgmt_Emp.pdf
- https://mahindrafinance.com/investor-zone/fair-practice-code
- https://www.mahindrafinance.com/pdf/Internal_Guidelines_on_CG_MMFSL.PDF
- https://www.mahindrafinance.com/media/383958/csr-policy.pdf
- https://mahindrafinance.com/media/44959/sustainability_policy_fss_final.pdf
- https://www.mahindrafinance.com/media/392520/whistle-blower-policy-11032022.pdf
- https://www.mahindrafinance.com/media/125150/code-of-conduct-for-senior-management-employees.pdf
- https://www.mahindrafinance.com/media/384201/mmfsl-anti-bribery-and-anti-corruption-policy-28072021.pdf
- https://www.mahindrafinance.com/pdf/MMFSL_HumanRightsPolicy.pdf

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

Y² – Communication of Business Responsibility Policy and other Policies with respect to principles of NVG has been shared and circulated to relevant stakeholders.

Y³ – While the Company has not carried out independent audit of the policies; there is a limited assurance by an independent third party (assurance provider) for the Company's Integrated Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

(b) If answer to the question at serial number 1 (in table of 2.a) against any principle, is 'No', please explain why: (Tick up to 2 options)

Not Applicable

3. Governance related to BR

1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

3-6 months

2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

In FY 2021-2022, we published our Second Integrated Report – "Ready to Grow" in line with our mission "To transform lives across rural & semi-urban India and drive positive change in the communities post pandemic period".

The report is externally assured by KPMG for GRI Content Index.

You may also access the report here: https://www.mahindrafinance.com/investor-zone/

Section E: Principle-wise performance

Principle No.	Description	Reference to the Company's Policies	Website links to access the policies
P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability	1. Codes of Conduct for Directors, Senior Management and employees; 2. Whistle Blower Policy; 3. Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information; 4. Policy for Determination of Materiality of Disclosures; 5. Dividend Distribution Policy; 6. Code of Conduct for Prevention of Insider Trading in securities of Mahindra & Mahindra Financial Services Ltd. 7. Policy for Dealing with Suppliers and Vendors; 8. Policy on Human Rights	Policies at points 1 to 8 except Policy at point no. 6 are uploaded on the website of the Company and can be accessed at the weblink: https://mahindrafinance.com/
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	1. Sustainability Policy; 2. Codes of Conduct for Senior Management and employees; 3. Policy for Dealing with Suppliers and Vendors;	Policies at points 1 to 3 are uploaded on the website of the Company and can be accessed at the weblink: https://mahindrafinance.com/
P3	Businesses should promote the well-being of all employees	1. Codes of Conduct for Senior Management and employees; 2. Whistle Blower Policy; 3. Human Rights Policy; 4. Birth & Beyond Policy (for women employees throughout the maternity continuum);	Policies at points 1 to 4 are uploaded on the website of the Company and can be accessed at the weblink: https://mahindrafinance.com/
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	1. Corporate Social Responsibility Policy; 2. Sustainability Policy; 3. Policy on Business Responsibility.	Policies at points 1 to 3 are uploaded on the website of the Company and can be accessed at the weblink: https://mahindrafinance.com/
P5	Businesses should respect and promote human rights	1. Codes of Conduct for Senior Management and employees; 2. Policy on Human Rights 3. Policy for Dealing with Suppliers and Vendors;	Policies at points 1 to 3 are uploaded on the website of the Company and can be accessed at the weblink: https://mahindrafinance.com/
P6	Business should respect, protect, and make efforts to restore the environment	1. Sustainability Policy; 2. Corporate Social Responsibility Policy; 3. Policy for dealing with Suppliers and Vendors.	Policies at points 1 to 3 are uploaded on the website of the Company and can be accessed at the weblink: https://mahindrafinance.com/
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	1. Business Responsibility Policy	BRR Policy extract.pdf (mahindrafinance.com)
P8	Businesses should support inclusive growth and equitable development	1. Corporate Social Responsibility Policy 2. Policy on Human Rights	Policies at point 1 and 2 are uploaded on the intranet and the website of the Company and can be accessed at the weblink: https://mahindrafinance.com/
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	1. Fair Practice code	https://mahindrafinance.com/investor-zone/fair-practice-code

Principle 1

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

   The Company has a Code of Conduct to deter noncompliance and to promote ethical practices. The Code is for everybody working for or on behalf of the Company, whether as an employee or otherwise. The Board has adopted two detailed sets of code of conduct, one for Board of Directors and other for Senior Management and Employees. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

   We have also developed an Anti-bribery and Anti-corruption (ABAC) Policy. The basic tenets of anti-bribery and anti-corruption are postulated in the MMFSL Code of Conduct.

   We also have a detailed set of Codes for our vendors, the vendor and supplier code of conduct provides us a vision to drive ethical and sustainable relations with our vendors and suppliers.

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

   During the reporting year, 8 complaints were received from the Shareholders, all of which were attended to/resolved till date.

   The Company also received 3 complaints from its Debenture holders and 11 complaints from Fixed Deposit holders and all the complaints stand resolved at the end of the financial year.

   During the reporting year 19,050 customer complaints were received while 763 were pending at the beginning of the year. Out of the total 19,813 customer complaints, 19,634 are redressed during the year and 179 are pending. Out of total customer complaints 99% are satisfactorily resolved and 1 % are pending for resolution at the end of the year.

Principle 2

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

   At the outset, Mahindra & Mahindra Financial Services Ltd and its subsidiary companies felt a strong sense of stakeholder responsibility and our Inclusive business model is anchored in our vision to help accelerate sustainable development for all. For close to three decades, we have played a critical role in bringing the economically underprivileged sections of society to India's financial lifeline and drive positive change. Our businesses focus on the key necessities of people and enable them to earn livelihood through financial products offered by Mahindra & Mahindra Financial Services Limited (MMFSL). We help people build their homes through Mahindra Rural Housing Finance Ltd (MRHFL's) affordable home loan services, secure their life & assets by insurance solutions of Mahindra Insurance Broker Ltd (MIBL) and provide investment options by Mahindra Manulife Investment Management Private Limited (MMIMPL).

   During 2021-22, we financed 6,849 electric vehicles with a total financing value of Rs. 108.90 crore.

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

   The Company operates in financial services sector; therefore, this aspect doesn't relate to the nature of the business. However, the Company extensively monitors its energy consumption, GHG emissions and waste generation as a part of its sustainability roadmap. For FY 2021-22 the Company recycled more than 39 tons of E-waste through registered Recyclers. During the year, the Company sent 5683.54 kg. of paper waste for responsible disposal and recycling and in turn received 21084.93 Swachh Bharat Points which was redeemed in exchange for environmentally friendly 900 cloth bags from the vendor partner.

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

   The Company's major suppliers are small scale vendors and service providers. The Company's nature of business is such that sustainable sourcing is not material.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   One of the important factors while selecting suppliers of the Company is proximity to locations where it operates. Since the Company has a pan-India presence and operates across various locations in rural India, it is important to build strong partnerships with the local suppliers within India. In the last reporting year, 100% of Company's supplies were met through local vendors and service providers. The same is also covered as one of the sustainability performance indicators in Company's previous Integrated Report available at the web-link: https://www.mahindrafinance.com/media/384163/mmfslannualreport2021

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

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

   Yes, the Company has mechanism to recycle wastes produced during its business operations which majorly comprises of e-waste, UPS batteries and stationery waste (like paper, Cardboard & plastics). The Company disposes the hazardous waste materials (e-waste) through authorised agencies as per the applicable laws pertaining to E-Waste. 100% of hazardous waste from all major locations for the previous year is disposed of responsibly.

   The disclose on total waste generation is provided in our Integrated Report https://www.mahindrafinance.com/media/384163/mmfslannualreport2021.pdf

Principle 3

1. **Please indicate the Total number of employees**

	No. of employees
Permanent employees	19,998

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

	No. of employees
Contractual employees	4,429

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

   698

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

   47

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

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

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

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

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

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

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

   The Company's talent management team conducts various learning and development programs each year to nurture talent amongst the employees. The average training hours amounts to 11.1 hours man-days per person in FY 2022.

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

• Permanent Employees	19,363*
• Permanent Women Employees	720*
• Casual/Temporary/Contractual Employees	2,300*
• Employees with Disabilities	Not available

*This also includes employees who have resigned, however received training in the reporting year.

   On safety aspect we provided training to 3,428 employees and total training hours was 2,292 hours. We also have Ziman app for our women employees, field staff and accountants / cashiers. Ziman app is an emergency support service, the application is used by employees to trigger SOS in case of any emergencies.

Principle 4

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

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

   Details of company's stakeholder engagement process can be referred in previous year Integrated Report available at link: mahindrafinance.com/media/384163/mmfslannualreport2021.pdf

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

   Yes, the Company has identified such stakeholders.

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

   At Mahindra & Mahindra Financial Services Limited, we sincerely believe that the actions of the organisation and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with our external stakeholders, we strive to become an asset in the communities where we operate.

   Transforming lives of the rural population has been the primary focus of all corporate social responsibility initiatives undertaken by the company. The endeavour is to empower the rural communities and help them unleash their potential. Apart from this the Company works with persons with disabilities, small and marginalised women farmers, and driver community and other vulnerable & hard to reach groups to enhance their skills and in-turn enhance livelihood opportunities. The company has identified Healthcare, Education & Livelihood and Environment as key CSR thrust areas. This year we have launched flagship program for the welfare of one of the major stakeholders – driver community in India.

   The details of the programs can be found under the CSR section of Company's Integrated Report. https://www.mahindrafinance.com/media/384163/mmfslannualreport2021.pdf

Principle 5

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

   The Human Rights Policy Statement of the Company applies to all employees and is expected to be reciprocated by other stakeholders including partners, suppliers, vendors and contractors, as Company's commitment to Human Rights.

   The company introduced a mandatory e-learning module on human rights on the internal learning platforms. This unique 40-minute module elaborates on human rights and the importance of respecting them for business development. It also talks about the relevance of human rights in the context of Mahindra Finance. It has been especially customised for our employees and linked to our policies. A quiz and assessment, helps gauge the impact on learners.

   In this reporting year we have initiated a Human Rights assessment for our 16 offices based on framework in line with SA 8000 requirements and United Nations Environment Program (UNEP) for Financial Institutions.

   Link for Human Rights Policy

   https://www.mahindrafinance.com/pdf/MMFSL_HumanRightsPolicy.pdf

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

   None with respect to Human Rights. Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee wellbeing that covers different aspects of Human Rights is disclosed in Point No. 7 of Principle 3 above.

Principle 6

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

   Yes, the Company's policy related to environmental protection as applicable for Financial Services Industry covers different sets of stakeholders. The e-waste Management Policy & the 'Vendor & Supplier Code of Conduct' which are important to the Company have coverage and applicability to its business partners involved in the process. In addition to this, Company has also devised Sustainability Policy and Guidelines which also covers Company's subsidiary companies and all stakeholder engaged in business process as applicable.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Climate Change outcomes are consequential to the company's business, as our loan recovery schemes are structured around crop harvest pattern. Hence Climate change is a major factor for our customer profile consisting mainly Farmers, Traders, Local Transport operators, Small Business Owners and Daily Earners.

   The issue of climate change has been to the fore since the UN Paris Agreement in 2015 and the company is determined to reduce our environmental footprint and lead the way forward. To manage its environmental footprint and reduce it, the company is tracking data on parameters like electricity, paper, fuel & water consumption across all locations. Performance in terms of absolute and specific GHG emissions is also calculated.

   - In 2019, the Company became the 1st and only Financial Company in India to be committed towards call to action for Science Based Targets. The Science Based Targets initiative (SBTi) requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science. In 2020, the Company's preliminary validation for carbon reduction target setting was complete.
   - The Company ranked 29th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2021 by Futurescape.
   - The Company has been listed in the renowned FTSE4Good Emerging Markets Index for the third consecutive time in FY 2021. FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
   - The Company's approach has been to make its environmental disclosure transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India since FY 2011-12. In FY 2022, the Company attained CDP Performance Band: B- meaning that the company is at 'Management' band this year.
   - The Company under Mahindra Hariyali project planted more than 42,000+ saplings across India in this year. It is an initiative to improve green cover and protect biodiversity in the country.
   - Mr. Anand Mahindra, Chairman Mahindra Group, at Davos 2018 reaffirmed his pledge to Climate change mitigation by committing all Mahindra Group companies to setting Science based targets which aim to limit global temperature rise to 1.5-2 degrees. He also announced all Mahindra Group companies to become Carbon neutral by 2040. Aligning to Mr. Mahindra's commitment, the Company has developed its Carbon Neutrality Roadmap 2040.
   - Since 2015, the Company has been releasing Quarterly Sustainability Newsletter "Beyond Profit" to communicate Sustainability & CSR Highlights internally across Financial Services Sector. The senior management's message and inputs are also captured in Newsletter. In FY 2022 following themes have been covered: Human Rights, Renewable Energy, Water Conservation and Green House Effect.
   - Through 'I Am Responsible Initiative' the company encourages employees to make Sustainability personal and to make a social contribution through our monthly calendar activities. We take it upon ourselves as an organisation to make sure each of our employees become part of it to bring a positive change in society. This initiative is driven in alignment with Sustainability Calendar which is designed with 17 UN Sustainable Development Goals as an overarching framework.

   Also, the Company has undertaken various environmental initiatives that reduce emission of GHG gases in atmosphere which contribute to the phenomena of global warming and climate change. Details of all the initiatives are available in the 'Natural Capital ' section of the Company's Integrated report:

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

   On Energy Conservation:

   1) Energy audits at 5 Regional offices for identification of opportunity for energy conservation
   2) Use of LED Lights in place of CFL at offices
   3) Installation of higher efficiency Air Conditioners (3 star and above) and Blade Servers
   4) Quality improvement initiatives with actions focused on energy conservation

   In the FY 2022 the initiatives taken were as under

   On Water Saving:

   Installation of Aerators in taps of offices.

   On Waste Reduction:

   1) Use of technology and digitisation of processes to make them paperless
   2) Reusing and recycling of wastes
   3) Segregation of dry & wet waste
   4) Usage of compostable bags for garbage disposal

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

   Yes, the Company has a mechanism to identify and assess potential environmental risks pertinent to its business operations. In FY 2022, the Company has enhanced its existing Risk Register by including applicable Climate change risks. Following steps were undertaken to carry out the integration:

   - Review the existing risk register
   - Identification of financial sector specific climate change risks.
   - Classification of the risks
   - Integration of new climate change risks into risk register

   Risks ranging in the category of current regulation like new emission norms, Electric vehicle entry to risks such as 'Risk to Commitment' example; Non-conformance with carbon sink procedures have been included.

   Our detailed approach to climate risk can be referred in our Integrated Report https://www.mahindrafinance.com/media/384163/mmfslannualreport2021.pdf

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

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

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

   Yes, Company has undertaken initiatives on energy efficiency and renewable energy.

   The Company has taken multiple initiatives on AC replacements, Solar Installation, LED and Brushless Direct Current Motor (BLDC) fans installation. The cumulative savings is around 250000+ kwh from all these projects

Sr. No.	Projects	No. of branch	No. of Asset	Unit of measure-ment	Saving (in kWh)
1.	AC replacement	24	137	TR	15,133
2.	Solar panel installation	27	27	KVA	85,280
3.	LED replacement	884	10,598	Number	1,50,048
4.	BLDC fan installation	15	75	Number	2,730
				Total	**2,53,191**

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

   The Company, being a non-banking financial company doesn't fall under the purview of CPCB/SPCB. However, the Company monitors various aspects like energy consumption, water consumption, paper consumption, wastes generated and GHG emissions (details available in the Integrated Report at – https://www.mahindrafinance.com/media/384163/mmfslannualreport2021.pdf

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

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

   There has been no show cause / legal notice received.

Principle 7

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

   Yes, we are member of several industry associations that share our common goals, and we routinely work together to advance public policies of interest to us and the financial services industry.

Name of the Industry Association/ Institution	Type of Association/ Position Held
Finance Industry Development Council (FIDC)	Chairman of FIDC
Federation of Indian Chambers of Commerce and Industry (FICCI)	Member of the NBFC Taskforce
Confederation of Indian Industry (CII)	Co-Chairman of National committee on Financial Inclusion & Digitisation
Bombay Chamber of Commerce and Industry	Member of Banking & Finance Committee
IITB-Washington University	Member of the Board of Advisors
IMC Chamber of Commerce & Industry	Co-Chairman of NBFC Committee
Assocham	Chairman of National Council on Non-Banking Finance Services & Infrastructure Finance

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

   Yes, the Company's Senior Management has suggested improvement in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry association and forums.

Principle 8

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

   The Company's corporate social responsibility (CSR) initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities.

   "Swabhimaan" Company's flagship CSR program is launched for holistic development of the driver community to address the professional, financial, and familial level challenges faced by the drivers and their families. Further we continued our support with People with Disability to earn their livelihood through skill-oriented training program.

   Reaffirming our commitment to the cause of education, we continued to support to Nanhi Kali Program which has benefitted underprivileged girl children from socially and economically marginalized families living in urban, rural, and tribal parts of India. To promote inclusive growth of socially and economically disadvantaged youth, we continued to support Mahindra Pride School which skilled youth. Further, Mahindra Pride Classrooms supported an additional 40-120 hours of training to final year students covering English Speaking, Life Skills, Aptitude, Interview, Group Discussion and Digital Literacy through Polytechnics and Arts & Science Colleges in 6 States.

   Initiated women empowerment through Regenerative Agriculture initiative to train women in organic regenerative agriculture methods to transform the soil on their land and earn profits throughout the year in addition to securing food and nutrition for their families.

   We continued to provide health care support to curb the COVID 19 pandemic by establishing Covid Care Centers, distributing PPE kits, along with ambulance and medical equipment support in hospitals, public health centers and community health centers, restoration of schools and Public Health centres. In addition to this we have supported 2,00,000 plus individuals from remote parts of our country to get the COVID 19 Vaccination.

   Further the unique Employee Social Options Platform (ESOP) provides employees online and offline volunteering opportunities enabling them to participate actively in the Company's CSR initiatives.

   Kindly refer the Annual Report on CSR activities in the Company's Annual Report available at the web-link: https://mahindrafinance.com/investor-zone/financial-information#Financialresults.

   Kindly refer to the Social Capital Section in the Company's last Sustainability Report on the available at web-link: https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf

   Details are also available on the Company's website:

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

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

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

   Our flagship program "Swabhimaan" is implemented through credible NGO partners.

   We ensure that the NGOs selected can execute the programs efficiently. The Company has a robust due diligence process for NGO selection.

   Apart from that, other initiatives are directly implemented through employee volunteering.

   Details on these aspects can be found in the CSR section of the Company's Annual Report and Sustainability Report.

   Please refer Annual Report on CSR activities available at the web-link: https://mahindrafinance.com/investor-zone/financial-information#Financialresults.

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

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

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

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

   As per Companies (CSR Policy) Amendment Rules, 2021, Impact assessment would be carried out in respect of CSR projects having outlays of Rupees one crore or more, and which have been completed not less than one year before undertaking the impact study. The Impact assessment has been done by an independent agency.

   For certain CSR interventions, the performance is measured using an online technology platform which captures real-time data about the progress of the project and assists in taking decisions on project continuation, modification, or discontinuation.

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

   The company has launched "Swabhimaan" Flagship Program for Driver community in FY 2020-21. This is multiyear ongoing program focusing on empowerment and generation of livelihood for the driver communities. This is one of the major community development programs for the company.

   Under education and livelihood, Mahindra Finance has supported education of youth, developed skills of women, youth, and people with disability in driving, auto mechanic, IT skills, Retail Management, provided scholarship to driver's children etc.

   Through the project in healthcare, we created awareness about Swachh Bharat amongst the community through employees volunteering. Also distributed Ration kits to provide nutritious food to needy people in the time of pandemic.

   In the area of environment, the Company planted more than 42,100 saplings in a move to prevent the ill-effects of deforestation.

   The Company contributed Rs. 29.71 crores majorly in areas of Education & livelihood, Health and Environment which are Company's CSR focus areas and another Rs. 7.86 crores have been carried forward in Unspent CSR account for ongoing project which will be utilized within the prescribed timeline.

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

   The aspect of sustainability is one of the crucial factors in choosing implementing partners for our CSR interventions. We ensure that the progress of the interventions is monitored consistently. We have monthly follow-up call and interaction with the implementing agencies, site visits to monitor progress and smooth completion of the project.

Principle 9

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

   Customer complaints are treated very seriously in the organisation. During the reporting year 19,050 customer complaints were received while 763 were pending at the beginning of the year. Out of the total 19,813 customer complaints, 19,634 are redressed during the year and 179 are pending. Out of total customer complaints 99% are satisfactorily resolved and 1 % are pending for resolution at the end of the year.

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

   The Company is not into manufacturing of products and hence the aspects pertaining to product labelling or packaging are not applicable. However, the Company's website www.mahindrafinance.com provides exhaustive information regarding the financial products & services.

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

   No such cases registered against the Company.

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

   We are into vehicle loans, the details of the vehicle loans in the form of a brochure is available at each branch. we carry out Real time NPS (net promoter score) with our customers both at the onboarding stage and the exit stage, this is an end-to-end digital survey, carried out in 11 vernacular languages. The scores can be viewed on real time basis. Action planning is carried out basis a monthly report which has all details at business and geography levels.

Independent Auditor's Report

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

Opinion

We have audited the accompanying standalone financial statements of Mahindra & Mahindra Financial Services Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

Emphasis of matter

We draw attention to Note 2.5 to the Standalone Financial Statements in which the Company describes the continuing uncertainties arising from the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	Allowances for Expected Credit Losses ("ECL"): As at 31st March, 2022, the carrying value of loan assets measured at amortised cost, aggregated Rs. 60,444.64 crores (net of allowance of expected credit loss Rs. 4,500.54 crores) constituting approximately 80% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the Standalone Financial Statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets measured at amortised cost; • Basis used for estimating Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") at product level with past trends; • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and • Adjustments to model driven ECL results to address emerging trends. • (Refer Note 2.5, 7 and 51.2 to the Standalone Financial Statements).	We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others: Testing the design and operating effectiveness of the following: • completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied; • completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and • accuracy of the computation of the ECL estimate including reasonableness of the methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model. Test of details on a sample in respect of the following: • accuracy and completeness of the input data such as period of default and other related information used in estimating the PD; • the mathematical accuracy of the ECL computation by using the same input data as used by the Company; • completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed; • evaluating the adequacy of the adjustment made to the output as per the ECL Model to ensure that the adjustment was in conformity with the amount approved by the Audit Committee of the Company.
2.	Information Technology and General Controls: The Company is dependent on its Information Technology ("IT") systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be a Key Audit Matter.	With the assistance of our IT specialists, we obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: • We tested the design, implementation, and operating effectiveness of the Company's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Company's controls over segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit. • We also tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materiality impact the Financial Statements.

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management Discussion and Analysis ("MD&A") (collectively referred to as "other information"), but does not include the financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in respect of financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

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

   c. The standalone Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      - In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The Management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed with respect to previous year, declared and paid by the Company during the year is in compliance with section 123 of the Act, as applicable.

As stated in Note no. 23(ii) to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members in the ensuing Annual General Meeting. The amount of the dividend proposed is in accordance with the section 123 of the Act, as applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Mukund M. Chitale & Co.**
Chartered Accountants
(Firm's Registration No. 106655W)

M. M. Chitale
Partner
(Membership No. 14054)
(UDIN: 22014054AJOWIR2824)

Place: Mumbai
Date: 2nd May, 2022

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 22046930AIGOOW2317)

Place: Mumbai
Date: 2nd May, 2022

Annexure "A"

to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' section of our report of even date)

Report on the internal financial controls with reference to Standalone financial statements under clause (i) of sub-section 3 of section 143 of the companies Act, 2013 (the "Act")

We have audited the Internal Financial Controls with reference to Standalone financial statements of Mahindra & Mahindra Financial Services Limited (the "Company") as of 31st March, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining Internal Standalone Financial Controls based on the internal control with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls with reference to Standalone Financial Statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Standalone Financial Controls system with reference to Standalone Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Standalone Financial Statements included obtaining an understanding of Internal Financial Controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

Meaning of internal financial controls with reference to financial statements

A Company's Internal Financial Controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Standalone Financial Controls with reference to Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of Internal Financial Controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls with reference to Financial Statements to future periods are subject to the risk that the Internal Financial Controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate Internal Financial Controls system with reference to Financial Statements and such Internal Financial Controls with reference to Financial Statements were operating effectively as at 31st March, 2022, based on the criteria for Internal Financial Controls with reference to Financial Statements established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Mukund M. Chitale & Co.**
Chartered Accountants
(Firm's Registration No. 106655W)

M. M. Chitale
Partner
(Membership No. 14054)
(UDIN: 22014054AJOWIR2824)

Place: Mumbai
Date: 2nd May, 2022

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 22046930AIGOOW2317)

Place: Mumbai
Date: 2nd May, 2022

Annexure "B"

to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra & Mahindra Financial Services Limited on the financial statements as at and for the year ended 31st March, 2022)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant and Equipment, were physically verified during the year by the management, in accordance with a regular programme of verification, which in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on the examination of the documents provided to us, we report that, the title deeds of all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company), disclosed in the financial statements included in Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, paragraph 3(i)(d), of the Order is not applicable to the Company.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is engaged primarily in lending activities and consequently does not hold any physical inventories. Accordingly, paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of loans (assets). We have observed differences / reconciliation items in the quarterly returns or statements filed by the Company with such banks or financial institutions as compared to the books of account maintained by the Company. However, we have not carried out a specific audit of such statements. The details of such differences / reconciliation items are given in note no. 17 of the standalone financial statements of the Company.

(iii) As explained in note 1 to the Standalone financial statements, the Company is a deposit-taking non-banking financial company ("NBFC") registered with the Reserve Bank of India ("RBI") and as a part of its business activities is engaged in the business of lending across various types of customers which include retail and SMEs.

During the year, in the ordinary course of its business, the Company has made investments in, provided guarantee / security to and granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees / security and loans and advances:

(a) The principal business of the Company is to give loans and hence reporting under clause (iii)(a) of the Order is not applicable;

(b) In our opinion, having regard to the nature of the Company's business, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest;

(c) in respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.5(ii) to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at 31st March, 2022, aggregating Rs. 4,976.30 crores were categorised as credit impaired ("Stage 3") and Rs. 9,257.46

crores were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 60 to the standalone financial statements. Additionally, out of loans and advances in the nature of loans with balances as at 31st March, 2022 aggregating Rs. 50,727.01 crores, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of principal and payment of interest aggregating Rs. 1,932.56 crores were also identified, albeit of less than 31 days. In all other cases, the repayment of principal and interest is regular as at 31st March, 2022. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days, in respect of loans and advances in the nature of loans, as at 31st March, 2022 is Rs. 2,243.83 crores. Reasonable steps are been taken by the Company for recovery of the principal and interest.

(e) The principal business of the Company is to give loans and hence reporting under clause (iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not advanced loans or made investments in or provided guaranty or security to parties covered by section 185 of the Act and the provisions of Section 186 of the Act are not applicable to the Company. Hence reporting under clause 3 (iv) of the Order is not applicable.

(v) In our opinion, the Company had complied with the directives issued by the Reserve Bank of India with regards to the deposits accepted and amounts deemed to be deposits during the year. According to the information and explanations given to us, the Company being Non-banking finance Company registered with RBI, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 & the Companies (Acceptance of deposits) Rules, 2014, as amended, are not applicable. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Hence reporting under clause 3 (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues applicable to it, to the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues in arrears as at 31st March, 2022, for a period of more than six months from the date they became payable.

(b) Details of dues of Income-tax, Value Added Tax and Service Tax Act which have not been deposited as on 31st March, 2022, on account of disputes are given below:

(Rs. in crores)

Name of the statute	Nature of dues	Amount Involved	Amount Unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4.33	2.05	2002-03	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	10.34	10.34	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	14.24	14.24	2013 -14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	33.53	33.53	2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.01	0.01	2015 -16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	125.60	13.28	2016 -17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1.97	2.01	2017 -18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	10.77	11.19	2018 -19	Commissioner of Income Tax (Appeals)
Andhra Pradesh VAT	Value Added Tax	1.24	1.24	April 2008 - October 2013	Andhra Pradesh High Court
Madhya Pradesh VAT	Value Added Tax	0.01	~	2013-14	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh VAT	Value Added Tax	0.02	0.01	2014-15	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh VAT	Value Added Tax	0.03	0.02	2015-16	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh VAT	Value Added Tax	0.03	0.03	2016-17	Appellate Authority of Commercial Taxes, Bhopal
Maharashtra VAT	Value Added Tax	5.24	0.87	2010-11	Maharashtra Sales Tax Tribunal
Maharashtra VAT	Value Added Tax	3.54	0.45	2011-12	Dy Comm. of Sales Tax (Appeal)
Maharashtra VAT	Value Added Tax	7.47	1.02	2012-13	Dy Comm. of Sales Tax (Appeal)
Maharashtra VAT	Value Added Tax	9.93	1.79	2013-14	Dy Comm. of Sales Tax (Appeal)
Maharashtra VAT	Value Added Tax	8.94	1.77	2014-15	Dy Comm. of Sales Tax (Appeal)
Maharashtra VAT	Value Added Tax	8.38	2.05	2015-16	Dy Comm. of Sales Tax (Appeal)
Rajasthan VAT	Value Added Tax	0.82	-	2007-2013	Supreme Court
Rajasthan VAT	Value Added Tax	0.15	-	2007-2013	Supreme Court
Rajasthan VAT	Value Added Tax	0.16	-	2013-14	Supreme Court
Rajasthan VAT	Value Added Tax	0.03	-	2014-15	Supreme Court
Maharashtra - Service Tax	Service Tax	83.56	81.88	2008-2015	CESTAT, Mumbai
Income Tax Act, 1961	Income Tax	4.33	2.05	2002-03	Commissioner of Income Tax (Appeals)

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the Standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies. Accordingly, paragraph 3 (ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has not made preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year under review and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no material fraud on the Company and no fraud by the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year by the Statutory Auditors and upto the date of this report.

(c) We have taken into consideration, the whistle blower complaints received by the Company during the year and provided to us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements, etc., as required by the applicable accounting standards.

(xiv) (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business. The Company needs to enhance the coverage / scope of the internal audit in certain areas.

(b) We have taken into consideration, the reports of the Internal Auditors received by the Company during the year and provided to us while determining the nature, timing and extent of audit procedures.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

(b) The Company has conducted the Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. The Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.

(c) The Company is not a Core Investment Company (CIC) and hence reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group (as defined under Master Direction DNBR. PD.008/03.10.119/2016-17 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) has more than one CIC as part of the group. There are 6 CIC forming part of the group.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xviii) During the year, consequent to the issuance of the Circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021, by the RBI, the predecessor auditors resigned as they had completed three continuous years as statutory auditors of the Company. The predecessor statutory auditors have confirmed to us that they were not aware of reasons as to why we should not accept the statutory audit of the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx)(a) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.

For **Mukund M. Chitale & Co.**
Chartered Accountants
(Firm's Registration No. 106655W)

M. M. Chitale
Partner
(Membership No. 14054)
(UDIN: 22014054AJOWIR2824)

Place: Mumbai
Date: 2nd May, 2022

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 22046930AIGOOW2317)

Place: Mumbai
Date: 2nd May, 2022

Standalone Balance Sheet

as at 31st March, 2022

Rs. in crores

Particulars	Note	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	327.87	570.58
b) Bank balance other than (a) above	4	3,822.82	2,751.47
c) Derivative financial instruments	5	26.63	25.72
d) Receivables			
- Trade receivables	6	9.09	8.40
e) Loans	7	60,444.64	59,947.42
f) Investments	8	8,440.27	11,705.35
g) Other financial assets	9	223.13	363.54
		73,294.45	**75,372.48**
Non-financial Assets			
a) Current tax assets (Net)		562.89	401.65
b) Deferred tax assets (Net)	10 (i)	836.42	862.36
c) Property, plant and equipment	11	383.10	311.49
d) Capital work-in-progress	12	-	10.34
e) Other Intangible assets	12	9.77	18.63
f) Other non-financial assets	13	202.10	59.50
		1,994.28	**1,663.97**
Total Assets		**75,288.73**	**77,036.45**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Derivative financial instruments	14	182.22	173.18
b) Payables	15		
I) Trade payables			
i) total outstanding dues of micro enterprises and small enterprises		-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		954.88	596.35
II) Other payables			
i) total outstanding dues of micro enterprises and small enterprises		3.53	0.01
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		46.87	46.73
c) Debt securities	16	18,252.71	16,834.57
d) Borrowings (Other than debt securities)	17	26,005.17	29,142.08
e) Deposits	18	8,426.19	9,450.66
f) Subordinated liabilities	19	3,129.85	3,149.37
g) Other financial liabilities	20	2,316.17	2,604.26
		59,317.59	**61,997.21**
Non-Financial Liabilities			
a) Current tax liabilities (net)		13.92	13.92
b) Provisions	21	221.35	214.91
c) Other non-financial liabilities	22	107.78	98.90
		343.05	**327.73**
EQUITY	23		
a) Equity share capital		246.60	246.40
b) Other equity		15,381.49	14,465.11
		15,628.09	**14,711.51**
Total Liabilities and Equity		**75,288.73**	**77,036.45**
The accompanying notes form an integral part of the Standalone financial statements.	1 to 64		

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 117365W

Rupen K. Bhatt
Partner
Membership No: 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No: 106655W

M. M. Chitale
Partner
Membership No: 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Standalone Statement of Profit and Loss

for the year ended 31st March, 2022

Rs. in crores

Particulars	Note	Year ended 31st March, 2022	Year ended 31st March, 2021
Revenue from operations			
i) Interest income	24	9,475.61	10,266.95
ii) Dividend income		-	0.02
iii) Rental income		26.31	17.11
iv) Fees and commission income	25	105.29	70.73
v) Net gain on fair value changes	26	50.76	101.30
I Total revenue from operations		**9,657.97**	**10,456.11**
II Other income	27	60.83	60.70
III Total income (I+II)		**9,718.80**	**10,516.81**
Expenses			
i) Finance costs	28	3,920.18	4,733.19
ii) Fees and commission expense		44.91	31.14
iii) Impairment on financial instruments	29	2,368.30	3,734.82
iv) Employee benefits expenses	30	1,171.40	1,015.23
v) Depreciation, amortisation and impairment	31	126.83	125.88
vi) Others expenses	32	730.27	460.22
IV Total expenses		**8,361.89**	**10,100.48**
V Profit before exceptional items and tax (III-IV)		**1,356.91**	**416.33**
VI Exceptional items	33	-	6.10
VII Profit before tax (V+VI)		1,356.91	422.43
VIII Tax expense :	10 (ii)		
(i) Current tax		348.16	434.80
(ii) Deferred tax		20.00	(347.52)
		368.16	**87.28**
IX Profit for the year (VII-VIII)		**988.75**	**335.15**
X Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) on defined benefit plans		(3.10)	(2.82)
- Net gain / (loss) on equity instruments through OCI		26.01	(4.56)
(ii) Income tax relating to items that will not be reclassified to profit or loss	10 (iii)	(5.77)	1.86
Subtotal (A)		**17.14**	**(5.52)**
(B) (i) Items that will be reclassified to profit or loss			
- Net gain / (loss) on debt instruments through OCI		0.70	(92.82)
(ii) Income tax relating to items that will be reclassified to profit or loss	10 (iii)	(0.18)	23.36
Subtotal (B)		**0.52**	**(69.46)**
Other Comprehensive Income (A+B)		17.67	(74.98)
XI Total Comprehensive Income for the year (IX+X)		**1,006.42**	**260.17**
XII Earnings per equity share (face value Rs. 2/- per equity share)	34		
Basic (Rupees)		8.02	3.03
Diluted (Rupees)		8.01	3.02
The accompanying notes form an integral part of the Standalone financial statements.	1 to 64		

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 117365W

Rupen K. Bhatt
Partner
Membership No: 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No: 106655W

M. M. Chitale
Partner
Membership No: 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Statement of Changes in Equity

as at 31st March, 2022

A. Equity share capital

Rs. in crores

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2020	123.07
Changes due to prior period errors	-
Restated balance as at 1 April 2020	123.07
Changes during the year:	
Add: Fresh allotment of shares through Rights Issue during the year (refer note 39)	123.55
Less: Allotment of shares to ESOP Trust through Rights Issue during the year	(0.40)
Add : Allotment of shares by ESOS Trust to employees on exercise of options (refer note 36)	0.18
Balance as at 31st March, 2021	**246.40**
Balance as at 1 April 2021	246.40
Changes due to prior period errors	-
Restated balance as at 1 April 2021	246.40
Changes during the year:	
Add: Allotment of shares by ESOS Trust to employees on exercise of options (refer note 36)	0.20
Balance as at 31st March, 2022	**246.60**

B. Other Equity

Rs. in crores

Particulars	Reserves and Surplus								
	Statutory reserve as per Section 45-IC of the RBI Act, 1934	Capital redemption reserve	Securities premium	General reserve	Employee stock options outstanding	Retained earnings	Debt instruments through OCI (Refer note 35)	Equity instruments through OCI (Refer note 35)	Total
Balance as at 1 April 2020	1,867.35	50.00	4,167.15	797.27	48.62	4,293.64	11.64	5.12	11,240.79
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2020	1,867.35	50.00	4,167.15	797.27	48.62	4,293.64	11.64	5.12	11,240.79
Profit/(loss) for the year						335.15			335.15
Other Comprehensive Income / (loss)						(2.39)	(69.46)	(3.13)	(74.98)
Total Comprehensive Income for the year	-	-	-	-	-	**332.76**	**(69.46)**	**(3.13)**	**260.17**
Securities premium on fresh issue of equity share capital (refer note 39)			2,965.27						2,965.27
Expenses incurred in respect of issue of equity shares (refer note 39)	-	-	(8.54)	-	-	-	-	-	(8.54)
Transfers to Securities premium on exercise of employee stock options	-	-	21.68	-	(21.68)	-	-	-	-
Securities premium on shares allotted to ESOP Trust through Rights Issue	-	-	(9.91)	-	-	-	-	-	(9.91)
Securities premium on transfer of ESOP Shares to employees	-	-	1.23	-	-	-	-	-	1.23
Employee stock options expired	-	-	-	0.02	(0.02)	-	-	-	-

Statement of Changes in Equity

as at 31st March, 2022

Rs. in crores

Particulars	Reserves and Surplus								
	Statutory reserve as per Section 45-IC of the RBI Act, 1934	Capital redemption reserve	Securities premium	General reserve	Employee stock options outstanding	Retained earnings	Debt instruments through OCI (Refer note 35)	Equity instruments through OCI (Refer note 35)	Total
Share based payment expense	-	-	-	-	15.84	-	-	-	15.84
Transfers to Statutory reserves	68.00	-	-	-	-	(68.00)	-	-	-
Others			0.26						0.26
Balance as at 31st March, 2021	**1,935.35**	**50.00**	**7,137.14**	**797.29**	**42.76**	**4,558.40**	**(57.82)**	**1.99**	**14,465.11**
Balance as at 1 April 2021	1,935.35	50.00	7,137.14	797.29	42.76	4,558.40	(57.82)	1.99	14,465.11
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2021	**1,935.35**	**50.00**	**7,137.14**	**797.29**	**42.76**	**4,558.40**	**(57.82)**	**1.99**	**14,465.11**
Profit/(loss) for the year	-	-	-	-	-	988.75	-	-	988.75
Other Comprehensive Income / (loss)	-	-	-	-	-	(2.32)	0.52	19.47	17.67
Total Comprehensive Income for the year	-	-	-	-	-	**986.43**	**0.52**	**19.47**	**1,006.42**
Dividend paid on equity shares (including tax thereon)	-	-	-	-	-	(98.84)	-	-	(98.84)
Transfers to Securities premium on exercise of employee stock options	-	-	17.85	-	(17.85)	-	-	-	-
Securities premium on transfer of ESOP Shares to employees	-	-	2.30	-	-	-	-	-	2.30
Employee stock options expired	-	-	-	0.12	(0.12)	-	-	-	-
Share based payment expense	-	-	-	-	6.50	-	-	-	6.50
Transfers to Statutory reserves	198.00	-	-	-	-	(198.00)	-	-	-
Balance as at 31st March, 2022	**2,133.35**	**50.00**	**7,157.29**	**797.41**	**31.29**	**5,247.99**	**(57.30)**	**21.46**	**15,381.49**

The accompanying notes 1 to 64 form an integral part of the Standalone financial statements.

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 117365W

Rupen K. Bhatt
Partner
Membership No: 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No: 106655W

M. M. Chitale
Partner
Membership No: 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Statement of Standalone cash flows

for the year ended 31st March, 2022

Rs. in crores

	Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items and taxes	1,356.91	416.33
	Adjustments for:		
	Depreciation, amortisation and impairment	126.83	125.88
	Impairment on financial instruments (excluding bad debts and write offs)	(144.77)	1,564.12
	Bad debts and write offs	2,513.07	2,170.70
	Interest expense	3,866.50	4,481.64
	Interest income from loans	(8,909.59)	(9,843.07)
	Interest income from other deposits with banks	(181.36)	(159.56)
	Net (Gain) / loss on fair value of derivative financial instruments	7.99	201.20
	Unrealised foreign exchange gain/loss	(90.38)	(124.74)
	Share based payments to employees	9.20	15.99
	Net gain on fair value changes	(11.70)	(9.20)
	Interest income on investments	(384.66)	(264.32)
	Dividend income	(2.47)	(0.02)
	Net gain on derecognition of property, plant and equipment	(1.27)	(0.41)
	Net (gain) / loss on sale of investments	64.80	(92.21)
	Operating profit / (loss) before working capital changes	**(1,780.90)**	**(1,517.67)**
	Adjustments for changes in working capital -		
	Loans	(4,610.88)	(197.71)
	Trade receivables	(0.43)	(2.32)
	Other financial assets	(8.92)	(37.16)
	Other financial liabilities	125.09	(9.47)
	Other non-financial assets	(11.08)	(5.65)
	Trade Payables	362.19	7.35
	Other non-financial liabilities	8.88	1.12
	Derivative financial instruments	0.14	(0.97)
	Provisions	4.35	68.82
	Cash generated from / (used in) operations before adjustments for interest received and interest paid	**(5,911.56)**	**(1,693.66)**
	Interest paid	(4,234.25)	(4,177.57)
	Interest received from loans	10,654.89	11,353.61
	Cash generated from / (used in) operations	**509.08**	**5,482.38**
	Income taxes paid (net of refunds)	(509.40)	(596.49)
	NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)	**(0.32)**	**4,885.89**
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	(275.45)	(43.79)
	Proceeds from sale of Property, plant and equipment	5.26	3.66
	Purchase of investments measured at amortised cost	(223.76)	(338.96)
	Proceeds from sale of investments measured at amortised cost	77.44	168.13
	(Increase) / decrease in Investment in Triparty Repo Dealing System (TREPS) (net)	2,404.00	(2,404.00)
	Purchase of investments measured at FVOCI	(17.75)	(4,547.94)
	Proceeds from sale of investments measured at FVOCI	39.06	-
	Purchase of investments measured at FVTPL	(9,939.03)	(31,839.71)
	Proceeds from sale of investments measured at FVTPL	10,941.90	33,256.50
	Purchase of investments measured at cost	(33.99)	(0.01)
	Consideration received on partial disposal of subsidiary, net of cash (loss of control)	-	20.80
	Proceeds from / (Investments in) term deposits with banks (net)	(871.82)	(1,845.96)

Statement of Standalone cash flows

for the year ended 31st March, 2022

Rs. in crores

	Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
	Dividend income received	2.47	0.02
	Interest received from other deposits with banks	128.74	130.75
	Interest income received on investments measured at amortised cost, FVOCI, FVTPL and at cost	375.78	188.58
	Change in Earmarked balances with banks	0.02	0.09
	NET CASH GENERATED FROM / (USED IN) IN INVESTING ACTIVITIES (B)	**2,612.88**	**(7,251.84)**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of Equity shares, including securities premium (net of issue expenses)	-	3,080.28
	Proceeds from borrowings through Debt Securities	6,425.50	6,415.90
	Repayment of borrowings through Debt Securities	(5,019.80)	(7,317.15)
	Proceeds from Borrowings (Other than Debt Securities)	39,444.31	14,257.41
	Repayment of Borrowings (Other than Debt Securities)	(42,505.96)	(14,485.57)
	Proceeds from borrowings through Subordinated Liabilities	132.91	-
	Repayment of borrowings through Subordinated Liabilities	(155.16)	(272.98)
	Increase / (decrease) in Public deposits (net)	(1,034.09)	626.99
	Payments for principal portion of lease liability	(44.14)	(45.14)
	Dividend paid	(98.84)	-
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**(2,855.27)**	**2,259.74**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(242.71)**	**(106.21)**
	CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	570.58	676.79
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	327.87	570.58
	Components of Cash and Cash Equivalents		
	Cash and cash equivalents at the end of the year		
	- Cash on hand	40.58	42.29
	- Cheques and drafts on hand	36.30	33.12
	- Balances with banks in current accounts	250.99	445.17
	- Term deposits with original maturity up to 3 months	-	50.00
	Total	**327.87**	**570.58**

Note :

The above Statement of Standalone Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

Purchase of Property, plant and equipment and intangible assets represents additions to Property, plant and equipment and intangible assets adjusted for movement of capital-work-in-progress during the year.

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 117365W

Rupen K. Bhatt
Partner
Membership No: 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No: 106655W

M. M. Chitale
Partner
Membership No: 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai. The Company is a Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The equity shares of the Company are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai 400001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions/ expectations issued by RBI or other regulators are implemented as and when they are issued/ applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These standalone or separate financial statements have been approved by the Company's Board of Directors and authorised for issue on 2nd May, 2022.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest crores, unless indicated otherwise.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Use of estimates and judgements and Estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based on its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

i) Effective Interest Rate (EIR) Method

The Company recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

ii) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 51).

iii) Provisions and other contingent liabilities

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

iv) Provision for income tax and deferred tax assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recoverd for uncertain tax positions. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

v) Defined Benefit Plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

vi) Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario:

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, though the pandemic's spread remains curtailed by the roll out of vaccines through out the world. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the past variants of the virus. Economic forecasts are still subject to a varied degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgement in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement is moderately low during financial year due to the curtailed impact of the pandemic spread, including significant judgements relating to:

- the selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

over which the economic effects of the pandemic will occur, the speed and shape of spread and recovery. The main factors include the effectiveness of pandemic containment measures, effectiveness of vaccines, and the emergence of new variants of the virus, plus a range of geopolitical uncertainties, which together may represent a high degree of estimation uncertainty, particularly in assessing worst case scenario;

- estimating the economic effects on the scenarios on ECL, though the historical trends now include a little history post the outbreak of the pandemic that can be reflected in the models to represent the effects of the economic changes of the severity and speed brought about by the COVID-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
- the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues given muted default experience to date.

Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, are continuously discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs. While the use of judgemental overlays and post-model adjustments should ideally be limited, their extensive use was deemed appropriate during the financial year, and might likely to continue to be required in future reporting periods.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March, 2022 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

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

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 51).

vii) Going Concern

COVID–19 has an adverse impact on the functioning of the financial sector companies, notwithstanding this, the financial statements of the Company are prepared on a going concern basis.

Management is of the view that it is considered appropriate to prepare these financial statements on a going concern basis as the Company expects to generate sufficient cash flows from operating activities and unused lines of credit to meet its obligations in the foreseeable future (refer note 51 and note 51.3)

2.6 Revenue recognition :

a) Recognition of interest income on loans

Interest income is recognised in Statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest

income. The adjustment is subsequently amortised through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

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

b) Recognition of interest income on securitised loans

The Company securitises certain pools of loan receivables in accordance with applicable RBI guidelines. The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the recognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitisation transactions" and the loan receivables securitised are continued to be reflected as loan assets. These loan assets are carried at amortised cost and the interest income is recognised by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

c) Subvention income

Subvention income received from manufacturer / dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognised in the Statement of profit and loss using the effective interest method over the tenor of such loan contracts measured at amortised cost. In case of subvention income which is subject to confirmation from manufacturer and received later than inception date is recognised in the Statement of profit and loss using straight line method over the tenor of such loan contracts.

d) Rental Income

Income from operating leases is recognised in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognised over and above minimum commitment charges based on usage pattern and make/ model of the asset.

e) Fee and commission income

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

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

f) Dividend and interest income on investments

- Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- Interest income from investments is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Cost of acquisition consists of purchase price or construction cost which is the amount paid & the fair value of any other consideration issued, if any, to acquire the asset.

Assets held for sale or disposals are stated at the lower of their carrying amount & fair value less costs to sell.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

In accordance with Ind AS 116 - Leases, the Right-Of-Use assets (Leasehold premises) are initially recognised at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Leasehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The estimated useful lives used for computation of depreciation are as follows:

Buildings	60 years
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 years and 10 years
Vehicles under lease	Over the lease term of the respective agreements
Right-Of-Use assets (Leasehold premises)	Over the lease term of the respective agreements

Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.

Vehicles provided to employees as part of Cost-To-Company (CTC) scheme are depreciated using estimated useful life of 4 years.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their carrying amount & fair value less costs to sell. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

2.8 Intangible assets :

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets comprises of computer software . The amortisation period is lower of license period or 36 months which is based on management's estimates of useful life. Amortisation is calculated using the straight line method to write down the cost of intangible assets over their amortisation period.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.9 Investments in subsidiaries, associate and joint ventures :

Investments in subsidiaries, associate and joint ventures are measured at cost less accumulated impairment, if any.

2.10 Foreign exchange transactions and translations :

a) Initial recognition

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

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.11 Financial instruments:

a) Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

b) Classification and Subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

Amortised cost -

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments that meet the SPPI criterion at amortised cost.

FVOCI - debt instruments -

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, and impairment provisions are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income at coupon rate and impairment provision, if any, are recognised in Statement of profit and loss. Net gains or losses on fair valuation are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

c) Financial liabilities and equity instruments:

Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

d) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

g) Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in Statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

h) Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information. (refer note 51).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macro economic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognised.

The Company recognises lifetime ECL for trade advances, lease and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when we modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Company's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided. Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

i) Collateral repossessed -

Based on operational requirements, the Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalisation at their fair market value.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

In the normal course of business, the Company does not physically repossess assets/properties in its loan portfolio, but engages external agents to repossess and recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the assets / properties under legal repossession processes are not separately recorded on the balance sheet.

j) **Write offs -**

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in the Statement of profit and loss.

2.12 Employee benefits:

a) **Short-term employee benefits**

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and these are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) **Contribution to provident fund, Superannuation fund, ESIC and National Pension Scheme -**

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India and the Company has no obligation to the scheme beyond its contributions.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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

c) **Gratuity -**

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

d) **Leave encashment / compensated absences / sick leave -**

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

e) **Employee stock options :**

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.13 Finance costs :

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilised, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.14 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

a) **Current tax :**

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) **Deferred tax :**

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off current tax assets against current tax liabilities & the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities on a net basis or simultaneously.

2.15 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium.

2.16 Impairment of assets other than financial assets :

The Company reviews the carrying amounts of its tangible (including assets given on operating lease) and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

2.17 Provisions :

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

2.18 Leases :

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises, certain IT equipments and general purpose office equipements used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

In the Balance Sheet, ROU assets have been included in Property, Plant and Equipment and Lease liabilities have been included in Other financial liabilities and the principal portion of lease payments have been classified as financing cash flows. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

Where the Company is the lessor -

At the inception of the lease, the Company classifies each of its leases as either a finance lease or an operating lease.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

In accordance with Ind AS 116, Leases, the financial information has been presented in the following manner.

a) ROU assets and lease liabilities have been included within the line items "Property, Plant and Equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortisation and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognised as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116 effective from 1 April 2019, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability.

The disclosures as required in accordance with Ind AS 116, Leases, are set out under note no. 42.

2.19 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.20 Earnings Per Share :

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

2.21 Dividend :

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.22 New standards or amendments to the existing standards and other pronouncements :

Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of Property, Plant and Equipments amounts

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any significant impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 3

Cash and cash equivalents

Rs. in crores

	31st March, 2022	31st March, 2021
Cash on hand	40.58	42.29
Cheques and drafts on hand	36.30	33.12
Balances with banks in current accounts	250.99	445.17
Term deposits with original maturity up to 3 months	-	50.00
	327.87	**570.58**

Note : 4

Bank balances other than cash and cash equivalents

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Earmarked balances with banks -		
- Unclaimed dividend accounts	0.58	0.60
Term deposits with maturity less than 12 months -		
- Free	3,241.13	2,100.34
- Under lien #	471.19	598.12
Interest accrued on Term deposits	109.92	52.41
	3,822.82	**2,751.47**

#Details of Term deposits - Under lien

Rs. in crores

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total
For Statutory Liquidity Ratio	135.00	100.00	235.00	100.00	200.00	300.00
For securitisation transactions	305.42	-	305.42	439.67	46.19	485.86
Legal deposits	0.21	-	0.21	0.21	-	0.21
For Constituent Subsidiary General Ledger (CSGL) account	30.00	-	30.00	30.00	-	30.00
Collateral deposits with banks for Aadhaar authentication and others & Rights Issue	0.56	1.00	1.56	28.24	1.00	29.24
Total	**471.19**	**101.00**	**572.19**	**598.12**	**247.19**	**845.31**

Note : 5

Derivative financial instruments

Rs. in crores

	31st March, 2022		31st March, 2021	
	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
Currency derivatives :				
Options	645.01	26.63	1,408.12	25.72
Total derivative financial instruments	**645.01**	**26.63**	**1,408.12**	**25.72**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 6

Receivables

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Trade receivables		
i) Secured, considered good :		
- Lease rental receivable on operating lease transactions	3.36	2.25
Less : Impairment loss allowance	(2.14)	(2.04)
	1.22	**0.21**
ii) Unsecured, considered good :		
- Subvention and other income receivables	7.87	8.19
iii) Credit impaired :		
- Trade receivable on hire purchase transactions	-	3.73
- Subvention and other income receivables	4.37	1.00
	4.37	**4.73**
Less : Impairment loss allowance	(4.37)	(4.73)
	-	-
	9.09	**8.40**

There is no due by Directors or other officers of the company or any firm or private company in which any Director is a partner, a Director or a member.

Trade Receivables ageing schedule

As at 31st March, 2022

Rs. in crores

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed Trade receivables –						
– considered good	8.87	-	-	-	-	8.87
– which have significant increase in credit risk	0.27	-	-	-	-	0.27
– credit impaired	1.24	4.63	0.45	-	0.14	6.46
ii) Disputed Trade Receivables –						
– considered good	-	-	-	-	-	-
– which have significant increase in credit risk	-	-	-	-	-	-
– credit impaired	-	-	-	-	-	-
Total	**10.38**	**4.63**	**0.45**	**-**	**0.14**	**15.60**

There is neither an instance where due date is not specified nor unbilled due.

As at 31st March, 2021

Rs. in crores

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed Trade receivables –						
– considered good	8.16	-	-	-	-	8.16
– which have significant increase in credit risk	0.11	-	-	-	-	0.11
– credit impaired	0.01	3.02	-	-	3.87	6.90
ii) Disputed Trade Receivables –						
– considered good	-	-	-	-	-	-
– which have significant increase in credit risk	-	-	-	-	-	-
– credit impaired	-	-	-	-	-	-
Total	**8.28**	**3.02**	**-**	**-**	**3.87**	**15.17**

There is neither an instance where due date is not specified nor unbilled due.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 7

Loans

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
A) Loans (at amortised cost) :		
Term loans :		
- Retail loans	60,970.46	61,638.86
- Small and Medium Enterprise (SME) financing	1,196.15	1,014.73
Bills of exchange	944.33	743.10
Trade advances	1,807.42	1,194.98
Inter corporate deposits to related parties	-	1.00
Finance lease	26.82	-
Total (Gross)	**64,945.18**	**64,592.67**
Less : Impairment loss allowance	(4,500.54)	(4,645.25)
Total (Net)	**60,444.64**	**59,947.42**
B) i) Secured by tangible assets	61,088.34	61,715.64
ii) Secured by intangible assets	-	-
iii) Covered by bank / Government guarantees	493.49	526.57
iv) Unsecured	3,363.35	2,350.46
Total (Gross)	**64,945.18**	**64,592.67**
Less : Impairment loss allowance	(4,500.54)	(4,645.25)
Total (Net)	**60,444.64**	**59,947.42**
C) i) Loans in India		
a) Public Sector	-	-
b) Others	64,945.18	64,592.67
Total (Gross)	**64,945.18**	**64,592.67**
Less : Impairment loss allowance	(4,500.54)	(4,645.25)
Total (Net) - C (i)	**60,444.64**	**59,947.42**
ii) Loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (Net) - C (ii)	**-**	**-**
Total (Net) - C (i+ii)	**60,444.64**	**59,947.42**

Notes:

- There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.
- Refer note no. 51 for information related to stage-wise classification of loan assets and ECL movement.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 8

Investments

Rs. in crores

Investments	31st March, 2022 Amortised cost	31st March, 2022 At Fair Value Through OCI	31st March, 2022 At Fair Value Through profit or loss	31st March, 2022 At Fair Value Sub-total	31st March, 2022 Others (at cost)	31st March, 2022 Total	31st March, 2021 Amortised cost	31st March, 2021 At Fair Value Through OCI	31st March, 2021 At Fair Value Through profit or loss	31st March, 2021 At Fair Value Sub-total	31st March, 2021 Others (at cost)	31st March, 2021 Total
Units of mutual funds	-	-	834.47	834.47	-	834.47	-	-	1,667.18	1,667.18	-	1,667.18
Government securities #	1,305.64	4,402.39		4,402.39		5,708.03	1,287.78	4,448.73	-	4,448.73	-	5,736.51
Debt securities -												
i) Investments in Pass Through Certificates under securitisation transactions	177.52	-	-	-	-	177.52	47.44	-	-	-	-	47.44
ii) Commercial Papers	-	-	-	-	-	-	-	-	197.67	197.67	-	197.67
iii) Investment in Bonds #	26.10	260.45		260.45	-	286.55	26.22	262.15		262.15		288.37
iv) Investment in Triparty Repo Dealing System (TREPS)	-	-	-	-	-	-	2,404.00	-	-	-	-	2,404.00
v) Non-Convertible Debentures of Jyoti Structures Limited (Assets acquired in satisfaction of debt)	-	1.59	-	1.59	-	1.59	-	-	-	-	-	-
Equity instruments -												
i) 'Equity investment in Smartshift Logistics Solutions Private Limited	-	35.24	-	35.24	-	35.24	-	13.61	-	13.61	-	13.61
ii) 'New Democratic Electoral Trust	-	-	-	-	0.02	0.02	-	-	-	-	0.02	0.02
iii) Equity shares of Jyoti Structures Limited (Assets acquired in satisfaction of debt)	-	-	0.24	0.24	-	0.24	-	-	-	-	-	-
Subsidiaries -												
i) Mahindra Insurance Brokers Limited (82,47,424 equity shares of face value of Rs. 10/- each)	-	-	-	-	0.45	0.45	-	-	-	-	0.45	0.45
ii) Mahindra Rural Housing Finance Limited (12,09,52,678 equity shares of face value of Rs. 10/- each)	-	-	-	-	799.30	799.30	-	-	-	-	799.30	799.30
iii) Mahindra Finance CSR Foundation (1,000 equity shares of face value of Rs. 10/- each)	-	-	-	-	-	-	-	-	-	-	-	-
iv Mahindra Ideal Finance Limited, Sri Lanka (58.20% of equity share capital)	-	-	-	-	77.97	77.97	-	-	-	-	-	-
Associates -												
49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC. in United States of America)	-	-	-	-	210.55	210.55	-	-	-	-	210.55	210.55

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Investments

Rs. in crores

Investments	31st March, 2022 Amortised cost	31st March, 2022 At Fair Value Through OCI	31st March, 2022 At Fair Value Through profit or loss	31st March, 2022 At Fair Value Sub-total	31st March, 2022 Others (at cost)	31st March, 2022 Total	31st March, 2021 Amortised cost	31st March, 2021 At Fair Value Through OCI	31st March, 2021 At Fair Value Through profit or loss	31st March, 2021 At Fair Value Sub-total	31st March, 2021 Others (at cost)	31st March, 2021 Total
Joint Venture -												
i) 38.20% Ownership in Ideal Finance Limited, Sri Lanka (Joint venture entity with Ideal Finance Limited in Sri Lanka)	-	-	-	-	-	-	-	-	-	-	44.00	44.00
ii) Mahindra Manulife Investment Management Private Ltd. (51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife)) (19,53,00,000 equity shares of face value of Rs. 10/- each)	-	-	-	-	195.30	195.30	-	-	-	-	195.30	195.30
iii) Mahindra Manulife Trustee Private Ltd (51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife)) (5,00,000 equity shares of face value of Rs. 10/- each)	-	-	-	-	0.50	0.50	-	-	-	-	0.50	0.50
Others -												
i) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited	-	7.15	-	7.15	-	7.15		2.76		2.76	-	2.76
ii) Interest accrued on Government securities	22.42	77.64	-	77.64	-	100.06	21.57	70.34	-	70.34	-	91.91
iii) Interest accrued on Bonds	0.06	6.80	-	6.80	-	6.86	0.05	5.95	-	5.95	-	6.00
iv) Interest accrued on Pass Through Certificates under securitisation transactions	0.08	-	-	-	-	0.08	0.19	-	-	-	-	0.19
Total - Gross (A)	**1,531.82**	**4,791.26**	**834.71**	**5,625.97**	**1,284.09**	**8,441.88**	**3,787.25**	**4,803.54**	**1,864.85**	**6,668.39**	**1,250.12**	**11,705.76**
i) Investments outside India	-	-	-	-	288.52	288.52	-	-	-	-	254.55	254.55
ii) Investments in India	1,531.82	4,791.26	834.71	5,625.97	995.57	8,153.36	3,787.25	4,803.54	1,864.85	6,668.39	995.57	11,451.21
Total - Gross (B)	**1,531.82**	**4,791.26**	**834.71**	**5,625.97**	**1,284.09**	**8,441.88**	**3,787.25**	**4,803.54**	**1,864.85**	**6,668.39**	**1,250.12**	**11,705.76**
Less : Allowance for Impairment loss (C)	1.61	-	-	-	-	1.61	0.41	-	-	-	-	0.41
Total - Net D (A-C)	**1,530.21**	**4,791.26**	**834.71**	**5,625.97**	**1,284.09**	**8,440.27**	**3,786.84**	**4,803.54**	**1,864.85**	**6,668.39**	**1,250.12**	**11,705.35**

The investments in Government securities for Rs. 1,305.64 crores (31st March, 2021: Rs. 1,287.78 crores) and investments in Bonds for Rs. 26.10 crores (31st March, 2021: Rs. 26.72 crores) as shown under Amortised cost category are Statutory Liquid Assets as required under section 45 - IB of the Reserve Bank of India Act, 1934, with a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent Trust.

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

Note : 9

Other financial assets

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Security Deposits	32.33	48.23
Term deposits with banks (remaining maturity more than 12 months):		
- Free	15.92	11.77
- Under lien (refer note 4)	101.00	247.19
Interest accrued on Term deposits	17.58	22.47
Others #	56.30	33.88
	223.13	**363.54**

includes receivables related to insurance claims and online payment aggregators.

Note : 10

Deferred tax assets (net) and Tax expense

Rs. in crores

Particulars	Balance as at 1 April 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31st March, 2021	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31st March, 2022
(i) Deferred tax assets (net)								
Tax effect of items constituting deferred tax liabilities :								
- Application of EIR on financial assets	(78.92)	2.65	-	-	(76.27)	(8.70)	-	(84.97)
- Application of EIR on financial liabilities	(22.18)	3.01	-	-	(19.17)	6.75	-	(12.42)
- Share based payments	(0.39)	-	-	-	(0.39)	-	-	(0.39)
- FVTPL financial asset	(8.37)	(2.34)	-	-	(10.71)	(2.97)	-	(13.68)
- Others #	(59.82)	(50.52)	-	-	(110.34)	(21.25)	-	(131.59)
	(169.68)	**(47.20)**	**-**	**-**	**(216.88)**	**(26.17)**	**-**	**(243.05)**
Tax effect of items constituting deferred tax assets :								
- Provision for employee benefits	17.36	0.86	-	0.71	18.93	(0.04)	0.78	19.67
- Derivatives	64.26	(31.47)	-	-	32.79	19.45	-	52.24
- Allowance for ECL	512.33	432.11	-	-	944.44	(102.84)	-	841.60
- Provision on standard assets	69.80	(6.89)	-	-	62.91	90.01	-	152.92
- Other provisions	(4.44)	0.11	-	24.51	20.18	(0.41)	(6.72)	13.05
	659.31	**394.72**	**-**	**25.22**	**1,079.25**	**6.17**	**(5.94)**	**1,079.48**
Net deferred tax assets	**489.63**	**347.52**	**-**	**25.22**	**862.36**	**(20.00)**	**(5.94)**	**836.42**

includes deferred tax on account of securitisation transactions, fair valuation of Govt. securities / bonds and timing differences arising on PPE.

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
(ii) Income tax recognised in Statement of profit and loss		
(a) Current tax:		
In respect of current year	321.90	450.30
In respect of prior years	26.26	(15.50)
	348.16	434.80
(b) Deferred tax:		
In respect of current year origination and reversal of temporary differences	28.99	(347.52)
In respect of prior years	(8.99)	-
	20.00	**(347.52)**
Total Income tax recognised in Statement of profit and loss	**368.16**	**87.28**

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
(iii) Income tax recognised in Other Comprehensive Income		
Deferred tax related to items recognised in Other Comprehensive Income during the year :		
Remeasurement of defined employee benefits	0.79	0.71
Net gain / (loss) on equity instruments through OCI	(6.55)	1.15
Net gain / (loss) on debt instruments through OCI	(0.18)	23.36
Total Income tax recognised in Other Comprehensive Income	**(5.94)**	**25.22**

Rs. in crores

	As at 31st March, 2022	As at 31st March, 2021
(iv) Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:		
Profit before tax	1,356.91	422.43
Applicable income tax rate	25.168%	25.168%
Expected income tax expense	341.51	106.32
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	(0.65)	(0.78)
Effect of expenses / provisions not deductible in determining taxable profit	8.57	9.37
Effect of changes in estimates related to prior years	1.39	(16.80)
Adjustment related to tax of prior years	17.27	(15.50)
Others	0.07	4.67
Reported income tax expense	368.16	87.28
Effective tax rate	**27.13%**	**20.66%**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 11

Property, plant and equipments

Rs. in crores

Particulars	Land (Freehold)	Buildings #	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machineries under lease	Right-Of-Use Assets (Leasehold premises)	Total
GROSS CARRYING AMOUNT										
Balance as at 1 April 2020	0.81	1.09	101.92	94.23	97.33	85.13	52.85	0.19	226.93	660.48
Additions during the year	-	-	4.75	1.14	1.50	4.04	24.42	-	50.11	85.96
Disposals / deductions during the year	-	-	3.81	2.38	11.65	5.16	3.12	-	4.53	30.65
Balance as at 31st March, 2021	**0.81**	**1.09**	**102.86**	**92.99**	**87.18**	**84.01**	**74.15**	**0.19**	**272.51**	**715.79**
Balance as at 1 April 2021	0.81	1.09	102.86	92.99	87.18	84.01	74.15	0.19	272.51	715.79
Additions during the year	-	-	40.97	2.63	8.86	22.68	76.14	-	46.24	197.52
Disposals / deductions during the year	-	-	15.47	3.97	15.68	14.25	3.14	-	52.76	105.27
Balance as at 31st March, 2022	**0.81**	**1.09**	**128.36**	**91.65**	**80.36**	**92.44**	**147.15**	**0.19**	**265.99**	**808.04**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as at 1 April 2020	-	0.29	78.56	65.78	74.91	51.12	4.84	-	47.04	322.53
Additions during the year	-	0.02	12.86	7.10	9.32	13.59	9.85	0.02	52.73	105.49
Disposals / deductions during the year	-	-	3.80	2.10	11.59	4.64	0.74	-	0.85	23.72
Balance as at 31st March, 2021	-	0.31	87.62	70.78	72.64	60.07	13.95	0.02	98.92	404.30
Balance as at 1 April 2021	-	**0.31**	**87.62**	**70.78**	**72.64**	**60.07**	**13.95**	**0.02**	**98.92**	**404.30**
Additions during the year	-	0.02	14.99	5.46	7.89	13.47	25.57	0.11	47.47	114.98
Disposals / deductions during the year	-	-	15.41	3.83	15.49	13.19	0.59	-	45.83	94.34
Balance as at 31st March, 2022	-	0.33	87.20	72.41	65.04	60.35	38.92	0.13	100.56	424.94
NET CARRYING AMOUNT										
As at 31st March, 2021	**0.81**	**0.78**	**15.24**	**22.21**	**14.54**	**23.94**	**60.20**	**0.17**	**173.59**	**311.49**
As at 31st March, 2022	**0.81**	**0.76**	**41.16**	**19.24**	**15.32**	**32.09**	**108.23**	**0.06**	**165.43**	**383.10**

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

There is no immovable property where title deed of such immovable property is not held in name of the Company or jointly held with others.

The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 12

12 Other Intangible assets

Rs. in crores

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2020	86.25
Additions during the year	**13.48**
Deductions during the year	-
Balance as at at 31st March, 2021	99.73
Balance as at 1 April 2021	99.73
Additions during the year	2.99
Deductions during the year	-
Balance as at 31st March, 2022	102.72
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2020	60.70
Additions during the year	20.40
Deductions during the year	-
Balance as at at 31st March, 2021	81.10
Balance as at 1 April 2021	81.10
Additions during the year	11.85
Deductions during the year	-
Balance as at 31st March, 2022	92.95
NET CARRYING AMOUNT	
As at 31st March, 2021	**18.63**
As at 31st March, 2022	**9.77**

The Company has not revalued its Intangible Assets.

Capital-Work-in Progress (CWIP) Ageing schedule:

As at 31st March, 2022: Nil

As at 31st March, 2021

CWIP	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	10.34	-	-	-	10.34
Projects temporarily suspended	-	-	-	-	-
Total	**10.34**	**-**	**-**	**-**	**10.34**

There is no CWIP / Intangible assets under development whose completion is overdue / exceeded cost.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 13

Other non-financial assets

Rs. in crores

	31st March, 2022	31st March, 2021
Capital advances	132.89	1.37
Prepaid expenses	51.45	31.37
Unamortised placement and arrangement fees paid on borrowing instruments	1.00	2.60
Insurance advances	2.01	1.81
Other advances	14.75	22.35
	202.10	**59.50**

Note : 14

Derivative financial instruments

Rs. in crores

	31st March, 2022		31st March, 2021	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency / interest rate derivatives : (refer note 55 (III)				
Forward contracts	549.99	36.03	763.99	55.24
Options	1,600.19	146.19	2,067.86	117.94
Total derivative financial instruments	**2,150.18**	**182.22**	**2,831.85**	**173.18**

Note : 15

Payables

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	954.88	596.35
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	3.53	0.01
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	46.87	46.73
	1,005.28	**643.09**

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
a) Dues remaining unpaid to any supplier at the year end		
Principal	3.53	0.01
Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
Principal paid beyond the appointed date	-	-
Interest paid in terms of Section 16 of the MSMED Act		
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
	3.53	**0.01**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Trade Payables ageing schedule

As at 31st March, 2022

Rs. in crores

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	3.53	-	-	-	3.53
ii) Others	890.49	22.34	28.43	60.49	1,001.75
Total	**894.02**	**22.34**	**28.43**	**60.49**	**1,005.28**
Disputed dues –					
– MSME	-	-	-	-	-
– Others	-	-	-	0.59	0.59

There is neither an instance where due date is not specified nor there is any unbilled due.

As at 31st March, 2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	0.01	0.00	-	-	0.01
ii) Others	536.72	46.45	31.32	28.58	643.08
Total	**536.73**	**46.45**	**31.32**	**28.58**	**643.09**
Disputed dues –					
– MSME	-	-	-	-	-
– Others	-	-	-	**0.59**	**0.59**

There is neither an instance where due date is not specified nor there is any unbilled due.

Note : 16

Debt Securities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At Amortised cost		
Non-convertible debentures (Secured)	16,610.55	15,393.64
Non-convertible debentures (Unsecured)	795.82	596.66
Commercial Papers (Unsecured)	496.56	494.52
Rupee Denominated Secured Bonds overseas (Masala Bonds)	349.78	349.75
Total (A+B)	**18,252.71**	**16,834.57**
Debt securities in India	17,902.93	16,484.82
Debt securities outside India	349.78	349.75
Total	**18,252.71**	**16,834.57**

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

The Secured Non-convertible debentures are secured by pari-passu charges on Buildings (forming part of PPE) and exclusive charges on receivables under loan contracts having carrying value of Rs 21,093.21 crores (March 2021: Rs 18,193.98 crores).

There are no redeemed bonds/debentures which the Company has power to reissue.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Details of Non-convertible debentures (Secured) :

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate Range	Amount	Interest Rate Range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	4.80%-8.95%	3,677.90	4.54%-9.49%	3,069.80
Maturing between 1 year to 3 years	4.93%-8.95%	6,383.00	4.80%-8.95%	6,280.90
Maturing between 3 years to 5 years	6.25%-9.00%	1,565.00	7.45%-9.00%	2,195.00
Maturing beyond 5 years	7.75%-8.48%	2,978.00	7.75%-8.48%	2,077.50
Sub-total at face value		**14,603.90**		**13,623.20**
Repayable in Half yearly installments :				
Maturing between 1 year to 3 years	6.35%	56.25		
Maturing between 3 years to 5 years	6.35%	168.75		
Sub-total at face value		225.00		
Total at face value (A)		**14,828.90**		
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing within 1 year	9.00%-9.05%	405.41		
Maturing between 1 year to 3 years	9.10%-9.15%	535.56	9.00%-9.15%	940.97
Maturing between 3 years to 5 years	9.20%-9.30%	869.15		-
Maturing beyond 5 years		-	9.20%-9.30%	869.15
Sub-total at face value (B)		**1,810.12**		**1,810.12**
Total at face value (A+B)		**16,639.02**		**15,433.32**
Less: Unamortised discounting charges		28.47		39.68
Total amortised cost		**16,610.55**		**15,393.64**

Details of Non-convertible debentures (Unsecured) :

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :				
Maturing beyond 5 years	8.53%	800.00	8.53%	600.00
Total at face value		**800.00**		**600.00**
Less: Unamortised discounting charges		4.18		3.34
Total amortised cost		**795.82**		**596.66**

Details of Commercial Papers (Unsecured):

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :				
Maturing within 1 year	4.70%	500.00	6.65%	500.00
Total at face value		**500.00**		**500.00**
Less: Unamortised discounting charges		3.44		5.48
Total amortised cost		**496.56**		**494.52**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rupee Denominated Secured Bonds overseas (Masala Bonds) :

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :				
Maturing between 1 year to 3 years	7.40%	350.00	7.40%	350.00
Total at face value		**350.00**		**350.00**
Less: Unamortised discounting charges		0.22		0.25
Total amortised cost		**349.78**		**349.75**

Note : 17

Borrowings (Other than Debt Securities)

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At Amortised cost		
a) Term loans		
i) Secured -		
- from banks	15,305.19	14,292.90
- External Commercial Borrowings	2,177.52	3,680.55
- Associated liabilities in respect of securitisation transactions	8,089.20	10,390.77
ii) Unsecured -		
- from banks	85.00	90.00
b) Loans from related parties		
Unsecured -		
- Inter-corporate deposits (ICDs)	348.26	687.86
Total (a+b)	**26,005.17**	**29,142.08**
Borrowings in India	23,827.65	25,461.53
Borrowings outside India	2,177.52	3,680.55
Total	**26,005.17**	**29,142.08**

Note: There is no borrowings measured at FVTPL or designated at FVTPL.

The secured term loans from banks and External Commercial Borrowings are secured by exclusive charges on receivables under loan contracts having carrying amount of Rs 21,830.92 crores (March 2021: Rs 20,996.82 crores).

The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

Details of term loans from banks (Secured) :

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	4.40%-6.95%	821.00	4.00%-7.25%	496.00
Maturing between 1 year to 3 years	5.25%-6.10%	1,100.00	4.94%-5.25%	875.00
Total for repayable on maturity		**1,921.00**		**1,371.00**
2 Repayable in installments :				
i) Quarterly -				
Maturing within 1 year	4.50%-7.35%	3,502.99	4.26%-7.40%	3,079.67
Maturing between 1 year to 3 years	4.50%-6.95%	3,768.70	4.15%-7.40%	3,116.07

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
Maturing between 3 years to 5 years	4.50%-5.80%	451.00		-
Sub-Total		**7,722.69**		**6,195.74**
ii) Half yearly -				
Maturing within 1 year	4.47%-10.50%	1,431.99	6.10%-10.50%	1,897.07
Maturing between 1 year to 3 years	4.47%-10.50%	3,063.58	4.75%-10.50%	2,989.83
Maturing beyond 3 years to 5 years	4.47%-4.90%	249.13	4.90%-7.60%	1,007.00
Sub-Total		**4,744.70**		**5,893.90**
iii) Yearly -				
Maturing within 1 year	5.40%-6.85%	380.00	6.70%-7.65%	366.67
Maturing between 1 year to 3 years	4.46%-6.00%	395.00	6.00%-6.85%	391.67
Maturing between 3 years to 5 years	4.46%-6.00%	141.67	6.00%	75.00
Sub-Total		**916.67**		**833.34**
Total for repayable in installments		13,384.06		12,922.97
Total (1+2) (As per contractual terms)		15,305.06		14,293.97
Less Unamortised Finance Cost		(0.13)		1.07
Total Amortised Cost		**15,305.19**		**14,292.90**

The rates mentioned above are the applicable rates as at the year end date linked to MCLR (Marginal Cost of funds based Lending Rate) and Treasury bills plus spread.

Disclosure of information related to borrowings from banks or financial institutions on the basis of security of current assets

The quarterly returns or statements comprising (book debt statements and other stipulated financial information) filed by the Company with such banks are in agreement with the books of account of the Company except for certain differences which has been duly reconciled and presented here below.

Summary of reconciliation

Rs. in crores

	Quarter ended June 2021	Quarter ended September 2021	Quarter ended December 2021	Quarter ended March 2022
Value as per quarterly returns / statements filed with Banks	2,739.54	2,739.48	2,739.57	2,739.50
Difference due to future interest considered in Book debt statements	(100.13)	(97.18)	(95.66)	(83.58)
Difference in Overdue balance due to credits not considered in returns	70.59	58.28	44.75	29.38
Ind AS adjustments related to Effective Interest Rate (EIR) / Amortised cost	4.07	4.53	5.03	5.29
Value as per Ind AS books of account	**2,714.07**	**2,705.11**	**2,693.69**	**2,690.59**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Details of External Commercial Borrowings (USD, Euro & JPY)

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
Maturing within 1 year	8.15%-8.36%	1,250.82	9.00%-9.37%	1,492.97
Maturing between 1 year to 3 years	6.61%-6.91%	721.87	6.91%-8.36%	1,544.63
Maturing beyond 3 years to 5 years	6.61%	211.58	6.61%	663.60
		2,184.27		**3,701.20**
Less Unamortised Finance Cost		6.75		20.65
		2,177.52		**3,680.55**

Details of associated liabilities related to Securitisation transactions

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
Maturing within 1 year	3.70%-8.10%	4,051.07	4.10% - 9.25%	4,788.55
Maturing between 1 year to 3 years	3.70%-8.10%	3,681.57	4.10% - 9.25%	5,206.12
Maturing between 3 years to 5 years	3.70%-4.76%	356.45	4.10% - 7.55%	396.10
Maturing beyond 5 years	4.76%	0.11		-
		8,089.20		**10,390.77**
Less Unamortised Finance Cost		-		-
		8,089.20		**10,390.77**

Details of Unsecured term loans from banks

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
Repayable on maturity :				
Maturing within 1 year	4.98%	85.00	4.00%	90.00
Total		**85.00**		**90.00**
Less Unamortised Finance Cost		-		-
Total Amortised Cost		**85.00**		**90.00**

Details of Loans from related parties (Unsecured) - Inter-corporate deposits (ICDs)

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
Repayable on maturity :				
Maturing within 1 year		-	3.00%-7.50%	687.86
Maturing between 1 year to 3 years	5.40%-6.25%	348.26		-
Total		**348.26**		**687.86**
Less Unamortised Finance Cost		-		-
Total Amortised Cost		**348.26**		**687.86**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 18

Deposits

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At amortised cost		
Deposits (Unsecured)		
- Public deposits *	8,426.19	9,450.66
Total	**8,426.19**	**9,450.66**

Note: There is no deposits measured at FVTPL or designated at FVTPL.

*as defined in chapter II, para 3 (xiii) of Master directions - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank)

Directions, 2016 as issued by RBI.

There are no amounts that are due and remain unpaid to Investor Education and Protection Fund as at the close of the year.

Details of Deposits (Unsecured) - Public deposits

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
Repayable on maturity :				
Maturing within 1 year	4.95% - 9.15%	4,769.74	5.00% - 9.15%	3,893.07
Maturing between 1 year to 3 years	5.30% - 9.15%	3,141.74	5.25% - 9.15%	4,627.10
Maturing beyond 3 years	5.90% - 8.45%	535.58	5.90% - 9.15%	960.98
Total at face value		**8,447.06**		**9,481.15**
Less: Unamortised discounting charges		20.87		30.49
Total amortised cost		**8,426.19**		**9,450.66**

Note : 19

Subordinated liabilities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At Amortised cost (Unsecured)		
Subordinated redeemable non-convertible debentures - private placement	719.08	686.82
Subordinated redeemable non-convertible debentures - retail public issue	2,410.77	2,462.55
Total	**3,129.85**	**3,149.37**
Subordinated liabilities in India	3,129.85	3,149.37
Subordinated liabilities outside India	-	-
Total	**3,129.85**	**3,149.37**

Note: There is no Subordinated liabilities measured at FVTPL or designated at FVTPL.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Details of Subordinated liabilities (at Amortised cost) - Unsecured subordinated redeemable non-convertible debentures

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
A) Issued on private placement basis -				
Repayable on maturity :				
Maturing within 1 year	9.80%-10.15%	70.00	10.05%-10.50%	100.50
Maturing between 1 year to 3 years	9.18%-9.70%	342.80	9.50%-10.50%	197.80
Maturing between 3 years to 5 years	8.90%-9.10%	175.00	8.90%-9.50%	390.00
Maturing beyond 5 years	7.35%	132.90		-
Sub-total at face value (A)		**720.70**		**688.30**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing within 1 year		-	8.34%-8.70%	54.65
Maturing between 1 year to 3 years	7.75%-8.80%	71.66	8.44%-8.80%	12.34
Maturing between 3 years to 5 years	8.53%-9.00%	933.01	7.75%-7.85%	59.32
Maturing beyond 5 years	7.90%-9.50%	1,428.08	7.90%-9.50%	2,361.09
Sub-total at face value (B)		**2,432.75**		**2,487.40**
Total at face value (A+B)		**3,153.45**		**3,175.70**
Less: Unamortised discounting charges		23.60		26.33
Total amortised cost		**3,129.85**		**3,149.37**

The Company has used the borrowings from banks and financial institutions as per note numbers 16 to 19 for the specific purpose for which these were availed.

In respect of all the borrowings, there is no default in payment of either principal or interest.

The Company has not been declared as wilful defaulter by any bank or financial Institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Note : 20

Other financial liabilities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Interest accrued but not due on borrowings	1,863.05	2,230.80
Unclaimed dividends #	0.58	0.59
Unclaimed matured deposits and interest accrued thereon #	11.23	5.43
Deposits / advances received against loan agreements	89.54	82.84
Insurance premium payable	3.21	1.43
Salary, Bonus and performance payable	8.14	5.14
Provision for expenses	128.73	80.55
Lease liabilities (refer note 42)	185.26	190.09
Others	26.43	7.39
Total	**2,316.17**	**2,604.26**

There are no amounts due for transfer to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 21

Provisions

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Provision for employee benefits		
- Gratuity (refer note 37)	39.21	32.82
- Leave encashment	75.32	72.37
- Bonus, incentives and performance pay	106.65	108.54
Provision for loan commitment	0.17	1.18
Total	**221.35**	**214.91**

Note : 22

Other non-financial liabilities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Deferred subvention income	12.81	17.46
Statutory dues and taxes payable	84.50	68.44
Others *	10.47	13.00
Total	**107.78**	**98.90**

* Others include monies adjusted from share capital and other equity on account of shares held by MMFSL ESOP Trust pending transfer to the eligible employees and lease rental advances.

Note : 23

Equity Share capital

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised:		
250,00,00,000 (31st March, 2021: 250,00,00,000) Equity shares of Rs. 2/- each (refer note 39)	500.00	500.00
50,00,000 (31st March, 2021: 50,00,000) Redeemable preference shares of Rs. 100/- each	50.00	50.00
Issued, Subscribed and paid-up:		
123,55,29,920 (31st March, 2021: 123,55,29,920) Equity shares of Rs. 2/- each fully paid up	247.11	247.10
Less : 25,74,163 (31st March, 2021: 35,64,302) Equity shares of Rs. 2/- each fully paid up issued to ESOS Trust but not yet allotted to employees, including fresh equity shares allotted to ESOS Trust under rights issue during the year	0.51	0.70
Adjusted Issued, Subscribed and paid-up Share capital	**246.60**	**246.40**

Particulars	31st March, 2022		31st March, 2021	
	No. of shares	Rs. in crores	No. of shares	Rs. in crores
a) **Reconciliation of number of equity shares and amount outstanding:**				
Issued, Subscribed and paid-up:				
Balance at the beginning of the year	1,23,55,29,920	247.10	61,77,64,960	123.55
Add : Fresh allotment of shares :				
- Through Rights Issue (refer note 39)	-	-	61,77,64,960	123.55
Balance at the end of the year	1,23,55,29,920	247.10	1,23,55,29,920	247.10
Less: Shares issued to ESOS Trust but not yet allotted to employees	25,74,163	0.50	35,64,302	0.70

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Particulars	31st March, 2022		31st March, 2021	
	No. of shares	Rs. in crores	No. of shares	Rs. in crores
Adjusted Issued, Subscribed and paid-up Share capital	1,23,29,55,757	246.60	1,23,19,65,618	246.40
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	64,43,99,987	128.88	64,43,99,987	128.88
Percentage of holding (%)	52.16%		52.16%	
c) **Shareholders holding more than 5 percent of the aggregate shares:**				
Mahindra & Mahindra Limited	64,43,99,987	128.88	64,43,99,987	128.88
Percentage of holding (%)	52.16%		52.16%	

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) Shareholding of Promoters

Name of the Promoter	Shares held by promoters as at 31st March, 2022			Shares held by promoters as at 31st March, 2021		
	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Mahindra & Mahindra Limited	64,43,99,987	52.16%	-	64,43,99,987	52.16%	-

Other Equity

Description of the nature and purpose of Other Equity (refer Statement of Changes in Equity) :

Statutory reserve as per Section 45-IC of the RBI Act, 1934

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Capital redemption reserve (CRR)

Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilised by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserve.

Dividend distributions made and proposed

i) Dividend on equity shares declared and paid during the year

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Dividend paid	98.84	-
Profit for the relevent year	335.15	906.40
Dividend as a precentage of profit for the relevant year	29.5%	-

ii) Dividends proposed for approval at the annual general meeting (not recognised as a liability as at respective reporting date)

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Face value per share (Rupees)	2.00	2.00
Dividend percentage	180%	40%
Dividend per share (Rupees)	3.60	0.80
Total Dividend on Equity shares (a)	444.79	98.84
Profit after tax for the relevant year (b)	988.75	335.15
Dividend proposed as a precentage of profit after tax (a/b)	45.0%	29.5%

The dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013, as applicable.

Note : 24

Interest income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
On financial instruments measured at Amortised cost (refer note 2.6)		
Interest on loans (refer note 59)	8,831.98	9,784.05
Income from bill discounting	77.61	59.02
Interest income from investments	142.49	132.44
Interest on term deposits with banks	181.36	159.56
On financial instruments measured at fair value through OCI (refer note 2.11 (b))		
Interest income from investments in debt instrument	242.17	131.88
Total	**9,475.61**	**10,266.95**

Note: There is no loan asset measured at FVTPL.

Note : 25

Fees and commission income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Service charges and other fees on loan transactions	72.74	49.92
Fees, commission / brokerage received from mutual fund distribution/other products	13.46	8.84
Collection fees related to transferred assets under securitisation transactions	19.09	11.97
Total	**105.29**	**70.73**

Note : 26

Net gain / (loss) on fair value changes

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Net gain / (loss) on financial instruments at FVTPL		
On trading portfolio		
- Investments	0.09	0.11
Others - Mutual fund units	50.67	101.19
Total Net gain / (loss) on financial instruments at FVTPL	**50.76**	**101.30**
Fair value changes :		
- Realised	39.06	92.10
- Unrealised	11.70	9.20
Total Net gain / (loss) on financial instruments at FVTPL	**50.76**	**101.30**

Note: Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

Note : 27

Other income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Net gain on derecognition of property, plant and equipment	1.27	0.41
Net gain on sale investments measured at amortised cost	-	0.11
Dividend income from Equity investments in subsidiaries	2.47	-
Income from shared services	56.90	45.79
Others	0.19	14.39
Total	**60.83**	**60.70**

Note : 28

Finance costs

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
On financial liabilities measured at Amortised cost		
Interest on deposits	766.91	817.51
Interest on borrowings	1,421.33	1,831.13
Interest on debt securities	1,394.91	1,539.67
Interest on subordinated liabilities	283.35	293.33
Net loss / (gain) in fair value of derivative financial instruments	7.99	201.20
Interest expense on lease liabilities (refer note 42)	14.36	15.40
Others	31.33	34.95
Total	**3,920.18**	**4,733.19**

Note: There are no financial liabilities measured at FVTPL.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 29

Impairment on financial instruments

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
On financial instruments measured at Amortised cost		
Bad debts and write offs	2,513.07	2,170.70
Loans	(144.71)	1,562.52
Investments	1.21	(0.96)
Loan commitment	(1.01)	0.04
Trade receivables and other contracts	(0.26)	2.52
Total	**2,368.30**	**3,734.82**

Note: There are no financial instruments measured at FVOCI.

Note : 30

Employee benefits expenses

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Salaries and wages	1,057.11	917.15
Contribution to provident funds and other funds	83.26	76.70
Share based payments to employees	9.20	15.99
Staff welfare expenses	21.83	5.39
Total	**1,171.40**	**1,015.23**

Note : 31

Depreciation, amortisation and impairment

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Depreciation on Property, Plant and Equipment #	67.51	52.75
Amortisation and impairment of intangible assets	11.85	20.40
Depreciation on Right of Use Asset (refer note 42)	47.47	52.73
Total	**126.83**	**125.88**

During the year, the Company has revised the estimate of useful life considered for depreciating the vehicles under operating lease from useful life as spcecified in Schedule II of the Companies Act, 2013, as amended, to useful life representing the lease period of respective lease agreements. This change in estimate has resulted in an additional depreciation charge of Rs. 12.20 crores which is included above under the head "Depreciation on Property, Plant and Equipment".

Note : 32

Other expenses

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Rent	17.13	18.39
Rates and taxes, excluding taxes on income	4.82	5.52
Electricity charges	13.46	10.05
Repairs and maintenance	5.05	5.23
Communication costs	29.37	18.49
Printing and stationery	9.25	5.55
Advertisement and publicity	15.36	7.61
Directors' fees, allowances and expenses	2.29	3.56
Auditor's fees and expenses -		
- Audit fees	1.33	0.97

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Other expenses

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
- Other services	0.41	0.47
- Reimbursement of expenses	0.05	0.04
Legal and professional charges	119.78	78.44
Insurance	37.79	40.14
Manpower outsourcing cost	159.81	78.32
Donations (refer note 47)	28.69	26.58
Corporate Social Responsibility (CSR) expenses (refer note 47)	0.79	0.64
Conveyance and travel expenses	82.39	53.35
Other expenditure	202.50	106.87
Total	**730.27**	**460.22**

Note : 33

Exceptional items

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Profit on sale of investments in shares of Mahindra Asset Management Company Private Limited, then wholly-owned subsidiary of the Company under 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (refer note 40 (ii))	-	6.10
Total	**-**	**6.10**

Note : 34

Earning Per Share (EPS)

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Profit for the year (Rs in crores)	988.75	335.15
Weighted average number of Equity Shares used in computing basic EPS	1,23,22,87,519	1,10,58,95,353
Effect of potential dilutive Equity Shares	14,58,085	23,83,647
Weighted average number of Equity Shares used in computing diluted EPS	1,23,37,45,604	1,10,82,79,000
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	8.02	3.03
Diluted Earnings per share (Rs.)	8.01	3.02

Note : 35

Accumulated Other Comprehensive Income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	1.99	5.12
- Net gain / (loss) on equity instruments through OCI	26.01	(4.28)
- Income tax relating to items that will not be reclassified to profit or loss	(6.54)	1.15
Balance at the end of the year : Subtotal (A)	**21.46**	**1.99**
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	(57.82)	11.64
- Net gain / (loss) on debt instruments through OCI	0.70	(92.82)
- Income tax relating to items that will be reclassified to profit or loss	(0.18)	23.36
Balance at the end of the year : Subtotal (B)	**(57.30)**	**(57.82)**
Accumulated Other Comprehensive Income (A + B)	**(35.84)**	**(55.83)**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 36

Employee Stock Option Plan

The Company had allotted 48,45,025 Equity shares (face value of Rs. 2/- each) under Employee Stock Option Scheme 2010 at par on 3 February 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust ("the 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.

Pursuant to the Rights issue of one equity share for every equity share held as on record date, at an issue price of Rs. 50 per Equity Share (including a premium of Rs. 48 per Equity Share), made by the Company, 20,63,662 equity shares have been allotted to the Trust in respect of its rights entitlement on 17 August 2020. All the option holders (beneficiaries) under existing grants have automatically became entitled to additional options at Rs. 50/- per option as rights adjustment and accordingly, the number of outstanding options stand augmented in the same ratio as the rights issue. All the terms and conditions applicable to these additional options issued under rights issue shall remain same as original grant.

Upon exercise of stock options, including additional options issued as per Rights issue, under the scheme by eligible employees, the Trust had issued 51,19,799 equity shares to employees up to 31st March, 2022 (31st March, 2021: 41,29,660 equity shares), of which 9,90,139 equity shares (31st March, 2021: 9,16,616 equity shares) were issued during the current year. This has resulted in an increase in equity share capital by Rs. 0.20 crores for the year ended 31st March, 2022 (31st March, 2021 : Rs. 0.18 crores).

a) The terms and conditions of the Employees Stock Option Scheme 2010 are as under :

Particulars	Terms and conditions
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 months from the date of grant
	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant
	20% on expiry of 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

b) Options granted during the year:

During the year ended 31st March, 2022, the Company has not granted any stock options (31st March, 2021: nil) to the employees under the Employees' Stock Option Scheme 2010.

c) Summary of stock options:

Rs. in crores

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	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	33,54,484	2.00	23,50,342	2.00
Options granted during the year	-	-	-	-
Adjustment pertaining to Rights Issue	-	-	19,87,633	50.00
Options forfeited / lapsed during the year	1,89,050	26.00	65,073	23.00
Options expired during the year	7,955	28.37	1,802	30.00
Options exercised during the year	9,90,139	25.20	9,16,616	15.00
Options outstanding at the end of the year	21,67,340	26.91	33,54,484	26.00
Options vested but not exercised at the end of the year	6,11,688	29.21	7,07,970	28.00

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020. The options issued under ESOP scheme 2010 are exercisable at Rs. 2/- per option and adjustment options issued under Rights issue are exercisable at Rs. 50/- each, including premium of Rs. 48/- per option (being the issue price under Rights allotment).

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

d) Information in respect of options outstanding :

Rs. in crores

Exercise price	As at 31st March, 2022		As at 31st March, 2021	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
i) At Rs. 2.00 per option	10,42,783	43 months	16,52,454	50 months
ii) At Rs. 50.00 per option	11,24,557	42 months	17,02,030	49 months
	21,67,340		**33,54,484**	

e) Average share price at recognised stock exchange on the date of exercise of the option is as under:

Year ended 31st March, 2022		Year ended 31st March, 2021	
Date of exercise	Weighted average share price (Rs.)	Date of exercise	Weighted average share price (Rs.) #
01 April 2021 to 31st March, 2022	158.78	01 April 2020 to 31st March, 2021	167.30

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during the year ended 2020-21

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102 - Share-based payment. Consequently, Rs. 9.20 crores (31st March, 2021: Rs. 15.99 crores) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs. 2.70 crores (31st March, 2021: Rs. 0.47 crores) in respect of options granted to employees of the Company and excludes net recovery of Rs. 0.30 crores (31st March, 2021: Rs. 0.32 crores) from its subsidiaries for options granted to their employees.

Note : 37

Employee benefits

General description of defined benefit plans

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering qualifying employees . The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the Gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity fund.

Post retirement medical cover

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Asset volatility -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Variability in withdrawal rates -

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Regulatory Risk -

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20,00,000, raising accrual rate from 15/26 etc.).

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars	Funded Plan	
	Gratuity	
	Year ended 31 March	
	2022	2021
I. Amounts recognised in the Statement of Profit & Loss		
Current service cost	11.21	11.26
Net Interest cost	1.92	1.39
Past service cost	-	-
Adjustment due to change in opening balance of Plan assets	(5.04)	(4.24)
Total expenses included in employee benefits expense	**8.09**	**8.41**
II. Amount recognised in Other Comprehensive income		
Remeasurement (gains)/losses:		
a) Actuarial gains/(losses) arising from changes in -		
- financial assumptions	(3.10)	(2.82)
- experience adjustments	-	-
b) Return on plan assets, excluding amount included in net interest expense/ (income)	-	-
Total amount recognised in other comprehensive income	**(3.10)**	**(2.82)**
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	95.44	85.40
Add/(less) on account of business combination/transfers		
Current service cost	11.21	11.26

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Particulars	Funded Plan	
	Gratuity	
	Year ended 31 March	
	2022	2021
Past service cost	-	-
Interest expense	6.59	5.89
Remeasurement (gains)/losses arising from changes in -		
- demographic assumptions	0.56	0.55
- financial assumptions	(5.36)	(0.11)
- experience adjustments	3.23	(2.13)
Benefits paid	(7.41)	(5.42)
Closing defined benefit obligation	**104.26**	**95.44**
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	62.62	61.09
Interest income	4.67	4.51
Expected return on plan assets	(4.67)	(4.51)
Contributions by employer	4.81	2.72
Adjustment due to change in opening balance of Plan assets	5.04	4.23
Actual Benefits paid	(7.41)	(5.42)
Closing Fair value of plan assets	**65.06**	**62.62**
V. Net defined benefit obligation		
Defined benefit obligation	104.26	95.44
Fair value of plan assets	65.05	62.62
Surplus/(Deficit)	(39.21)	(32.82)
Current portion of the above	-	-
Non current portion of the above	(39.21)	(32.82)
VI. Expected contribution for the next reporting year	19.85	18.68

Actuarial assumptions and Sensitivity

Particulars	Funded Plan	
	Gratuity	
	Year ended 31 March	
	2022	2021
I. Actuarial assumptions		
Discount Rate (p.a.)	7.32%	6.91%
Attrition rate	25.52 for age upto 30, 16.17 for age 31-44, 5.98 for 44 and above	6.61 for age upto 30, 5.47 for age 31-44, 0.12 for 44 and above
Expected rate of return on plan assets (p.a.)		-
Rate of Salary increase (p.a.)	7.00%	7.00%
In-service Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:		
One percentage point increase in discount rate	(8.47)	(11.07)
One percentage point decrease in discount rate	5.65	13.25
One percentage point increase in Salary growth rate	5.60	13.11
One percentage point decrease in Salary growth rate	(8.55)	(11.15)

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Particulars	Funded Plan	
	Gratuity	
	Year ended 31 March	
	2022	2021
III. Maturity profile of defined benefit obligation		
Within 1 year	19.24	6.32
Between 1 and 5 years	95.92	27.76

The estimate of future salary increases, considered in actuarial valuation, considers inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets have been primarily invested in government securities and corporate bonds.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

The Company's contribution to provident fund, superannuation fund and national pension scheme aggregating to Rs 59.17 crores (31st March, 2021: Rs. 58.41 crores) has been recognised in the Statement of profit and loss under the head Employee benefits expense.

Note : 38
Additional disclosures

i) During the financial years ended 31st March, 2022 and 31st March, 2021, the Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.

ii) There is no Benami Property held by the Company and there is no proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

iii) Disclosure of transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

As at 31st March, 2022

	Name of Struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at 31st March, 2022 (Rs. in crores)	Relationship with the Struck off company, if any, to be disclosed
1	CONSOLE CARGO LOGISTICS SERVICES (I) PRIVATE LIMITED	Receivables	0.09	External
2	ANUSHREE CONSTROTECH PRIVATE LIMITED	Receivables	-	External
3	SHAN STRATEGIC SOLUTIONS PRIVATE LIMITED	Receivables	-	External
4	HIMHYDRO CONSTRUCTION PRIVATE LIMITED	Receivables	-	External
5	G. V. FOODS PRIVATE LIMITED	Receivables	-	External
6	SINGHAL BRICKS PRIVATE LIMITED	Receivables	-	External
7	MODESTY INDUSTRIES PRIVATE LIMITED	Receivables	0.01	External
8	RA GLOBALCITY HOUSING PRIVATE LIMITED	Receivables	(0.00)	External
9	GRACIOUS BOTTLES PRIVATE LIMITED	Receivables	0.01	External
10	SARASWATIPUR TEA AND INDUSTRIES PVT.LTD.	Receivables	0.00	External
11	FAST BUSINESS CENTRE LIMITED	Receivables	0.02	External
12	KIRAN ENVIRO-TECH ENERGY PRIVATE LIMITED	Receivables	0.03	External
13	ASHI INFRAPROJECTS AND ASSOCIATES PRIVATE LIMITED	Receivables	0.01	External
14	SATKAR SECURITY PROVIDER PRIVATE LIMITED	Receivables	0.01	External
15	ATCOM INFRATECH PRIVATE LIMITED	Receivables	0.08	External
16	GOLUDEV INFRASTRUCTURE PRIVATE LIMITED	Receivables	0.07	External
17	M.Y. TRANSPORT COMPANY PRIVATE LIMITED	Receivables	0.32	External
18	GOMATESHWAR INVESTMENTS PVT LTD	Shares held by stuck off Company	50*	External
19	DREAMS BROKING PRIVATE LIMITED	Shares held by stuck off Company	476*	External
20	UNICKON FINCAP PRIVATE LIMITED	Shares held by stuck off Company	689*	External

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

* Number of Equity Shares

As at 31st March, 2021

	Name of Struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at 31st March, 2021 (Rs. in crores)	Relationship with the Struck off company, if any, to be disclosed
1	ANUSHREE CONSTROTECH PRIVATE LIMITED	Receivables	0.36	External
2	SHAN STRATEGIC SOLUTIONS PRIVATE LIMITED	Receivables	(0.00)	External
3	HIMHYDRO CONSTRUCTION PRIVATE LIMITED	Receivables	-	External
4	G. V. FOODS PRIVATE LIMITED	Receivables	-	External
5	SINGHAL BRICKS PRIVATE LIMITED	Receivables	-	External
6	MODESTY INDUSTRIES PRIVATE LIMITED	Receivables	0.02	External
7	RA GLOBALCITY HOUSING PRIVATE LIMITED	Receivables	0.00	External
8	GRACIOUS BOTTLES PRIVATE LIMITED	Receivables	0.02	External
9	SARASWATIPUR TEA AND INDUSTRIES PVT.LTD.	Receivables	0.01	External
10	FAST BUSINESS CENTRE LIMITED	Receivables	0.03	External
11	KIRAN ENVIRO-TECH ENERGY PRIVATE LIMITED	Receivables	0.04	External
12	SATKAR SECURITY PROVIDER PRIVATE LIMITED	Receivables	0.03	External
13	ATCOM INFRATECH PRIVATE LIMITED	Receivables	0.10	External
14	M.Y. TRANSPORT COMPANY PRIVATE LIMITED	Receivables	0.73	External
15	GOMATESHWAR INVESTMENTS PVT LTD	Shares held by stuck off Company	50*	External
16	DREAMS BROKING PRIVATE LIMITED	Shares held by stuck off Company	476*	External
17	UNICKON FINCAP PRIVATE LIMITED	Shares held by stuck off Company	689*	External

* Number of Equity Shares

iv) There is no charges or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

v) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

vi) Utilisation of Borrowed funds and share premium:

A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall -

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall -

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

vii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

viii) There are no transactions which have not been recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.

xi) All secured NCDs issued by the Company are secured by pari-passu charge on Aurangabad office (wherever applicable) and / or exclusive charge on receivables under loan contracts, owned assets and book debts to the minimum extent of 100% or such higher security as per the respective term-sheets of outstanding secured NCDs.

The asset cover available as on 31st March, 2022 in respect of listed secured debt securities is 1.09 and on unsecured debt is to the extent of 1.74.

Note : 39

Funds raised during the year ended 31st March, 2021 by issue of equity shares through Rights Issue

Pursuant to authorisation of further infusion of capital through Rights Issue by the Board of Directors of the Company at its meeting held on 1 June 2020, other resolutions passed on 18 July 2020 approving the issue size, rights entitlement ratio, fixing the issue price, fixing the record date and in accordance with the provisions of the Companies Act, 2013 and the applicable Rules prescribed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company had issued 61,77,64,960 fully paid-up equity shares of face value of Rs. 2 each for cash at a price of Rs. 50 per equity share (including a premium of Rs. 48 per equity share) aggregating to Rs. 3,088.82 crores on a rights basis to eligible equity shareholders in the ratio of one equity share for every one fully paid-up equity share held on the record date, that is 23 July 2020. These equity shares were allotted on 17 August 2020. The Company had utilised the entire proceeds (net of issue related expenses) from the above referred Rights Issue for the purposes as stated in its 'Letter of Offer'.

The fresh allotment of equity shares through Rights Issue as stated above had resulted in an increase of equity share capital by Rs. 123.55 crores and securities premium reserve by Rs. 2,965.27 crores.

The share issue expenses of Rs. 8.54 crores had been adjusted against securities premium reserve as per the accounting policy.

Increase in the Authorised Share Capital of the Company :

In view of Rights Issue and pursuant to the consent accorded by passing Special Resolutions by the Shareholders of Mahindra & Mahindra Financial Services Limited at the Extraordinary General Meeting ("EGM") held on Tuesday, 30 June, 2020, the Authorised share capital of the Company had been increased from Rs. 190.00 crores divided into 70,00,00,000 (Seventy crores) equity shares of Rs. 2 (Rupees Two) each of the Company and 50,00,00,000 (Fifty crores) Redeemable Preference shares of Rs. 100 (Rupees hundred) each of the Company to Rs. 550.00 crores divided into 250,00,00,000 (Two hundred fifty crores) equity ehares of Rs. 2 (Rupees two) each of the Company and 50,00,00,000 (Fifty crores) Redeemable Preference shares of Rs. 100 (Rupees hundred) each of the Company.

Note : 40

Transactions in the nature of change in ownership in other entities

Transactions pertaining to current year ended 31st March, 2022:

i) Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20 August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8 July 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20% with a cumulative investment of Rs. 77.97 crores. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8 July, 2021 and the name has been changed to Mahindra Ideal Finance Limited.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Transactions pertaining to previous year ended 31st March, 2021:

ii) The Company, on 21 June 2019, along with Mahindra Asset Management Company Private Limited ('MAMCPL') and Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife').

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MAMCPL and MTCPL by Manulife. Accordingly, Manulife has made a fresh equity investment infusion aggregating to US $ 35.00 million to acquire 42% of the share capital of MAMCPL & MTCPL. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 20.80 crores (equivalent to USD 2.73 million), have been transferred in dematerialised form to Manulife. On this sale transaction, the Company recognised a pre-tax profit of Rs. 6.10 crores on a standalone basis and the same has been disclosed as exceptional item in the statement of profit and loss for the year ended 31st March, 2021.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the fully paid up equity share capital. The erstwhile names of MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively.

Note : 41

Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, effective from the financial year ended 31st March, 2020, the 'regulatory capital' has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

'The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term / long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Regulatory capital

Rs. in crores

	As at 31st March, 2022	As at 31st March, 2021
Tier - I capital	13,694.10	12,653.79
Tier - II capital	1,982.55	2,141.99
Total Capital	15,676.65	14,795.78
Aggregate of Risk Weighted Assets	**56,482.56**	**56,944.01**
Tier - I capital ratio	24.30%	22.20%
Total Capital ratio	**27.80%**	**26.00%**

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

Notes forming part of the Standalone Financial Statements
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"Owned Fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital" includes the following -

(a) preference shares other than those which are compulsorily convertible into equity;

(b) revaluation reserves at discounted rate of fifty five percent;

(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets. 12 month expected credit loss (ECL) allowances for financial instruments i.e. where the credit risk has not increased significantly since initial recognition, shall be included under general provisions and loss reserves in Tier II capital within the limits specified by extant regulations. Lifetime ECL shall not be reckoned for regulatory capital (numerator) while it shall be reduced from the risk weighted assets.

(d) hybrid debt capital instruments; and

(e) subordinated debt to the extent the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

Note : 42
Leases

I) In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises, certain IT equipments and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, the Company has recognised the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application as at 1 April 2019, and thereafter, at the inception of respective lease contracts, ROU asset equal to lease liability is recognised at the incremental borrowing rate prevailed during that relevant period subject to certain practical expedients as allowed by the standard.

The weighted average incremental borrowing rate of 7.92% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

a) Maturity Analysis - Contractual Undiscounted Cash Flow:

Rs. in crores

	As at 31st March, 2022	As at 31st March, 2021
Less than 1 year	54.53	52.41
1 - 3 years	84.02	85.50
3 - 5 years	51.87	54.42
More than 5 years	34.17	43.07
Total undiscounted lease liabilities	**224.59**	**235.40**

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

b) Other disclosures:

Following table summarises other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Rs. in crores

	Amount for the year ended / As at	
	31st March, 2022	31st March, 2021
i) Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 31 "Depreciation, amortisation and impairment")	47.47	52.73
ii) Interest expense on lease liabilities (presented under note - 28 "Finance costs")	14.36	15.40
iii) Expense relating to short-term leases (included in Rent expenses under note 32 "Other expenses")	10.83	12.23
iv) Expense relating to leases of low-value assets (included in Rent expenses under note 32 "Other expenses")	8.99	8.55
v) Payments for principal portion of lease liability	40.45	42.75
vi) Additions to right-of-use assets during the year	46.24	50.11
vii) Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -		
- Property taken on lease for office premises (presented under note - 11 "Property, plant and equipments")	165.42	173.58
viii) Lease liabilities (presented under note - 20 "Other financial liabilities")	185.26	190.09

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2021 vide notification dated 18 June 2021, Ind AS 116 - Leases paragraph 46B was amended to extend the application of practical expedient related to Covid-19-Related Rent Concessions to lease payments originally due on or before 30th June 2022. The Company had applied this practical expedient to all such rent concessions received during the year ended 31st March, 2022 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognised in the statement of profit or loss for the previous year ended 31st March, 2022 was Rs. 2.69 crores.

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease are as below :

i) Both New and Used vehicles are offered on Lease for a tenure ranging from 24 to 60 months.

ii) Customised leasing solutions are offered with value-added services like Fleet Management with regards to vehicle maintenance, Insurance management including claim settlement, pick-up and drop, replacement vehicle etc

iii) The consideration payable is the monthly lease rental which varies based on the make / model of the vehicle and tenure leased.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

Other details are as follows:

Rs. in crores

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
i) New vehicles to retail customers on operating lease -		
Gross carrying amount	144.44	71.40
Depreciation for the year	23.42	8.92
Accumulated Depreciation	36.60	13.20
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Gross carrying amount	2.71	2.75
Depreciation for the year	1.56	0.19
Accumulated Depreciation	2.32	0.75

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
i) New vehicles to retail customers on operating lease -		
Not later than one year	43.20	19.69
Later than one year but not later than five years	89.15	43.05
Later than five years	-	-
	132.35	62.74
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Not later than one year	0.20	0.21
Later than one year but not later than five years	0.12	0.32
Later than five years	-	-
	0.32	0.53

Since there is no contingent rent applicable in respect of these lease arrangements, the Company has not recognised any income as contingent income, during the year.

III) In the cases where assets are given on finance lease (as lessor) -

Rentals receivable on finance lease :

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross Rental Receivable	33.88	-
Less : Unearned Income	7.18	-
Net Receivable before charging allowance for Impairment loss	26.70	-
Less : Allowance for Impairment losses	0.25	-
Total Net Receivables	26.45	-

Particulars	Within 1 year	1 to 5 years	Over 5 years	Total
Gross Rental Receivables	9.01	24.87	-	33.88
Less : Unearned Income	2.92	4.26	-	(7.18)
Net Receivable before charging allowance for Impairment loss	6.09	20.61	-	26.70

Note : 43
Operating segments

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31st March, 2022 or 31st March, 2021.

Note : 44
Frauds reported during the year

There were 178 cases (31st March, 2021: 80 cases) of frauds amounting to Rs. 5.13 crores (31st March, 2021: Rs. 2.52 crores) reported during the year. The Company has recovered an amount of Rs. 2.24 crores (31st March, 2021: Rs. 0.61 crores) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies on merit basis.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 45
Contingent liabilities and commitments (to the extent not provided for)

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
i) Contingent liabilities		
Claims against the Company not acknowledged as debts	170.99	159.41
Guarantees	1,720.34	1,577.23
	1,891.33	**1,736.64**
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	58.17	12.66
Other commitments (loan sanctioned but not disbursed)	44.77	61.62
	102.94	**74.28**
Total	**1,994.27**	**1,810.92**

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax / VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

Note : 46
Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitisation transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the de-recognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitisation transactions" under Note no.17.

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Securitisations -		
Carrying amount of transferred assets measured at amortised cost	8,319.61	10,524.45
Carrying amount of associated liabilities	8,089.20	10,390.77
Fair value of transferred assets (A)	8,120.33	10,345.25
Fair value of associated liabilities (B)	8,209.70	9,592.85
Net position (A-B)	(89.37)	752.40

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 47

Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the Financial Services Sector CSR Council ('FSS CSR Council') and to monitor the CSR Policy periodically.

Funding and Allocation:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend upto 5% of the total CSR expenditure in one financial year on building CSR capabilities. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board. The CSR Committee will approve the CSR budget annually on receiving the recommendations from FSS CSR Council.

Any unspent amount at the end of the financial year will be treated as per the provisions of the existing CSR Law. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company.

The Company has set up the Mahindra Finance CSR Foundation (incorporated on 2nd April, 2019) as a wholly-owned subsidiary company registered under Section 8 of the Companies Act, 2013 to promote and support CSR projects and activities of the Company and its subsidiary companies. The Company implements its CSR programs through the Mahindra Finance CSR Foundation.

The Company has identified CSR Thrust Areas for undertaking CSR Projects/ programs/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local inovernment/ Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Thrust areas include health, education, environment and other activities.

The amount spent or contribution / donations made towards CSR activities is charged to Donations and Corporate Social Responsibility (CSR) expenses respectively, in the statement of Profit and Loss.

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company reviews the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

During the year ended 31st March, 2022, the Company has incurred an expenditure of Rs. 28.69 crores (31st March, 2021: Rs. 26.58 crores) 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. 0.79 crores (31st March, 2021: Rs. 0.64 crores) towards the CSR activities undertaken by the Company.

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company will review the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs. 37.51 crores (31st March, 2021: Rs. 27.29 crores).

b) Amount spent by the Company during the year :

Rs. in crores

Particulars	For the year ended 31st March, 2022			For the year ended 31st March, 2021		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i) Construction / acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above	29.72	-	29.72	27.37	-	27.37

The above expenditure includes Rs. 0.24 crores (31st March, 2021: Rs. 0.15 crores) as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

c) Amount of shortfall at the end of the year: Rs. 7.79 crores.

The Company has transferred Rs. 7.79 crores to a fund specified in schedule VII, within a period of thirty days.

d) Total of previous years shortfall: Nil

e) Reasons for shortfall: Amount pertaining to ongoing project 'Swabhimaan'

f) Nature of CSR activities: Contributions / 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 CSR activities undertaken by the Company.

g) Details of related party transactions:

Contribution to a trust controlled by the Company in relation to CSR expenditure : Rs. 0.01 crores paid to the Mahindra Finance CSR Foundation (Subsidiary)

h) Provision made with respect to a liability already incurred by entering into a contractual obligation : Nil

Note : 48

There was no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

Note : 49

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

Note : 50

Reconciliation of movement of liabilities to cash flows arising from financing activities

Year ended 31st March, 2022

Rs. in crores

Particulars	1 April 2021	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	New leases	31st March, 2022
Debt securities	16,834.57	1,405.70	-	12.44	-	18,252.71
Borrowings (Other than debt securities)	29,142.08	(3,061.65)	(90.38)	15.11	-	26,005.17
Deposits	9,450.66	(1,034.09)	-	9.62	-	8,426.19
Subordinated liabilities	3,149.37	(22.25)	-	2.73	-	3,129.85
Lease liabilities	190.10	(44.14)	-	-	39.30	185.26
Total	**58,766.77**	**(2,756.43)**	**(90.38)**	**39.90**	**39.30**	**55,999.18**

Year ended 31st March, 2021

Rs. in crores

Particulars	1 April 2020	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	New leases	31st March, 2021
Debt securities	17,744.87	(901.25)	-	(9.05)	-	16,834.57
Borrowings (Other than debt securities)	29,487.35	(228.16)	(124.75)	7.64	-	29,142.08
Deposits	8,812.14	626.99	-	11.53	-	9,450.66
Subordinated liabilities	3,417.95	(272.98)	-	4.40	-	3,149.37
Lease liabilities	188.81	(45.14)	-	-	46.43	190.10
Dividend paid (including tax on dividend)	-	-	-	-	-	-
Total	**59,651.11**	**(820.54)**	**(124.75)**	**14.52**	**46.43**	**58,766.77**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 51

Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

51.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

a) Pricing Risk

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the Company does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 41.72 crores (31st March, 2021 : Rs 83.36 crores). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. The Company manages its foreign currency risk by entering into forward contract and cross currency swaps.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows :

Rs. in crores

	JPY	US Dollar	Euro	Total
As at 31st March, 2022				
Financial Assets	-	-	-	-
Financial Liabilities	928.75	1248.77	0.00	2,177.52
As at 31st March, 2021				
Financial Assets	-	-	-	-
Financial Liabilities	988.13	2,485.78	206.64	3,680.55

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31st March, 2022	RS./JPY	(+/-) 1.00%	(+/-) 9.29
	RS./USD	(+/-) 1.00%	(+/-) 12.49
Year ended 31st March, 2021	RS./JPY	(+/-) 1.00%	(+/-) 9.88
	RS./USD	(+/-) 1.00%	(+/-) 24.86
	RS./EUR	(+/-) 1.00%	(+/-) 2.07

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

c) Interest Rate Risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs. in crores

Particulars	Currency	Increase / decrease in basis points	Effect on profit before tax
Year ended 31st March, 2022	RS.	100	123.29
Year ended 31st March, 2021	RS.	100	135.71

d) Off-setting of balances

The table below summarises the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet :

Financial assets subject to offsetting

Rs. in crores

Particulars	Offsetting recognised on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognised in balance sheet
Loan assets			
At 31st March,' 2022	60,542.37	97.73	60,444.64
At 31st March,' 2021	60,029.98	82.56	59,947.42

Financial liabilities subject to offsetting

Rs. in crores

Particulars	Offsetting recognised on the balance sheet		
	Gross liabilities before offset	Financial assets netted	Liabilities recognised in balance sheet
Other financial liabilities			
At 31st March,' 2022	2,413.90	97.73	2,316.17
At 31st March,' 2021	2,686.82	82.56	2,604.26

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

51.2 Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortised cost primarily based on days past due information. The amount represents gross carrying amount.

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross carrying value of Retail loans including Finance Lease		
Neither Past due nor impaired	42,798.40	41,694.34
Past Due but not impaired		
30 days past due	4,222.47	6,315.88
31-90 days past due	9,112.22	7,947.58
Impaired (more than 90 days)	4,864.19	5,681.06
Total Gross carrying value as at reporting date	**60,997.28**	**61,638.86**

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	1,912.31	1,499.69
Past Due but not impaired		
30 days past due	102.78	81.13
31-90 days past due	80.42	138.98
Impaired (more than 90 days)	44.97	38.03
Total Gross carrying value as at reporting date	**2,140.48**	**1,757.83**

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross carrying value of Trade Advances		
Less than 60 days past due	1,682.21	1,113.33
61-90 days past due	64.55	22.57
Impaired (more than 90 days)	60.66	59.08
Total Gross carrying value as at reporting date	**1,807.42**	**1,194.98**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	1,531.82	3,787.25
Past Due but not impaired		
30 days past due	-	-
31-90 days past due	-	-
Impaired (more than 90 days)	-	-
Total Gross carrying value as at reporting date	1,531.82	3,787.25

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0-30 days past due

Stage 2 : 31-89 days past due

Stage 3 : 90 days & above

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances, lease and other receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the company.

(i) RBI COVID-19 Resolution Framework

Assessment of loan modifications on credit risk:

In response to the economic fall-out on account of Covid-19 pandemic, the RBI on August 6, 2020 announced resolution plan framework vide circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for personal loan customers. Further owing to the second wave of the Pandemic in India, RBI on May 5, 2021 announced resolution framework 2.0 vide circular No. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22. Loan modifications executed under both these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower-specific. The Company has implemented resolution plans under the resolution framework 2.0 for loans amounting to Rs 4,335.94 crores, which have an outstanding balance of Rs. 3,967.59 crores as of 31st March, 2022. The Company continues to monitor the recoverability of loans granted in accordance with these circulars and is continuing to carry the required overlays over and above the model provisioning based on the repayment behaviour on these loan accounts. (refer Note 57 for detailed disclosure as per formats provided by the RBI).

(ii) Impact of COVID-19

During the previous year, in accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 01 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company, in the previous year, continued to recognise interest income during the moratorium period.

The outbreak of COVID-19 led to nationwide lockdown from March 2020, which gradually phased out over the next few months basis the local level spread of the pandemic. The nation was impacted by the second wave of the pandemic in the first half of the fiscal year 2022 which again slowed down the economic activities to a limited extent. Despite the successful roll out of vaccines around the world, a varying degree of uncertaininty remained through out the year ended 31st March, 2022. This was caused by new variants of COVID -19, varying vaccine effectiveness and the need for reimposing of government - imposed restrictions. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19,

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judgements and assumptions include the extent and duration of the pandemic, the changes in the macro economic outlook and its associated impact on the impairment calculations.

The methodologies and assumptions applied in the impairment loss allowance calculations have primarily remained unchanged from those applied while preparing the financial statements for the year ended 31st March, 2021. The Company has been updating the ECL model with the latest set of data on reasonable periodic intervals for the year ended 31st March, 2022, to capture the significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 to reduce the risk of uncertainty due to judgements and estimations considering economic outlook data as per Government agencies around the growth parameters.

The Company also continues to undertake a risk assessment of their credit exposures in addition to the model determined ECL provision, to reflect deterioration in the macroeconomic outlook and uncertainty in credit evaluations. The Company holds expected credit loss on financial assets as at 31st March, 2022 aggregating Rs. 4,508.83 crores (as at 31st March, 2021: Rs. 4,653.61 crores) which includes overlay provisions to cover the potential impact on account of the pandemic.

The significant changes in economic and market drivers, customer behaviours and Government actions caused by COVID-19 have materially impacted the performance of financial models. ECL model performance has been significantly impacted, which has increased reliance on management judgement in determining the appropriate level of ECL estimates. The reliability of ECL models under these circumstances has also been impacted by the unprecedented response from governments to provide a variety of economic stimulus packages to support livelihoods and businesses. Historical observations on which the models were built do not reflect these unprecedented support measures. We continue to monitor credit performance against the level of Government support and customer relief programmes.

In accordance with the instructions in aforementioned RBI circular dated 07 April 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April 2021, the Company has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period .i.e. 01 March 2020 to 31 August 2020. The Company had estimated the said amount and made a provision of Rs. 31.75 crores in the financial statements for the year ended 31st March, 2021.

(iii) In accordance with the regulatory expectation of the Reserve Bank of India to bring down the net NPA ratio below 4%, which management had agreed with, the Company, had recorded an additional provision of Rs. 1,320 crores on Stage 3 loans during the year ended 31st March, 2021. Resultantly, the net NPA ratio of the Company stood at 3.97 % as at 31st March, 2021.

The Company's net NPA (net Stage-3 assets) ratio stood at 3.36% as at 31st March, 2022 which is in line with regulatory expectation of the RBI.

(iv) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower account becomes 90 days past due on its contractual payments except for personal loans, where the Company has an early recognition norm of classification in to stage 3 on the basis of overdue more than 30 days past due.

(v) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(vi) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cash flows on the past portfolio are discounted at portfolio EIR rate for arriving loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro-economic factor.

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(vii) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.
- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

(viii) Forward Looking Information

Historical PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable. Agriculture (real change % p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year). In case of SME and Bills Discounting portfolio, Real GDP (% change p.a.) is used as the macroeconomic variable.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. As at 31st March, 2021, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Company's assessment of downside risks.

During the current year, the Company has continued with the similar probability weightage as considered for previous year ended 31st March, 2021.

(ix) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Company, the RBI resolution framework in current year and moratorium relaxation offered in the previous year to the borrowers recognising the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continued to recognise interest income during the current and previous year on such cases and in the absence of other credit risk indicators, the granting of a stress resolution framework and moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases where Company suspects fraud and legal proceedings are initiated.

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Further, the Company classifies certain category of exposures in to Stage 3 and makes accelerated provision upto 100% based on qualitative assessment implying the significant deterioration in asset quality or increase in credit risk on selective basis.

The Company regularly reviews it's ECL model based on actual loss experience and update the parameters used for ECL calculations.

(x) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

(xi) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit. The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside %	Base %	Downside %
Probability Assigned		0	85	15
Agriculture (% real change p.a)	2022	6.4	4.0	1.6
	2023	5.7	3.3	0.9
	2024	5.4	3.0	0.6
	2025	5.9	3.5	1.1
	2026	6.0	3.6	1.2
Real GDP (% change p.a)	2022	12.4	7.2	2.0
	2023	10.5	5.3	0.1
	2024	10.3	5.1	-0.1
	2025	10.8	5.6	0.4
	2026	10.5	5.3	0.1

Impairment loss

The expected credit loss allowance provision for Retail Loans including Finance lease is determined as follows:

Rs. in crores

Particulars	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31st March, 2022	47,020.87	9,112.22	4,864.19	60,997.28
Expected credit loss rate	0.91%	12.72%	57.56%	
Carrying amount as at 31st March, 2022 (net of impairment provision)	46,592.65	7,953.28	2,064.33	56,610.26
Gross Balance as at 31st March, 2021	48,010.22	7,947.58	5,681.06	61,638.86
Expected credit loss rate	0.86%	10.88%	57.54%	
Carrying amount as at 31st March, 2021 (net of impairment provision)	47,599.49	7,082.67	2,412.08	57,094.24

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

The expected credit loss allowance provision for SME Loans including Bills of exchange is determined as follows:

Rs. in crores

Particulars	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31st March, 2022	2,015.09	80.42	44.97	2,140.48
Expected credit loss rate	0.37%	13.70%	51.93%	
Carrying amount as at 31st March, 2022 (net of impairment provision)	2,007.67	69.40	21.62	2,098.69
Gross Balance as at 31st March, 2021	1,580.82	138.98	38.03	1,757.83
Expected credit loss rate	0.36%	9.06%	42.70%	
Carrying amount as at 31st March, 2021 (net of impairment provision)	1,575.07	126.39	21.79	1,723.25

The expected credit loss allowance provision for Trade Advances is determined as follows:

Rs. in crores

Particulars	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31st March, 2022	1,682.21	64.55	60.66	1,807.42
Expected credit loss rate	0.40%	6.73%	100.00%	
Carrying amount as at 31st March, 2022 (net of impairment provision)	1,675.48	60.21	-	1,735.68
Gross Balance as at 31st March, 2021	1,113.33	22.57	59.08	1,194.98
Expected credit loss rate	0.40%	6.52%	100.00%	
Carrying amount as at 31st March, 2021 (net of impairment provision)	1,108.87	21.10	-	1,129.97

The expected credit loss allowance provision for Financial Investments measured at amortised cost is determined as follows:

Rs. in crores

Particulars	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31st March, 2022	1,531.82	-	-	1,531.82
Expected credit loss rate	0.11%			
Carrying amount as at 31st March, 2022 (net of impairment provision)	1,530.21	-	-	1,530.21
Gross Balance as at 31st March, 2021	3,787.25	-	-	3,787.25
Expected credit loss rate	0.01%			
Carrying amount as at 31st March, 2021 (net of impairment provision)	3,786.84	-	-	3,786.84

Level of Assessment - Aggregation Criteria

The Company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characteristics, pricing range, sector concentration (e.g. vehicle loans in unorganised sectors) the Company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans including Finance Lease is, as follows :

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Gross exposure reconciliation

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2020	52,793.19	6,162.09	5,484.50	64,439.78
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,725.54	(1,543.73)	(181.81)	-
- Transfers to Stage 2	(5,564.66)	5,732.57	(167.91)	-
- Transfers to Stage 3	(1,873.76)	(1,164.20)	3,037.96	-
- Loans that have been derecognised during the period	(4,366.75)	(566.31)	(1,332.89)	(6,265.95)
New loans originated during the year	15,963.76	284.04	80.38	16,328.18
Write-offs	(0.37)	(2.53)	(1,238.19)	(1,241.09)
Impact of changes on items within the same stage	(10,666.73)	(954.35)	(0.98)	(11,622.06)
Gross carrying amount balance as at 31st March, 2021	**48,010.22**	**7,947.59**	**5,681.06**	**61,638.86**

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2021	48,010.22	7,947.59	5,681.06	61,638.86
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,780.81	(1,366.89)	(413.92)	-
- Transfers to Stage 2	(4,850.04)	5,070.06	(220.02)	-
- Transfers to Stage 3	(1,178.97)	(1,125.45)	2,304.42	-
- Loans that have been derecognised during the period	(7,638.99)	(3,087.39)	(1,370.07)	(12,096.45)
New loans originated during the year	23,809.27	3,865.09	505.56	28,179.92
Write-offs	(4.61)	(52.89)	(1,495.37)	(1,552.87)
Impact of changes on items within the same stage	(12,906.81)	(2,137.90)	(127.47)	(15,172.18)
Gross carrying amount balance as at 31st March, 2022	**47,020.88**	**9,112.22**	**4,864.19**	**60,997.28**

Reconciliation of ECL balance

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2020	538.33	723.94	1,552.76	2,815.03
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	232.83	(181.36)	(51.47)	-
- Transfers to Stage 2	(56.74)	104.28	(47.54)	-
- Transfers to Stage 3	(19.11)	(136.77)	155.88	-
- Loans that have been derecognised during the period	(44.53)	(66.53)	(377.37)	(488.43)
New loans originated during the year	136.57	30.91	13.48	180.96
Write-offs	-	(0.30)	(350.55)	(350.85)
Impact of changes on items within the same stage	(376.63)	390.74	2,373.79	2,387.90
ECL allowance balance as at 31st March, 2021	**410.72**	**864.91**	**3,268.98**	**4,544.61**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2021	410.72	864.91	3,268.98	4,544.61
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	386.93	(148.75)	(238.18)	-
- Transfers to Stage 2	(41.49)	168.10	(126.61)	-
- Transfers to Stage 3	(10.09)	(122.48)	132.57	-
- Loans that have been derecognised during the period	(65.35)	(335.99)	(788.36)	(1,189.70)
New loans originated during the year	216.84	491.58	291.00	999.42
Write-offs	(0.04)	(5.76)	(860.46)	(866.26)
Impact of changes on items within the same stage	(469.30)	247.33	1,120.92	898.95
ECL allowance balance as at 31st March, 2022	**428.22**	**1,158.94**	**2,799.86**	**4,387.02**

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31st March, 2022 and that were still subject to enforcement activity was Rs 1638.80 crores (31st March, 2021: Rs 1354.86 crores).

The overall decrease in ECL allowance on the portfolio was driven by movements between stages and higher amount of write offs.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans including Bills of exchange is, as follows :

Gross exposure reconciliation

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1st April 2021	2,124.59	78.49	192.98	2,396.07
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	23.51	(9.86)	(13.65)	-
- Transfers to Stage 2	(46.47)	49.15	(2.68)	-
- Transfers to Stage 3	(31.51)	(1.38)	32.89	-
- Loans that have been derecognised during the period	(1,173.17)	(61.05)	(16.02)	(1,250.24)
New loans originated during the year	1,128.74	96.98	0.22	1,225.94
Write-offs	(13.19)	(5.82)	(154.01)	(173.02)
Impact of changes on items within the same stage	(431.67)	(7.53)	(1.71)	(440.91)
Gross carrying amount balance as at 31st March, 2021	**1,580.83**	**138.98**	**38.02**	**1,757.84**

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2021	1,580.83	138.98	38.02	1,757.84
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	30.73	(30.03)	(0.70)	-
- Transfers to Stage 2	(38.10)	38.67	(0.57)	-
- Transfers to Stage 3	(13.23)	(11.68)	24.91	-
- Loans that have been derecognised during the period	(1,041.81)	(38.27)	(1.33)	(1,081.41)
New loans originated during the year	1,705.78	8.84	0.22	1,714.84
Write-offs	(0.03)	-	(13.28)	(13.31)
Impact of changes on items within the same stage	(209.09)	(26.09)	(2.30)	(237.48)
Gross carrying amount balance as at 31st March, 2022	**2,015.08**	**80.42**	**44.97**	**2,140.48**

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

Reconciliation of ECL balance

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2020				
Changes due to loans recognised in the opening balance that have:	4.91	21.36	158.24	184.51
- Transfers to Stage 1	12.35	(1.66)	(10.69)	-
- Transfers to Stage 2	(0.19)	1.18	(0.99)	-
- Transfers to Stage 3	(0.15)	(0.31)	0.46	-
- Loans that have been derecognised during the period	(1.36)	(18.33)	(11.78)	(31.47)
New loans originated during the year	2.58	7.60	0.16	10.34
Write-offs	(0.02)	(1.00)	(132.34)	(133.36)
Impact of changes on items within the same stage	(12.36)	3.76	13.18	4.58
ECL allowance balance as at 31st March, 2021	**5.76**	**12.60**	**16.24**	**34.60**

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2021				
Changes due to loans recognised in the opening balance that ave:	5.76	12.60	16.24	34.60
- Transfers to Stage 1	2.98	(2.57)	(0.41)	-
- Transfers to Stage 2	(0.20)	0.53	(0.33)	-
- Transfers to Stage 3	(0.10)	(1.12)	1.22	-
- Loans that have been derecognised during the period	(2.12)	(3.51)	(0.95)	(6.58)
New loans originated during the year	5.49	0.61	0.15	6.25
Write-offs	-	-	(5.89)	(5.89)
Impact of changes on items within the same stage	(4.38)	4.49	13.31	13.42
ECL allowance balance as at 31st March, 2022	**7.43**	**11.03**	**23.34**	**41.80**

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31st March, 2022 and that were still subject to enforcement activity was Rs. 14.72 crores (31st March, 2021: Rs. 161.91 crores).

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

The increase in ECL provisions was driven by increase in the gross size of the portfolio.

An analysis of changes in the outstanding exposure and the corresponding ECLs in relation to other undrawn commitments is as follows :

Gross exposure reconciliation

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2020	239.46	-	-	239.46
New Exposures	61.62	-	-	61.62
Exposure derecognised or matured/ lapsed (excluding write-offs)	(239.46)	-	-	(239.46)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-
Closing balance of outstanding exposure as at 31st March, 2021	**61.62**	**-**	**-**	**61.62**

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2021	61.62	-	-	61.62
New Exposures	44.77	-	-	44.77
Exposure derecognised or matured/ lapsed (excluding write-offs)	(61.62)	-	-	(61.62)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-
Closing balance of outstanding exposure as at 31st March, 2022	**44.77**	**-**	**-**	**44.77**

Reconciliation of ECL balance

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2020	1.14	-	-	1.14
New Exposures	1.18	-	-	1.18
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1.14)	-	-	(1.14)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-
ECL allowance balance as at 31st March, 2021	**1.18**	**-**	**-**	**1.18**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2021	1.18	-	-	1.18
New Exposures	0.17	-	-	0.17
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1.18)	-	-	(1.18)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-
ECL allowance balance as at 31st March, 2022	**0.17**	**-**	**-**	**0.17**

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortised cost is as follows :

Gross exposure reconciliation

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2020	1,129.59	-	-	1,129.59
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(106.54)	-	-	(106.54)
New Investments originated during the year	2,742.57	-	-	2,742.57
Write-offs	-	-	-	-
Impact of changes on items within the same stage	21.63	-	-	21.63
Gross carrying amount balance as at 31st March, 2021	**3,787.25**	**-**	**-**	**3,787.25**

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2021	3,787.25	-	-	3,787.25
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(2,481.44)	-	-	(2,481.44)
New Investments originated during the year	230.86	-	-	230.86
Write-offs	-	-	-	-
Impact of changes on items within the same stage	(4.85)	-	-	(4.85)
Gross carrying amount balance as at 31st March, 2022	**1,531.81**	**-**	**-**	**1,531.81**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Reconciliation of ECL balance

As at 31st March, 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2020	1.36	-	-	1.36
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(0.92)	-	-	(0.92)
New Investments originated during the year	-	-	-	-
Write-offs	-	-	-	-
Impact of changes on items within the same stage	(0.03)	-	-	(0.03)
ECL allowance balance as at 31st March, 2021	**0.41**	**-**	**-**	**0.41**

As at 31st March, 2022

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2021	0.41	-	-	0.41
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(0.41)	-	-	(0.41)
New Investments originated during the year	1.61	-	-	1.61
Write-offs	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-
ECL allowance balance as at 31st March, 2022	**1.61**	**-**	**-**	**1.61**

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31st March, 2022 and that were still subject to enforcement activity was nil (31st March, 2021 : nil).

Significant changes in the gross carrying value that contributed to change in loss allowance

The Company mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket sise. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

The Company's loan portfolio is predominantly to finance retail automobile loans. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and loans:

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Concentration by Geographical region in India:		
North	19,268.21	18,814.13
East	16,293.45	17,165.38
West	16,784.94	16,146.31
South	12,598.58	12,466.85
Total Carrying Value	**64,945.18**	**64,592.67**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking pari-passu and charge created by way of hypothecation on the receivables of the other company.

Quantitative Information of Collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for Retail loans is derived by writing down the asset cost at origination by 20% p.a on reducing balance basis. And the value of the collateral of Stage 3 Retail loans is based on the Indian Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held.

Gross value of total secured loans to value of collateral:

Rs. in crores

Loan To Value	Gross Value of Secured Retail loans		Gross Value of Secured SME loans	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Upto 50%	5,209.78	4,877.24	606.87	496.42
51 - 70%	9,540.86	8,524.92	229.98	123.27
71 - 100%	32,258.89	28,756.00	51.12	94.70
Above 100%	13,161.38	19,302.86	29.46	66.80
	60,170.91	**61,461.02**	**917.43**	**781.19**

Gross value of credit impaired loans to value of collateral:

Rs. in crores

Loan To Value	Gross Value of Retail loans in Stage 3		Gross Value of SME loans in Stage 3	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Upto 50%	185.68	119.87	13.60	11.22
51 - 70%	176.51	152.99	22.23	2.30
71 - 100%	504.33	466.71	0.26	20.07
Above 100%	3,997.67	4,941.49	8.88	4.43
	4,864.19	**5,681.06**	**44.97**	**38.02**

The below tables provide an analysis of the current fair values of collateral held for Stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

Fair value of collateral held against Credit Impaired assets

Rs. in crores

31st March, 2022	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	4,864.19	3,818.05	-	-	-	(694.56)	3,123.49	1,740.70	2,799.86
SME Loans	44.97	1.80	40.90	76.47	1.85	(83.07)	37.94	7.03	23.35

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

31st March, 2021	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	5,681.06	4,088.89	-	-	-	(539.93)	3,548.96	2,132.10	3,268.98
SME Loans	38.02	3.00	47.87	50.26	1.29	(68.18)	34.25	3.77	16.24

51.3 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

a) **Maturity profile of non-derivative financial liabilities**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in crores

Particulars	Less than 1 Year	1-3 Years	3-5 years	5 years and above
Non-derivative financial liabilities				
As at 31st March, 2022				
Trade Payable :	1,005.28	-	-	-
Debt Securities :				
- Principal	4,583.31	7,324.81	2,602.90	3,778.00
- Interest	1,334.02	1,879.26	935.55	1,403.35
Borrowings (Other than Debt Securities) :				
- Principal	11,522.87	13,078.99	1,409.82	0.11
- Interest	861.31	845.99	40.86	0.00
Deposit :				
- Principal	4,769.74	3,141.74	535.58	-
- Interest	733.25	597.90	101.26	-
Subordinated liabilities :				
- Principal	70.00	414.46	1,108.01	1,560.98
- Interest	271.42	517.52	533.55	480.56
Other financial liabilities	1,816.73	388.94	78.97	31.51
Total	**26,967.93**	**28,189.61**	**7,346.50**	**7,254.51**
As at 31st March, 2021				
Trade Payable	707.09	-	-	-
Debt Securities :				
- Principal	3,569.80	7,571.87	2,195.00	3,546.65
- Interest	1,605.77	1,995.21	918.26	1,257.05
Borrowings (Other than Debt Securities) :				
- Principal	12,898.78	14,123.31	2,141.71	-
- Interest	1,410.26	1,028.84	103.75	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Less than 1 Year	1-3 Years	3-5 years	5 years and above
Deposit :				
- Principal	3,893.07	4,627.10	960.99	-
- Interest	774.72	881.25	218.13	-
Subordinated liabilities :				
- Principal	155.16	210.14	449.32	2,361.09
- Interest	278.49	520.06	518.81	700.34
Other financial liabilities	2,016.61	452.61	81.83	53.21
Total	**27,309.75**	**31,410.39**	**7,587.80**	**7,918.34**

b) **Maturity profile of derivative financial liabilities**

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. in crores

Particulars	Less than 1 Year	1 - 3 Years	3 - 5 Years	5 years and above
Derivative financial instruments				
As at 31st March, 2022				
Gross settled:				
Foreign exchange forward contracts				
- Payable	37.17	-	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	2.67	-	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	48.93	102.62	-
- Receivable	27.43	-	-	-
Total Payable	**39.84**	**48.93**	**102.62**	**-**
Total Receivable	**27.43**	**-**	**-**	**-**
As at 31st March, 2021				
Gross settled:				
Foreign exchange forward contracts				
- Payable	32.64	25.98	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	-	13.01	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	35.32	65.89	-
- Receivable	26.38	2.67	-	-
Total Payable	**32.64**	**74.31**	**65.89**	**-**
Total Receivable	**26.38**	**2.67**	**-**	**-**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

51.4 a) Financial Instruments regularly measured using Fair Value - recurring items

Rs in crores

Type of instrument	Financial assets / financial liabilities	Category	Fair Value: As at 31st March, 2022	Fair Value: As at 31st March, 2021	Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	(38.70)	(68.21)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2) Currency options	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	(116.90)	(79.25)	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	834.47	1,667.18	Level 1	Quoted market price			
4) Investment in Commercial Paper	Financial Assets	Financial instrument measured at FVTPL	-	197.67	Level 1	Quoted market price			
5) Investment in equity instruments-Quoted	Financial Assets	Financial instrument measured at FVTPL	0.24	-	Level 1	Quoted market price			
6) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	42.39	16.37	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the Company discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
7) Investment in Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	4,662.84	4,710.88	Level 1	Quoted market price			

The Company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

51.4 b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs in crores

Particulars	Unquoted Equity investment	Convertible debentures	Total
Year ended 31st March, 2022			
Opening balance	16.37	-	16.37
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	26.01	-	26.01
Fair value of -			
Purchases made during the year	-	-	-
Disposals made during the year	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	42.38	-	42.38
Year ended 31st March, 2021			
Opening balance	28.91	-	28.91
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	(12.54)	-	(12.54)
Fair value of -			
Purchases made during the year	-	-	-
Issues made during the year	-	-	-
Disposals made during the year	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	**16.37**	**-**	**16.37**

51.4 c) Equity Investments designated at Fair value through Other Comprehensive Income

The Company has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring controlling stake, and accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs. in crores

	31st March, 2022	31st March, 2021
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orisonte Business Solutions Limited)		
Fair Value of Investments	42.38	16.37

There are no disposal of investment during the year ended 31st March, 2022 and 2021 respectively.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

51.4 d) Financial Instruments measured at amortised cost

Rs in crores

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31st March, 2022					
Financial assets					
a) Cash and cash equivalent	327.87	327.87	327.87	-	-
b) Bank balances other than cash and cash equivalent	3,822.82	3,822.82	3,822.82	-	-
c) Trade Receivables	9.09	9.09	-	9.09	-
d) Loans and advances to customers	60,444.64	60,767.89	-	-	60,767.89
e) Financial investments - at amortised cost	1,530.21	1,583.85	1,358.47	225.38	-
f) Other financial assets	223.13	226.63	-	226.63	-
Total	**66,357.76**	**66,738.15**	**5,509.16**	**461.10**	**60,767.89**
Financial liabilities					
a) Trade Payables	1,005.28	1,005.28	-	1,005.28	-
b) Debt securities	18,252.71	19,771.64	19,771.64	-	-
c) Borrowings other than debt securities	26,005.17	26,054.92	-	26,054.92	-
d) Deposits	8,426.19	9,318.36	-	9,318.36	-
e) Subordinated Liabilities	3,129.85	3,570.69	3,570.69	-	-
f) Other financial liability	2,316.17	2,318.77	-	2,318.77	-
Total	**59,135.37**	**62,039.66**	**23,342.33**	**38,697.33**	**-**
As at 31st March, 2021					
Financial assets					
a) Cash and cash equivalent	570.58	570.58	570.58	-	-
b) Bank balances other than cash and cash equivalent	2,699.06	2,699.06	2,699.06	-	-
c) Trade Receivables	8.40	8.40	-	8.40	-
d) Loans and advances to customers	59,947.42	60,424.68	-	-	60,424.68
e) Financial investments - at amortised cost	3,765.03	3,841.07	1,362.72	2,478.35	-
f) Other financial assets	514.05	525.65	-	525.65	-
Total	**67,504.54**	**68,069.44**	**4,632.36**	**3,012.40**	**60,424.68**
Financial liabilities					
a) Trade Payables	643.09	642.92	-	642.92	-
b) Debt securities	16,834.57	18,652.51	18,652.51	-	-
c) Borrowings other than debt securities	29,142.08	28,367.45	-	28,367.45	-
d) Deposits	9,450.66	10,519.07	-	10,519.07	-
e) Subordinated Liabilities	3,149.37	3,650.02	3,650.02	-	-
f) Other financial liability	2,604.26	2,606.86	-	2,606.86	-
Total	**61,824.03**	**64,438.83**	**22,302.53**	**42,136.30**	**-**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments

For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public

The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cumulative/ non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 52

Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in crores

	31st March, 2022			31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	327.87	-	327.87	570.58	-	570.58
Bank balance	3,822.82	-	3,822.82	2,751.47	-	2,751.47
Derivative financial instruments	26.63	-	26.63	23.63	2.09	25.72
Trade receivables	9.09	-	9.09	8.40	-	8.40
Loans	26,878.84	33,565.80	60,444.64	26,478.55	33,468.87	59,947.42
Investments	1,472.42	6,967.85	8,440.27	4,443.78	7,261.57	11,705.35
Other financial assets	63.90	159.23	223.13	41.17	322.37	363.54
Current tax assets (Net)	-	562.89	562.89	-	401.65	401.65
Deferred tax Assets (Net)	-	836.42	836.42	-	862.36	862.36
Property, plant and equipment	-	383.10	383.10	-	311.49	311.49
Capital work-in-progress	-	-	-	-	10.34	10.34
Other Intangible assets	-	9.77	9.77	-	18.63	18.63
Other non-financial assets	51.75	150.35	202.10	53.99	5.51	59.50
Total Assets	**32,653.32**	**42,635.41**	**75,288.73**	**34,371.57**	**42,664.88**	**77,036.45**
Liabilities						
Financial Liabilities						
Derivative financial instruments	38.70	143.52	182.22	31.27	141.91	173.18
Trade Payables			-			-
i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,005.28	-	1,005.28	643.09	-	643.09
Debt Securities	4,575.71	13,677.00	18,252.71	3,557.51	13,277.06	16,834.57
Borrowings (Other than Debt Securities)	11,520.88	14,484.29	26,005.17	12,890.02	16,252.06	29,142.08
Deposits	4,764.54	3,661.65	8,426.19	3,880.55	5,570.11	9,450.66
Subordinated Liabilities	69.94	3,059.91	3,129.85	154.39	2,994.98	3,149.37
Other financial liabilities	1,826.51	489.66	2,316.17	2,016.61	587.65	2,604.26
Non-Financial Liabilities						-
Current tax liabilities (Net)	-	13.92	13.92	-	13.92	13.92
Provisions	118.27	103.08	221.35	111.89	103.02	214.91
Other non-financial liabilities	105.35	2.43	107.78	96.80	2.10	98.90
Total Liabilities	**24,025.18**	**35,635.46**	**59,660.64**	**23,382.13**	**38,942.81**	**62,324.94**
Net	**8,628.14**	**6,999.95**	**15,628.09**	**10,989.44**	**3,722.07**	**14,711.51**
Other undrawn commitments	44.77	-	44.77	61.62	-	61.62
Total commitments	44.77	-	44.77	61.62	-	61.62

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 53

Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a) **Holding Company**	Mahindra & Mahindra Limited
b) **Subsidiary Companies:**	Mahindra Insurance Brokers Limited
(entities on whom control is exercised)	Mahindra Rural Housing Finance Limited
	Mahindra Ideal Finance Limited (w.e.f. 8 July 2021)
	Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust
	MRHFL Employees Welfare Trust
	Mahindra Finance CSR Foundation
c) **Fellow Subsidiaries:**	Mahindra USA, Inc
(entities with whom the Company has transactions)	NBS International Limited
	Mahindra First Choice Wheels Limited
	Mahindra Defence Systems Limited
	Mahindra Integrated Business Solutions Ltd.
	Meru Mobility Tech Private Limited
	Mahindra Construction Co. Ltd.
	Bristlecone India Limited
	Mahindra Water Utilities Limited
	Gromax Agri Equipment Limited
	Mahindra Electric Mobility Ltd
	Mahindra Holidays & Resorts India Ltd
	New Democratic Electoral Trust
	Mahindra Susten Pvt Ltd
	Mahindra & Mahindra Contech Pvt Ltd
d) **Joint Ventures / Associates:**	Mahindra Finance USA, Inc
(entities on whom control is exercised)	Mahindra Manulife Investment Management Pvt. Ltd. (w.e.f. 30th April, 2020) #
	Mahindra Manulife Trustee Pvt. Ltd. (w.e.f. 30th April, 2020) #
e) **Joint Ventures / Associates of Holding Company:**	Tech Mahindra Limited
(entities with whom the Company has transactions)	Swaraj Engines Ltd
	Smartshift Logistics Solutions Pvt Ltd.
	PSL Media & Communications Ltd
f) **Key Management Personnel:**	Dr. Anish Shah
	Mr. Ramesh Iyer
	Mr. Dhananjay Mungale
	Mr. C. B. Bhave
	Ms. Rama Bijapurkar
	Mr. Milind Sarwate
	Mr. Amit Kumar Sinha
	Mr. Amit Raje
	Dr. Rebecca Nugent
g) **Relatives of Key Management Personnel**	Ms. Janaki Iyer
(where there are transactions)	Ms. Ramlaxmi Iyer
	Ms. Girija Subramanium
	Ms Pallavi Kotwal
	Mr. Abhijit Mungale
	Ms. Prema Mahadevan

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), the erstwhile names of

Notes forming part of the Standalone Financial Statements

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MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively effective from 30 April 2020. Consequently, MMIMPL and MMTPL have been considered as joint ventures of the Company.

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Loan income												
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	-	0.14	-	-	-	-	-	-
Subvention / Incentive income												
- Mahindra & Mahindra Limited	16.34	14.11	-	-	-	-	-	-	-	-	-	-
- Mahindra Electric Mobility Limited	-	-	-	-	0.30	-	-	-	-	-	-	-
Lease rental income												
- Mahindra & Mahindra Limited	20.38	13.66	-	-	-	-	-	-	-	-	-	-
- Mahindra Electric Mobility Limited	-	-	-	-	0.20	-	-	-	-	-	-	-
- Mahindra & Mahindra Contech Private Limited	-	-	-	-	0.01	-	-	-	-	-	-	-
Interest income												
- Mahindra & Mahindra Limited	3.61	2.80	-	-	-	-	-	-	-	-	-	-
Income from sharing services												
- Mahindra & Mahindra Limited	0.57	0.42	-	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	6.48	8.65	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	2.18	2.50	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	-	-	0.62	1.08	-	-	-	-
- Mahindra Manulife Trustee Company Pvt Ltd	-	-	-	-	-	-	0.01	0.01	-	-	-	-
Dividend Income												
- Mahindra Rural Housing Finance Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	2.47	-	-	-	-	-	-	-	-	-
Interest expense												
- Mahindra & Mahindra Limited	3.20	16.76	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	7.66	5.15	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	15.84	25.78	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	-	0.51	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	0.28	0.31	-	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	0.06	0.07	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	9.45	10.30	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	0.05	0.12	-	-
- Mr C. B. Bhave	-	-	-	-	-	-	-	-	0.03	0.06	-	-
- Others	-	-	-	-	-	-	-	-	-	-	0.27	0.29
Other expenses												
- Mahindra & Mahindra Limited	40.32	26.37	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	49.49	38.25	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	0.02	0.04	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	17.86	10.66	-	-	-	-	-	-
- Mahindra Defence Systems Ltd	-	-	-	-	3.68	1.30	-	-	-	-	-	-
- Bristlecone India Limited	-	-	-	-	0.35	0.46	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	24.47	16.19	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	0.01	10.59	-	-	-	-	-	-	-	-
- NBS International Ltd	-	-	-	-	0.20	0.08	-	-	-	-	-	-
- Others	-	-	-	-	0.06	0.02	-	-	-	-	-	-
Donations												
- National Democratic Electoral Trust	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration												
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	7.46	7.11	-	-
- Mr Amit Raje	-	-	-	-	-	-	-	-	3.51	-	-	-
Sitting fees and commission												
- Mr C. B. Bhave	-	-	-	-	-	-	-	-	0.46	0.37	-	-
- Mr Dhananjay Mungale	-	-	-	-	-	-	-	-	0.47	0.45	-	-
- Ms Rama Bijapurkar	-	-	-	-	-	-	-	-	0.42	0.35	-	-
- Mr Milind Sarwate	-	-	-	-	-	-	-	-	0.47	0.38	-	-
- Dr Rebecca Nugent	-	-	-	-	-	-	-	-	0.38	0.03	-	-
Reimbursement from parties												

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- Mahindra & Mahindra Limited	35.20	21.31	-	-	-	-	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	-	-	4.65	1.85	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	-	-	0.06	0.29	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	-	0.01	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement to parties												
- Mahindra Insurance Brokers Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	1.76	-	-	-	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	2.33	1.99	-	-	-	-	-	-
- Mahindra Electric Mobility Limited	-	-	-	-	0.02	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets (incl Capital advances)												
- Mahindra & Mahindra Limited	114.27	11.63	-	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	5.51	-	-	-	-	-	-	-
Sale of fixed assets												
- Mahindra Rural Housing Finance Limited	-	-	0.21	-	-	-	-	-	-	-	-	-
Investments made												
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Ideal Finance Ltd	-	-	33.97	-	-	-	-	-	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	-	-	-	-	-	-	-	-	-	-
- New Democratic Electoral Trust	-	-	-	-	-	0.01	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	-	-	184.65	53.75	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Limited	11.99	5.43	-	-	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	0.90	0.70	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	5.00	15.00	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	0.91	0.69	-	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- Mr C. B. Bhave	-	-	-	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	1.82	3.65
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	-	-	73.50	-	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	0.90	0.80	-	-	-	-	-	-
- Mahindra & Mahindra Limited	2.32	1.24	-	-	-	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	15.00	15.90	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	0.79	1.61	-	-
- Mr C. B. Bhave	-	-	-	-	-	-	-	-	0.30	0.15	-	-
- Others	-	-	-	-	-	-	-	-	-	-	1.73	2.58
Dividend paid												
- Mahindra & Mahindra Limited	51.55	-	-	-	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	-	-	0.27	-	-	-	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	0.14	-	-	-
- Ms Rama Bijapurkar	-	-	-	-	-	-	-	-	0.00	-	-	-
- Mr Dhananjay Mungale	-	-	-	-	-	-	-	-	0.00	-	-	-
- Mr V. S. Parthasarthy	-	-	-	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	4.00	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	200.00	500.00	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	4.26	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	140.00	180.00	-	-	-	-	-	-
Inter corporate deposits repaid / matured												
- Mahindra & Mahindra Limited	-	100.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	4.00	17.25	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	500.00	-	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Swaraj Engines Limited					-	10.00						

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- Mahindra Water Utilities Limited	-	-	-	-	3.75	5.00	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	180.00	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	-	-	-	-	-	-	-	-
Debentures issued												
- Mahindra & Mahindra Limited	-	-	-	-	-	-	-	-	-	-	-	-
Debentures matured												
- Mahindra & Mahindra Limited	95.00	100.00	-	-	-	-	-	-	-	-	-	-
Issue of Share Capital (incl Securities premium)												
- Mahindra & Mahindra Limited	-	1,640.96	-	-	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	-	-	-	10.32	-	-	-	-	-	-	-	-
Balances as at the end of the period												
Receivables												
- Mahindra & Mahindra Limited	6.81	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	1.06	1.68	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	-	-	0.05	0.05	-	-	-	-
- Mahindra Manulife Trustee Company Pvt Ltd	-	-	-	-	-	-	0.01	0.01	-	-	-	-
- NBS International Limited	-	-	-	-	1.41	-	-	-	-	-	-	-
- Mahindra Electric Mobility Limited	-	-	-	-	0.10	-	-	-	-	-	-	-
- Mahindra & Mahindra Contech Private Limited					-							
- Gromax Agri Equipment Limited	-	-	-	-	-	-	-	-	-	-	-	-
Loan given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	-	-	-	-	-	3.34	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	-	-	-	-	-	1.13	-	-	-	-	-	-
Investments												
- Mahindra Rural Housing Finance Limited	-	-	799.30	799.30	-	-	-	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- Mahindra Insurance Brokers Limited	-	-	0.45	-	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	-	-	195.30	195.30	-	-	-	-
- Mahindra Manulife Trustee Company Pvt Ltd	-	-	-	-	-	-	0.50	0.50	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	0.00	0.00	-	-	-	-	-	-	-	-
- Mahindra Finance USA, Inc	-	-	-	-	-	-	210.55	210.55	-	-	-	-
- Mahindra Ideal Finance Ltd	-	-	77.97	44.00	-	-	-	-	-	-	-	-
- New Democratic Electoral Trust	-	-	-	-	0.02	0.02	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	9.50	9.50	-	-	-	-	-	-
Payables												
- Mahindra & Mahindra Limited	-	8.75	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	10.72	11.77	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	6.71	5.41	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	0.16	0.25	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	0.40	1.59	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	-	0.18	-	-	-	-	-	-
- Mahindra Defence Systems Ltd	-	-	-	-	-	0.80	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	0.01	0.06	-	-	-	-	-	-
Inter corporate deposits taken (including interest accrued but not due)												
- Mahindra & Mahindra Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	4.02	4.02	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	207.54	523.85	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	4.28	4.03	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	145.35	188.55	-	-	-	-	-	-
Debentures (including interest accrued but not due)												
- Mahindra & Mahindra Limited	-	102.71	-	-	-	-	-	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Associate companies		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Fixed deposits (including interest accrued but not due)												
- Mahindra & Mahindra Limited	15.69	5.51	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	199.88	90.49								
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	0.93	0.94	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	5.01	15.02	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	0.92	0.83	-	-
- Mr C. B. Bhave	-	-	-	-	-	-	-	-	0.37	0.71	-	-
- Others	-	-	-	-	-	-	-	-	-	-	4.02	3.93

Key Management Personnel as defined in Ind AS 24 - Related Party Disclosures

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

iii) Details of related party transactions with Key Management Personnel (KMP) are as under :

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. Accordingly, the Company considers any Director, including independent and non-executive Directors, to be key management personnel for the purposes of IND AS 24 - Related Party Disclosures.

Rs. in crores

Name of the KMP	Nature of transactions	31st March, 2022	31st March, 2021
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)			
	Gross Salary including perquisites	4.47	4.69
	Commission	1.28	1.28
	Stock Option	1.45	0.90
	Others - Contribution to Funds	0.33	0.31
		7.53	**7.18**
Mr. Amit Raje (Whole-time Director & Chief Operating Officer - Digital Finance - Digital Business Unit)			
(w.e.f. 1 April 2021)	Gross Salary including perquisites	2.79	-
	Commission	-	-
	Stock Option	0.70	-
	Others - Contribution to Funds	0.09	-
		3.58	**-**
Mr. Dhananjay Mungale (Independent Director)			
	Commission	0.32	0.28
	Other benefits	0.17	0.13
		0.49	**0.41**
Ms. Rama Bijapurkar (Independent Director)			
	Commission	0.25	0.21
	Other benefits	0.12	0.10
		0.37	**0.31**
Mr. C.B. Bhave (Independent Director)			
	Commission	0.25	0.21
	Other benefits	0.16	0.12
		0.41	**0.33**
Mr. Milind Sarwate (Independent Director)			
	Commission	0.25	0.21
	Other benefits	0.17	0.13
		0.42	**0.34**
Dr. Rebecca Nugent			
(Appointed w.e.f. 5 March 2021)	Commission	0.02	-
	Other benefits	0.07	0.01
		0.09	**0.01**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31st March, 2022

Rs. in crores

Particulars	Relationship	Balance as on 1st April 2021	Advances / investments	Repayments/ sale	Balance as on 31st March, 2022
(A) Loans and advances		-	-	-	-
		-	-	-	-
(B) Unsecured redeemable non-convertible subordinate debentures		-	-	-	-
		-	**-**	**-**	**-**
(C) Investments:					
Mahindra Insurance Brokers Limited	Subsidiary	0.45	-	-	0.45
Mahindra Rural Housing Finance Limited	Subsidiary	799.30	-	-	799.30
Mahindra Manulife Investment Management Private Limited	Joint Venture	195.30	-	-	195.30
Mahindra Manulife Trustee Private Limited	Joint Venture	0.50	-	-	0.50
Mahindra Finance CSR Foundation	Wholly owned Subsidiary	0.00	-	-	0.00
Mahindra Finance USA, LLC	Joint Venture	210.55	-	-	210.55
Mahindra Ideal Finance Limited, Sri Lanka (considered as Subsidiary w.e.f. 8 July 2021)					
New Democratic Electoral Trust	Fellow subsidiary	0.02	-	-	0.02
		1,259.62	**33.97**	**-**	**1,293.59**
Total		**1,259.62**	**33.97**	**-**	**1,293.59**

As at 31st March, 2021

Rs. in crores

Particulars	Relationship	Balance as on 1 April 2020	Advances / investments	Repayments/ sale	Balance as on 31st March, 2021
(A) Loans and advances					
Mahindra Rural Housing Finance Limited	Subsidiary	-	-	-	-
Mahindra Retail Private Limited	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Private Limited	Fellow subsidiary	-	-	-	-
Smartshift Logistics Solutions Private Limited (refer note no. (iii))	Fellow Associate	18.63	-	18.63	-
		18.63	**-**	**18.63**	**-**
(B) Unsecured Redeemable Non Convertible Subordinate Debentures					
		-	**-**	**-**	**-**
(C) Investments					
Mahindra Insurance Brokers Limited	Subsidiary	0.45	-	-	0.45
Mahindra Rural Housing Finance Limited	Subsidiary	799.30	-	-	799.30
Mahindra Manulife Investment Management Private Limited (w.e.f. 30 April 2020) (Formarly known as Mahindra Asset Management Company Private Limited. (up to 29 April 2020))	Joint Venture	210.00	-	14.70	195.30
Mahindra Manulife Trustee Private Limited (w.e.f. 30 April 2020)	Joint Venture	0.50	-	-	0.50

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	Relationship	Balance as on 1 April 2020	Advances / investments	Repayments/ sale	Balance as on 31st March, 2021
Mahindra Finance CSR Foundation	Wholly owned Subsidiary	0.00	-	-	0.00
Mahindra Finance USA, LLC	Joint Venture	210.55	-	-	210.55
Ideal Finance Limited, Sri Lanka	Joint Venture	44.00	-	-	44.00
Smartshift Logistics Solutions Private Limited.	Fellow Associate	9.50	-	-	9.50
New Democratic Electoral Trust	Fellow subsidiary	0.01	0.01	-	0.02
		1,274.31	**0.01**	**14.70**	**1,259.62**
Total		**1,292.94**	**0.01**	**33.33**	**1,259.62**

Notes :

i) Above loans & advances and investments have been given for general business purposes of the recipient and figures are at historical cost.

ii) There were no guarantees given / securities provided during the year

Note : 54

Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended.

Rs. in crores

Sr. No.	Particulars	As at 31st March, 2022		As at 31st March, 2021	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	Liabilities				
1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :**				
	(a) Debentures :				
	- Secured	17,843.39	-	16,895.90	-
	- Unsecured	860.69	-	645.41	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	15,335.00	-	14,354.51	-
	(d) Inter-corporate loans and Other Borrowings	361.18	-	720.56	-
	(e) Commercial Paper	496.56	-	494.52	-
	(f) Public Deposits	7,352.38	-	9,319.48	-
	(g) Fixed Deposits accepted from Corporates	1,658.15	-	770.05	-
	(h) External Commercial Borrowings	2,216.79	-	3,726.99	-
	(i) Associated liabilities in respect of securitisation transactions	8,094.52	-	10,400.11	-
	(j) Subordinate debt (including NCDs issued through Public issue)	3,373.29	-	3,389.93	-
	(k) Other Short Term Loans and credit facilities from banks	85.00	-	90.01	-
2)	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	7,352.38	-	9,319.48	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Sr. No.	Particulars	Amount Outstanding	
		As at 31st March, 2022	As at 31st March, 2021
	Asset side:		
3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		
	(a) Secured	-	-
	(b) Unsecured	3,265.62	2,271.29
4)	**Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities :**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	-	-
	(b) Operating lease	1.22	0.21
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities :		
	(a) Loans where assets have been repossessed	167.27	179.23
	(b) Loans other than (a) above	57,019.62	57,505.09
5)	**Break-up of Investments :**		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	6.86	6.00
	(iii) Units of mutual funds	834.47	1,667.18
	(iv) Government Securities	467.15	121.91
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Certificate of Deposits with Banks	-	-
	(vi) Commercial Papers	-	197.67
	(vii) Investments in Pass Through Certificates under securitisation transactions	163.93	47.01
	(viii) Investment in Triparty Repo Dealing System (TREPS)	-	2,404.00
	Long Term Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	0.24	-
	(b) Preference	-	-
	(ii) Debentures and Bonds (Bonds of FCI NCDs of NABARD)	286.55	288.37
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	5340.94	5706.51
	2. Unquoted :		
	(i) Shares : (a) Equity	1326.48	1266.49
	(b) Preference	-	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

Sr. No.	Particulars	Amount Outstanding As at 31st March, 2022	Amount Outstanding As at 31st March, 2021
	(ii) Debentures and Bonds	1.59	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Investments in Pass Through Certificates under securitisation transactions	12.06	0.21

6) Borrower group-wise classification assets financed as in (3) and (4) above :

Rs. in crores

Sr. No.	Category	As at 31st March, 2022			As at 31st March, 2021		
		Amount net of provisions			Amount net of provisions		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
	2. Other than related parties	57186.89	3,266.84	60,453.73	57,684.32	2,271.50	59,955.82
	Total	**57186.89**	**3,266.84**	**60,453.73**	**57,684.32**	**2,271.50**	59,955.82

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Rs. in crores

Sr. No.	Category	As at 31st March, 2022		As at 31st March, 2021	
		Market Value/ Break up or fair value or NAV	Book Value (net of provisions)	Market Value/ Break up or fair value or NAV	Book Value (net of provisions)
	1. Related Parties				
	(a) Subsidiaries	877.72	877.72	799.75	799.75
	(b) Companies in the same group	448.76	448.76	466.74	466.74
	(c) Other related parties	-	-	-	-
	2. Other than related parties	7,115.40	7,113.79	10,439.27	10,438.86
	Total	**8,441.88**	**8,440.27**	**11,705.76**	**11,705.35**

8) Other information:

Rs. in crores

Particulars	As at 31st March, 2022 Amount	As at 31st March, 2021 Amount
i) Gross Non-Performing Assets :		
(a) Related parties	-	4.73
(b) Other than related parties	4,976.30	5,781.21
ii) Net Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	2,085.95	2,433.88
iii) Assets acquired in satisfaction of debt :	1.83	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 55

Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended

The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'.

I) Capital

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
CRAR (%)	27.75%	25.98%
CRAR-Tier I Capital (%)	24.24%	22.22%
CRAR-Tier II Capital (%)	3.51%	3.76%
Amount of subordinated debt raised as Tier-II capital	132.90	-
Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Value of Investments		
(i) Gross Value of Investments		
(a) In India	8,153.36	11,353.11
(b) Outside India	288.52	254.55
(ii) Provisions for Depreciation		
(a) In India	1.61	0.41
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	8,151.75	11,352.70
(b) Outside India	288.52	254.55
Movement of provisions held towards depreciation on investments.		
(i) Opening balance	0.41	1.36
(ii) Add : Provisions made during the year	1.61	-
(iii) Less : Write-off / write-back of excess provisions during the year	(0.41)	(0.95)
(iv) Closing balance	1.61	0.41

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) The notional principal of swap agreements	2,258.50	3,703.29
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the Company upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book (Asset / (Liability (net))	(155.60)	(147.46)

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction vis., Counter party risk, Market Risk, Operational Risk, Basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of MD / CFO / Treasurer. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizeable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the Board of Directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) Foreign currency non-repatriate loans availed:

Rs. in crores

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i) Derivatives (Notional Principal Amount)				
- For hedging	2,258.50	-	3,703.29	-
ii) Marked to Market Positions [1]				
(a) Asset (+) Estimated gain	26.63	-	25.72	-
(b) Liability (-) Estimated loss	(179.56)	(2.67)	(160.21)	(12.97)
iii) Credit Exposure [2]	-	-	-	-
iv) Unhedged Exposures	-	-	-	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 vide circular no. RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated 24 September 2021

Rs. in crores

Sr. No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
1)	No. of Special Purpose Entities (SPEs) holding assets for securitisation transactions originated by the NBFC (only the Special Purpose Vehicles (SPVs) relating to outstanding securitisation exposures to be reported here)	21	21
2)	Total amount of securitised assets as per books of the SPEs	8,089.20	10,390.77
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	1,718.05	1,547.25
	Others	-	-
	b) On-balance sheet exposures		
	First loss -		
	- Cash collateral term deposits with banks	305.05	485.34
	Others -		
	- Retained interest in pass through certificates (excluding accrued interest)	-	-
4)	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitisations		
	First Loss	-	-
	Others -		
	- Excess Interest Spread	1,083.90	1,428.78
	(ii) Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First Loss	-	-
	Others -	-	-
	- Cash collateral term deposits with banks	-	-
	(ii) Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-
5)	Sale consideration received for the securitised assets (for transactions executed during the year)	3,569.13	5,120.30
	Gain/loss on sale on account of securitisation	Nil	Nil
6)	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc. * The Company has assumed Role of Servicer for all outstanding securitisation transactions. Servicing fee received during the financial year is disclosed.	21.08	12.85
7)	Performance of facility provided. Please provide separately for each facility vis. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
	Credit Enhancement :		
	a) Opening Balance Outstanding	2,032.59	1,600.67
	b) Additions during the year (Fresh Transactions)	395.19	556.03
	c) Top Up during the year	47.44	148.96
	d) Reductions during the year (Matured Transactions)	404.68	124.22
	e) Withdrawal during the year	47.44	148.85

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

Rs. in crores

Sr. No.	Particulars	As at 31st March, 2022	As at 31st March, 2021
	f) Closing Balance Outstanding	2,023.10	2,032.59
	Excess Interest Spread (EIS) (Amount Held In Trust):		
	a) Opening Balance Outstanding	438.12	439.34
	b) Additions during the year (Fresh Transactions)	46.90	7.51
	c) Top Up during the year	421.41	423.48
	d) Reductions during the year (Matured Transactions)	116.48	134.04
	e) Withdrawal during the year	110.49	298.17
	f) Closing Balance Outstanding	679.46	438.12
8)	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc # # may mention average default rate of previous 5 years		
	a) Agriculture & allied activities*	10.82%	11.06%
	b) Auto Loans *	7.48%	7.68%
	* % of NPA to total advances to that asset class		
9)	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	Nil	Nil
10)	Investor complaints -		
	a) Directly/Indirectly received	Nil	Nil
	b) Complaints outstanding	Nil	Nil

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the current year and the previous year, the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

V) Disclosures relating to loans transferred / acquired through assignment / novation and loan participation

During the current year and the previous year, the Company has not transferred or acquired any loan exposures through assignment / novation and loan participation.

During the current year and the previous year, the Company has not transferred or acquired any stressed loans.

VI) Exposures

a) Exposure to Real Estate Sector

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
a) Direct exposure		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	-	-
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	-	3.92
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	**-**	**3.92**

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

b) Exposure to Capital Market

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**-**	**-**

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2021-22, 47 % (31st March, 2021: 49%) of the financing was towards parent company products.

d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) /Group Borrower Limit (GBL).

e) Unsecured Advances

As at 31st March, 2022, the amount of unsecured advances stood at Rs. 3363.35 crores (31st March, 2021: Rs. 2350.46 crores). There are no advances secured against intangible assets.

VII) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(Refer note 53)

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating -

During the year under review, CRISIL Ratings Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments,Subordinated Debt programe and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans,Commercial Paper and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'and Principal protected market linked debenture: IND PP-MLD AAA emr/Stable. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, CARE Ratings, also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VIII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Accounts in terms of the relevant Accounting Standard.

IX) Revenue Recognition

Refer note no. 2.6 under Summary of Significant Accounting Policies.

X) Indian Accounting Standard 27 (Ind AS 27) - Consolidated and Separate Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Ind AS 27. Refer consolidated financial statements (CFS)

Additional Disclosures :

All the subsidiaries of the Company have been consolidated as per Ind AS 27. Refer consolidated financial statements (CFS)

XI) Provisions and Contingencies

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	1.21	(0.96)
Provision towards non-performing assets (Stage 3 assets)	(461.71)	1,571.77
Provision made towards Income tax	348.16	434.80
Other Provision and Contingencies	(1.01)	0.04
Provision for diminution in the fair value of restructured advances	-	-
Provision for Standard Assets (Stage 1 and Stage 2 assets)	316.94	(6.73)

Draw Down from Reserves

Year ended March 31, 2022 : Nil

Year ended March 31, 2021 : Nil

XII) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Deposits of twenty largest depositors	1,164.66	637.37
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	13.8%	6.7%

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

b) Concentration of Advances

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Advances to twenty largest borrowers	873.40	750.56
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.3%	1.2%

c) Concentration of Exposures

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Exposure to twenty largest borrowers / customers	873.40	750.56
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.3%	1.2%

d) Concentration of NPAs

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Exposure to top four NPA accounts	52.60	85.55

e) Sector-wise NPAs *

Particulars	As at 31st March, 2022 Percentage of NPAs to Total Advances in that sector	As at 31st March, 2021 Percentage of NPAs to Total Advances in that sector
i) Agriculture & allied activities	9.9%	12.5%
ii) Auto loans	7.5%	8.2%
iii) MSME	2.1%	2.5%
iv) Corporate borrowers	4.2%	11.7%
v) Unsecured personal loans	3.9%	10.5%
vi) Other personal loans	-	-
vii) Services	-	-

* NPA represent stage 3 assets

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

f) Movement of NPAs *

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
i) Net NPAs to Net Advances (%)	3.36%	3.97%
ii) Movement of NPAs (Gross)		
(a) Opening balance	5,785.94	5,746.74
(b) Additions during the year	2,706.62	3,151.30
(c) Reductions during the year	(3,516.26)	(3,112.10)
(d) Closing balance	4,976.30	5,785.94
iii) Movement of Net NPAs		
(a) Opening balance	2,433.88	3,966.47
(b) Additions during the year	1,147.16	591.84
(c) Reductions during the year	(1,495.09)	(2,124.43)
(d) Closing balance	2,085.95	2,433.88
iv) Movement of provisions for NPAs		
(a) Opening balance	3,352.06	1,780.26
(b) Provisions made during the year	1,559.46	2,559.47
(c) Write-off / write-back of excess provisions	(2,021.17)	(987.67)
(d) Closing balance	2,890.35	3,352.06

* NPA represent stage 3 assets

XIII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in crores

Name of the Joint Venture/ Subsidiary	Other Partner in the JV / Subsidiary	Country	Total Assets As at 31st March, 2022	Total Assets As at 31st March, 2021
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	4,076.51	3,669.50
Mahindra Ideal Finance Limited #	Ideal Finance Limited, Sri Lanka	Sri Lanka	127.95	77.98

post investment of third and final tranche for acquisition of the balance 20% of the Equity Share Capital, resulted in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20%. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8 July, 2021.

XIV) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored -	
Domestic	Overseas
N/A	N/A

Notes forming part of the Standalone Financial Statements
as at 31st March, 2022

XV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31 2022

Rs. in crores

Particulars	1 to 7 days	8 to 14 days	15 days to 31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 year & up to 5 years	Over 5 years	Total
Deposits	57.66	86.96	226.38	383.69	443.20	1,504.95	2,061.71	3,128.86	532.78	-	8,426.19
Advances	1,103.66	1,031.26	3,502.25	2,738.61	2,650.45	5,748.74	10,103.87	26,602.71	6,739.79	223.30	60,444.64
Investments	845.95	-	21.16	54.37	43.34	112.73	394.87	1,006.60	2,578.41	3,382.84	8,440.27
Borrowings	-	-	976.01	1,032.14	2,392.83	3,094.66	7,422.12	20,083.87	4,892.90	5,315.68	45,210.21
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	681.86	566.91	718.23	210.52	-	2,177.52

As at March 31 2021

Rs. in crores

Particulars	1 to 7 days	8 to 14 days	15 days to 31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 year & up to 5 years	Over 5 years	Total
Deposits	32.48	41.65	110.71	202.67	254.76	997.02	2,241.26	4,612.21	957.90	-	9,450.66
Advances	1689.14	1689.14	3378.29	2199.23	2156.17	5,177.86	10,188.72	27,159.17	6,269.69	40.01	59,947.42
Investments	4076.21	-	13.54	40.79	40.86	238.25	34.13	880.83	2,315.14	4,065.60	11,705.35
Borrowings	56.98	21.00	572.27	1581.41	2713.09	3,238.94	6,933.59	20,340.49	4,116.08	5,871.62	45,445.47
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	1,484.64	1,536.01	659.90	-	3,680.55

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

XVI Disclosure of complaints

Customer complaints

Rs. in crores

	Year ended 31st March, 2022	Year ended 31st March, 2021
(a) No. of complaints pending at the beginning of the year	763	1,693
(b) No. of complaints received during the year	19,050	22,032
(c) No. of complaints redressed during the year	19,634	22,962
(d) No. of complaints pending at the end of the year	179	763

Note : 56

Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended

(A) Public disclosure on liquidity risk :

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

As at 31st March, 2022

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in crores)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	21	34,251.07	406.5%	57.41%

As at 31st March, 2021

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in crores)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	18	36,036.19	381.3%	57.82%

ii) Top 20 large deposits (amount in Rs. in crores and % of total deposits)

As at 31st March, 2022

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 20 large deposits	1,164.66	13.8%

As at 31st March, 2021

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 20 large deposits	637.37	6.74%

iii) Top 10 borrowings (amount in Rs. in crores and % of total borrowings)

As at 31st March, 2022

Description	Amount (Rs. in crores)	% of Total borrowings
Total for Top 10 borrowings	25,577.93	45.83%

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

As at 31st March, 2021

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 10 borrowings	30,294.10	51.72%

iv) Funding Concentration based on significant instrument/product

Sr. no.	Name of the instrument/product	As at 31st March, 2022		As at 31st March, 2021	
		Amount (Rs. in crores)	% of Total liabilities	Amount (Rs. in crores)	% of Total liabilities
1	Non-convertible debentures (Secured)	17,406.37	29.18%	15,990.30	25.66%
2	Term loans from banks (including FCNR loans)	15,390.19	25.80%	14,382.90	23.08%
3	External Commercial Borrowings	2,177.52	3.65%	3,680.55	5.91%
4	Associated liabilities in respect of securitisation transactions	8,089.20	13.56%	10,390.77	16.67%
5	Public deposits	8,426.19	14.12%	9,450.66	15.16%
6	Subordinated redeemable non-convertible debentures	3,129.85	5.25%	3,149.37	5.05%
7	Commercial Papers (Unsecured)	-	-	-	-
9	Inter-corporate deposits (ICDs)	-	-	687.86	1.10%
		54,619.32	**91.55%**	**57,732.41**	**92.63%**
	Funding Concentration pertaining to insignificant instruments/products	1,194.60	2.00%	844.27	1.35%
	Total borrowings under all instruments/products	**55,813.92**	**93.55%**	**58,576.68**	**93.99%**

v) Stock Ratios

As at 31st March, 2022

Sr. no.	Name of the instrument/product	Amount (Rs. in crores)	% of total public funds	% of total liabilities	% of total assets
a)	Commercial papers (CPs)	496.56	0.89%	0.83%	0.66%
b)	Non-convertible debentures (NCDs) with original maturity of less than 1 year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	1,924.20	3.45%	3.23%	2.56%

As at 31st March, 2021

Sr. no.	Name of the instrument/product	Amount (Rs. in crores)	% of total public funds	% of total liabilities	% of total assets
a)	Commercial papers (CPs)	494.52	0.84%	0.79%	0.64%
b)	Non-convertible debentures (NCDs) with original maturity of less than 1 year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	1,899.49	3.24%	3.05%	2.47%

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

vi) Institutional set-up for liquidity risk management

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board (ALCO) and Asset Liability Management Committee (ALMCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/ limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. The Company maintains a positive cumulative mismatch in all buckets. As on March 31, 2022, the Company maintained a liquidity buffer of approximately Rs. 8,700 crores.

Definition of terms as used in the table above:

a) Significant counterparty:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, Debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

It includes total borrowings outstanding under all types of instruments/products.

e) Other short-term liabilities:

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Disclosures as required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all deposit taking NBFCs are required to maintain Liquidity Coverage Ratio (LCR) from 1 December 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by 1 December 2024.

(B) Liquidity Coverage Ratio (LCR) for the year ended 31st March, 2022

Rs. in crores

	Particulars	Quarter ended 31st March, 2022		Quarter ended 31 December 2021		Quarter ended 30 September 2021		Quarter ended 30 June 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	5,839.72	5,242.66	4,178.88	3,747.90	4,787.14	4,295.33	4,396.15	3,943.44
	(refer note 1 below)								
Cash Outflows									
2	Deposits (for deposit taking companies)	415.83	415.83	349.67	349.67	345.16	345.16	267.31	267.31
3	Unsecured wholesale funding	235.48	235.48	331.23	331.23	30.13	30.13	393.37	393.37
4	Secured wholesale funding	1,849.38	1,849.38	875.49	667.83	698.33	698.33	1,383.34	996.74
5	Additional requirements, of which								
	i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,648.28	1,648.28	1,364.08	1,364.08	1,193.70	1,193.70	1,244.28	1,244.28
7	Other contingent funding obligations	44.23	44.23	42.50	42.50	28.03	28.03	48.16	48.16
8	**TOTAL CASH OUTFLOWS**	**4,193.20**	**4,193.20**	**2,962.97**	**2,755.31**	**2,295.35**	**2,295.35**	**3,336.46**	**2,949.86**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	4,086.58	4,086.58	4,108.14	4,108.14	3,836.70	3,836.70	3,726.89	3,726.89
11	Other cash inflows	2,185.72	2,185.72	2,931.03	2,931.03	2,063.57	2,063.57	2,527.95	1,640.61
12	**TOTAL CASH INFLOWS**	**6,272.30**	**6,272.30**	**7,039.17**	**7,039.17**	**5,900.27**	**5,900.27**	**6,254.84**	**5,367.50**
	TOTAL ADJUSTED VALUES								
13	**TOTAL HQLA**	**5,839.72**	**5,242.66**	**4,178.88**	**3,747.90**	**4,787.14**	**4,295.33**	**4,396.15**	**3,943.44**
14	**TOTAL NET CASH OUTFLOWS**	**(2,079.10)**	**(2,079.10)**	**(4,076.20)**	**(4,283.86)**	**(3,604.92)**	**(3,604.92)**	**(2,918.38)**	**(2,417.64)**
	25 % of Total Cash Out Flow	1,048.30	1,048.30	740.74	688.83	573.84	573.84	834.11	737.47
15	**LIQUIDITY COVERAGE RATIO (%)**	**557%**	**500%**	**564%**	**544%**	**834%**	**749%**	**527%**	**535%**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Computation of Net cash outflows

Rs. in crores

Net Cash outflows over the 30 days period		Quarter ended 31st March, 2022		Quarter ended 31 December 2021		Quarter ended 30 September 2021		Quarter ended 30 June 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
A	Stressed Cash Outflows @ 115% of Outflows	4,822.18	4,822.18	3,407.41	3,168.60	2,639.65	2,639.65	3,836.93	3,392.34
B	Stressed Cash Inflows @ 75% of Inflows	4,704.22	4,704.22	5,279.38	5,279.38	4,425.20	4,425.20	4,691.13	4,025.63
C	Net Stressed Cash Flows (Stressed Cash Out Flow - Stressed Cash Inflow)	117.96	117.96	(1,871.97)	(2,110.78)	(1,785.55)	(1,785.55)	(854.20)	(633.29)
D	25% of Stressed Cash Outflows	1,205.55	1,205.55	851.85	792.15	659.91	659.91	959.23	848.08
E	Greater Value of C or D	1,205.55	1,205.55	851.85	792.15	659.91	659.91	959.23	848.08
F	Liquidity Coverage Ratio (%) After Applying Stress Factor - (1 / E)	484%	435%	491%	473%	725%	651%	458%	465%

Notes:

1) The average weighted and unweighted amounts are calculated taking simple average based on monthly observation for the respective quarter. The weightage factor applied to compute weighted average value is constant for all the quarters.

2) Prior to introduction of LCR framework, the Company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in debt mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines in order to meet the LCR requirement.

3) Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

4) Components of High Quality Liquid Assets (HQLA)

Rs. in crores

Particulars		Quarter ended 31st March, 2022		Quarter ended 31 December 2021		Quarter ended 30 September 2021		Quarter ended 30 June 2021	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
I	Assets to be included as HQLA without any haircut:								
	- Government securities	5,577.87	5,020.08	3,917.02	3,525.32	4,525.28	4,072.75	4,134.29	3,720.86
II	Assets to be considered for HQLA with a minimum haircut of 15%:								
	- Corporate Bonds	261.86	222.58	261.86	222.58	261.86	222.58	261.86	222.58
III	Assets to be considered for HQLA with a minimum haircut of 50%:								
	- Commercial Papers	-	-	-	-	-	-	-	-
TOTAL		**5,839.73**	**5,242.66**	**4,178.88**	**3,747.90**	**4,787.14**	**4,295.33**	**4,396.15**	**3,943.44**

Qualitative information:

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

LCR = Stock of High-Quality Liquid Assets (HQLAs)/ Total Net Cash Outflows over the next 30 calendar days

HQLAs comprise of Cash*, Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

* Cash would mean cash on hand and demand deposits with Scheduled Commercial Banks.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board (ALCO) and Asset Liability Management Committee (ALMCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. Risks relating to foreign currency and interest rate is mitigated by entering in corresponding hedge transactions. Any potential collateral calls from the same forms a miniscule part of cash outflows. There is no currency mismatch in the LCR. The above is periodically monitored by ALMCO and reviewed by ALCO.

Disclosures as required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all deposit taking NBFCs are required to maintain Liquidity Coverage Ratio (LCR) from 1 December 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by 1 December 2024.

(B) Liquidity Coverage Ratio (LCR) for the year ended 31st March, 2021

Rs. in crores

Particulars		Quarter ended 31st March, 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA) (refer note 1 below)	4,900.95	4,385.84	3,333.05	2,970.54	982.93	860.88	231.38	203.61
Cash Outflows									
2	Deposits (for deposit taking companies)	165.86	165.86	158.32	158.32	144.61	144.61	126.75	126.75
3	Unsecured wholesale funding	358.20	358.20	141.34	141.34	427.18	427.18	27.57	27.57
4	Secured wholesale funding	1,024.93	1,024.93	1,145.75	1,145.75	942.87	942.87	2,014.30	2,014.30
5	Additional requirements, of which								
	i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

	Particulars	Quarter ended 31st March, 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	1,437.31	1,437.31	1,424.33	1,424.33	1,443.41	1,443.41	1,254.85	1,254.85
7	Other contingent funding obligations	46.84	46.84	53.75	53.75	40.01	40.01	169.49	169.49
8	**TOTAL CASH OUTFLOWS**	**3,033.14**	**3,033.14**	**2,923.49**	**2,923.49**	**2,998.08**	**2,998.08**	**3,592.96**	**3,592.96**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	3,787.72	3,787.72	4,024.93	4,024.93	2,581.35	2,581.35	1,369.71	1,369.71
11	Other cash inflows	3,738.17	2,418.84	4,595.06	3,207.40	4,273.51	2,912.53	3,557.87	2,710.27
12	**TOTAL CASH INFLOWS**	**7,525.89**	**6,206.56**	**8,619.99**	**7,232.33**	**6,854.86**	**5,493.88**	**4,927.58**	**4,079.98**
	TOTAL ADJUSTED VALUES								
13	**TOTAL HQLA**	**4,900.95**	**4,385.84**	**3,333.05**	**2,970.54**	**982.93**	**860.88**	**231.38**	**203.61**
14	**TOTAL NET CASH OUTFLOWS**	**(4,492.75)**	**(3,173.42)**	**(5,696.50)**	**(4,308.84)**	**(3,856.78)**	**(2,495.80)**	**(1,334.62)**	**(487.02)**
	25 % of Total Cash Out Flow	758.29	758.29	730.87	730.87	749.52	749.52	898.24	898.24
15	**LIQUIDITY COVERAGE RATIO (%)**	**646%**	**578%**	**456%**	**406%**	**131%**	**115%**	**26%**	**23%**

Computation of Net cash outflows

Rs. in crores

	Net Cash outflows over the 30 days period	Quarter ended 31st March, 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
A	Stressed Cash Outflows @ 115% of Outflows	3,488.12	3,488.12	3,362.01	3,362.01	3,447.79	3,447.79	4,131.90	4,131.90
B	Stressed Cash Inflows @ 75% of Inflows	5,644.42	4,654.92	6,464.99	5,424.25	5,141.14	4,120.41	3,695.68	3,059.98
C	Net Stressed Cash Flows (Stressed Cash Out Flow - Stressed Cash Inflow)	(2,156.30)	(1,166.80)	(3,102.98)	(2,062.24)	(1,693.35)	(672.62)	436.22	1,071.92
D	25% of Stressed Cash Outflows	872.03	872.03	840.50	840.50	861.95	861.95	1,032.98	1,032.98
E	Greater Value of C or D	872.03	872.03	840.50	840.50	861.95	861.95	1,032.98	1,071.92
F	Liquidity Coverage Ratio (%) After Applying Stress Factor - (1 / E)	562%	503%	397%	353%	114%	100%	22%	19%

Notes:

1) Components of High Quality Liquid Assets (HQLA)

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs. in crores

	Particulars	Quarter ended 31st March, 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
I	Assets to be included as HQLA without any haircut:								
	- Government securities	4,400.60	3,960.54	2,749.00	2,474.10	507.81	457.02	138.77	124.89
II	Assets to be considered for HQLA with a minimum haircut of 15%:								
	- Corporate Bonds	261.86	222.58	245.00	208.25	210.67	179.07	92.61	78.72
II	Assets to be considered for HQLA with a minimum haircut of 50%:								
	- Commercial Papers	238.50	202.72	339.05	288.19	264.45	224.78	-	-
TOTAL		**4,900.96**	**4,385.84**	**3,333.05**	**2,970.54**	**982.93**	**860.87**	**231.38**	**203.61**

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 57

Disclosure as required under Guidelines on Resolution Framework for COVID-19-related Stress issued by RBI

During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on Resolution Framework 2.0 dated 5 May 2021.

i) Disclosure on Resolution Framework 2.0 implemented in terms of RBI circular no. RBI/2021-22/31 DOR.STR. REC.11/21.04.048/2021-22 dated 5 May 2021 (Resolution of Covid-19 related stress of Individuals and Small Businesses).

Format - B: For the year ended 31st March, 2022

Rs. in crores

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year (B)	Of (A) amount written off during the half-year (C)	Of (A) amount paid by the borrowers during the half-year (D)	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year * (E)
Personal Loans	1,439.63	45.43	6.60	90.03	1,297.57
Corporate persons ^	41.64	-	-	2.44	39.20
Of which, MSMEs	-	-	-	-	-
Others -	-	-	-	-	-
- Vehicle loans for commercial purpose	2,366.04	152.79	48.95	162.73	2,001.57
Total	**3,847.31**	**198.22**	**55.55**	**255.20**	**3,338.34**

^ As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

* In respect of OTR 2.0, above includes restructuring implemented till 30 September 2021

ii) Disclosure on Resolution Framework 2.0 implemented in terms of RBI circular no. RBI/2021-22/32 DOR.STR. REC.11/21.04.048/2021-22 dated 5 May 2021 (Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)

No. of accounts restructured*	Amount (Rs in crores)**
2062	232.47

* accounts restructured are retail loans used for commercial purpose.

** represents the closing balance of loan accounts as on 31st March, 2022

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Relevant disclosure for the previous year ended 31st March, 2021

Disclosure as per format prescribed under Notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/ 2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated 6 August 2020

i) Format - A: For the year ended 31st March, 2021

Rs. in crores

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	0	-	-	-	-
Corporate persons*	3	43.59	-	-	1.21
Of which, MSMEs	0	-	-	-	-
Others	0	-	-	-	-
Total	**3**	**43.59**	**-**	**-**	**1.21**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

ii) Disclosure related to restructuring of accounts of Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to Rs. 25 crores as at 31st March, 2021

No. of accounts restructured*	Amount (Rs in crores)**
259	19.59

* accounts restructured are retail loans used for commercial purpose.

** represents the amount of loan restructured.

Note : 58

On November 12th 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR. REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On February 15th 2022, the RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 providing time till September 3rd 2022. Accordingly, the Company will implement the updated norms under IRACP w.e.f. 1st October 2022.

Note : 59

Based on the inspection carried out by RBI, the Company has been advised to refund the excess interest upto 31st March, 2022, with respect to certain contracts. Accordingly, the Company has made provision of Rs. 181.70 crores (net of charges due) for the year ended 31st March, 2022, which is adjusted against interest income. The Company is in the process of refunding the said amounts.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Note : 60

Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109

Year ended 31st March, 2022

Rs . in crores

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	50,727.01	442.37	50,284.64	202.91	239.46
	Stage 2	9,257.46	1,174.33	8,083.13	385.10	789.23
Subtotal for standard		**59,984.47**	**1,616.70**	**58,367.77**	**588.01**	**1,028.69**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,221.13	943.67	1,277.45	240.33	703.35
Doubtful - up to 1 year	Stage 3	1,870.78	1,062.28	808.50	1,158.52	(96.24)
1 to 3 years	Stage 3	801.54	801.54	-	644.77	156.77
More than 3 years	Stage 3	4.37	4.37	-	4.34	0.03
Subtotal for doubtful		**2,676.69**	**1,868.19**	**808.50**	**1,807.63**	**60.56**
Loss	Stage 3	78.49	78.49	-	78.49	-
Subtotal for NPA		4,976.30	2,890.35	2,085.95	2,126.44	763.91
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	1.78	(1.78)	-	1.78
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**1.78**	**(1.78)**	**-**	**1.78**
Total	Stage 1	**50,727.01**	**444.15**	**50,282.86**	**202.91**	**241.24**
	Stage 2	9,257.46	1,174.33	8,083.13	385.10	789.23
	Stage 3	4,976.30	2,890.35	2,085.95	2,126.44	763.91
Total		**64,960.77**	**4,508.83**	**60,451.94**	**2,714.45**	**1,794.38**

Year ended 31st March, 2021

Rs . in crores

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	50,712.64	421.34	50,291.30	202.92	218.42
	Stage 2	8,109.25	879.02	7,230.23	40.62	838.40
Subtotal for standard		**58,821.89**	**1,300.36**	**57,521.53**	**243.54**	**1,056.82**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,236.78	2,306.28	930.50	398.76	1,907.52
Doubtful - up to 1 year	Stage 3	1,360.05	388.76	971.29	761.11	(372.35)

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

Rs . in crores

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1 to 3 years	Stage 3	1,023.68	511.89	511.79	816.06	(304.17)
More than 3 years	Stage 3	60.66	40.36	20.30	59.33	(18.97)
Subtotal for doubtful		**2,444.39**	**941.01**	**1,503.38**	**1,636.50**	**(695.49)**
Loss	Stage 3	104.77	104.77	-	104.77	-
Subtotal for NPA		5,785.94	3,352.06	2,433.88	2,140.03	1,212.03
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	1.18	(1.18)	-	1.18
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**1.18**	**(1.18)**	**-**	**1.18**
Total	Stage 1	**50,712.64**	**422.52**	**50,290.12**	**202.92**	**219.60**
	Stage 2	8,109.25	879.02	7,230.23	40.62	838.40
	Stage 3	5,785.94	3,352.06	2,433.88	2,140.03	1,212.03
Total		**64,607.83**	**4,653.60**	**59,954.23**	**2,383.57**	**2,270.03**

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31st March, 2022 and 31st March, 2021, no amount is required to be transferred to 'Impairment Reserve' for both the financial years. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

ii) In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.

As at 31st March, 2022 and 31st March, 2021, there were no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ DPD ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

iii) Policy for sales / transfers out of amortised cost business model portfolios

Sale/ transfer of portfolios out of amortised cost business model:

As a short-term financing arrangement, the Company has been transferring or selling certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitisation transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction. As a part of annual budgetary planning and with the objective of better liquidity and risk management, the Company, at the beginning of the year, obtains approval of Asset Liability Committee and Risk Management Committee of the Board of Directors for undertaking securitisation transactions of certain value of standard assets comprising the collateral based loan receivables at appropriate times during the year.

These transactions are carried out after complying with RBI guidelines on securitisation of standard assets. The consideration received through such securitisation transactions is utilised for funding regular vehicle loan disbursements to customers who service their loans through fixed installments over a specified period of loan tenor. Besides using securitisation as alternate financing tool, it is also being used as a effective Balance sheet management through better liquidity and risk management by transfer of assets from risk averse to risk takers.

When the assets in the form of loan receivables are sold / transferred to an SPV/Bank through securitisation transaction, then on a consolidated portfolio level, such sale/transfer does not change the Company's business objective of holding financial assets to collect contractual cash flows.

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

The Company remains exposed to credit risk, being the expected losses that will be incurred on the securitised loan portfolio to the extent of the credit enhancement provided. Any increase in losses as compared to the expected loss shall require the Company to present its credit enhancement / cash collateral to help compensate the investors. This is as per the requirement of the Reserve Bank of India. Thus, the Company as per Ind AS 109 has retained substantially all the risks and rewards of ownership of the financial asset.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Accordingly, these financial assets are not de-recognised by the Company from the financial statements prepared under Ind AS. Since the contractual terms of these financial assets give rise to cash flows, that are solely payments of principal and interest, on specified dates, these assets meet the SPPI criterion and are thus continued to be recognised in the books at amortised cost.

Note : 61

Disclosures pertaining to Fund raising by issuance of Debt Securities by Large Corporates as per SEBI notification no. SEBI/HO/DDHS/CIR/P/2018/144 dated 26 November 2018

As per the definition given in above referred notification, the Company is a Large Corporate and hence is required to disclose the following information about its borrowings.

i) Initial Disclosure as per Annexure - 'A' filed within 30 days from the beginning of the financial year for the FY: 2022-23

Sr.no.	Particulars	Details
(1)	Name of the company	Mahindra & Mahindra Financial Services Limited
(2)	CIN	L65921MH1991PLC059642
(3)	Outstanding borrowing of the Company as on 31st March, 2022 #	Rs. 42,847.65 crores
(4)	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	• IND AAA / Stable by India Ratings & Research Private Limited • CARE AAA / Stable by CARE Ratings Limited • BWR AAA / Stable by Brickwork Ratings India Private Limited
(5)	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

ii) Annual disclosure as per Annexure - B2 for the year ended 31st March, 2022

1) Name of the Company: Mahindra & Mahindra Financial Services Limited
2) CIN: L65921MH1991PLC059642
3) Report filed for FY: 2021-22
4) Details of the Current block (Rs. in crores)

Sr. no.	Particulars	Details
i)	2-year block period	FY 2021-22
ii)	Incremental borrowing done in FY 2021-22 (a) #	12,930.49
iii)	Mandatory borrowing to be done through debt securities in FY 2021-22 (b) = (25% of a)	3,232.62
iv)	Actual borrowing done through debt securities in FY 2021-22 (c)	4,608.40
v)	Shortfall in the borrowing through debt securities, if any, for FY 2020-21 carried forward to FY 2021-22 (d)	NIL
vi)	Quantum of (d), which has been met from (c) (e)	N.A
vii)	Shortfall, if any, in the mandatory borrowing through debt securities for FY 2021-22 {after adjusting for any shortfall in borrowing for FY 2020-21 which was carried forward to FY 2021-22} (f)= (b)-[(c)-(e)] {If the calculated value is zero or negative, write "nil"}	NIL

Notes forming part of the Standalone Financial Statements

as at 31st March, 2022

5) Details of penalty to be paid, if any, in respect to previous block (Rs. in crores):

Sr. no.	Particulars	Details
i)	2-year Block period (Specify financial years)	FY 2021-22
ii)	Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}	N.A

Notes:

(i) Figures pertain to long-term borrowing basis original maturity of more than one year (excludes External Commercial Borrowings, Inter- corporate borrowings between a parent & subsidiaries and securitisation portfolio outstanding); and

(ii) Figures are taken on the basis of cash flows / principal maturity value, excluding accrued interest, if any.

Note : 62

Disclosure on COVID-19 Relief Scheme - "Emergency Credit Line Guarantee Scheme" (ECLGS) announced by the Government of India, Ministry of Finance, for the previous financial year ended 31st March, 2021

In view of COVID-19 crisis, the Government of India, Ministry of Finance had announced a special scheme, namely, ECLGS for providing 100% guarantee coverage for additional term loan facility to the existing customers on the books of the Company. The fund and the scheme is managed and operated by National Credit Guarantee Trustee Company Limited, which is a wholly owned trustee company of Government of India. During the year ended 31st March, 2021, in accordance with the operational guidelines of the scheme (as amended), the Company has disbursed an amount of Rs. 528.34 crores as additional term loan facility to 36138 eligible customer accounts of the Company.

Since the above referred scheme was one-time special relief scheme with specific window period, there is no additional disbursements during the current financial year ended 31st March, 2022.

Note : 63

Events after the reporting date

There have been no other events after the reporting date that require disclosure in these financial statements.

Note : 64

Previous year figures have been regrouped /reclassified wherever nessesary to conform to current year presentation.

Signatures to Notes 1 to 64

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No: 117365W

Rupen K. Bhatt
Partner
Membership No: 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No: 106655W

M. M. Chitale
Partner
Membership No: 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Mahindra & Mahindra Financial Services Limited (the "Parent"/the "Holding Company") and its subsidiaries, (the Parent/Holding Company and its subsidiaries together referred to as the "Group") and its share of the net profit after tax and total comprehensive income of its associate and joint ventures, which comprise the Consolidated Balance Sheet as at 31st March, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and joint ventures, referred to in the Other Matters Section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act ("SA"s). Our responsibilities under those Standards are further described in the Auditors' Responsibility for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 the sub-paragraphs (a) and (b) of the Other Matters Section below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Emphasis of Matter

We draw attention to 52.2(i) to the Consolidated Financial Statements in which the Group describes the continuing uncertainties arising from the COVID-19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditors' Response
1.	Allowances for Expected Credit Losses ("ECL"): As at 31st March, 2022, the carrying value of loan assets measured at amortised cost, aggregated Rs. 67,660 crores (net of allowance of expected credit loss Rs. 5,081 crores) constituting approximately 81% of the Group's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the Standalone Financial Statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets measured at amortised cost;	Auditors of one subsidiary and we have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. Auditors of the subsidiary and we have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, Auditors of the subsidiary and we have confirmed that adjustments to the output of the ECL Model are consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others:

Sr. No.	Key Audit Matter	Auditors' Response
	• Basis used for estimating Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") at product level with past trends; • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and • Adjustments to model driven ECL results to address emerging trends. (Refer Note 2.5, 7 and 51.2 to the Consolidated Financial Statements).	Testing the design and operating effectiveness of the following: • Completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied; • Completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and • Accuracy of the computation of the ECL estimate including reasonableness of the methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model. Test of details on a sample in respect of the following: • Accuracy and completeness of the input data such as period of default and other related information used in estimating the PD; • The mathematical accuracy of the ECL computation by using the same input data as used by the Group. • Completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed. • Evaluating the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model to ensure that the adjustment was in conformity with the overlay amount approved by the respective Audit Committee of the Companies included in the Group.
2.	Information Technology and General Controls: The Group is dependent on its Information Technology ("IT") systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be a Key Audit Matter.	With the assistance of IT specialists, the auditors of a subsidiary company and we obtained an understanding of the Group's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), programme change controls, database management and network operations. In particular: • Auditors of one subsidiary and we tested the design, implementation, and operating effectiveness of the Group's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Group's controls over segregation of duties and access rights being provisioned/modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit.

Sr. No.	Key Audit Matter	Auditors' Response
		• Auditors of a subsidiary and we also tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Financial Statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's/Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report (including annexures thereto), Business Responsibility Statement and Management Discussion and Analysis ("MD & A") (collectively referred to as "other information"), but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's/Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards 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; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent/Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent/Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the business activities included in the Consolidated Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Parent/Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 5 subsidiaries, whose financial statements reflect total assets of Rs. 8,787.75 crores as at 31st March, 2022, total revenues of Rs. 1,417.58 crores and net cash inflows amounting to Rs. 182.98 crores for the year ended on that date, 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 on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

(b) Further the financial statements of a subsidiary included in the Consolidated Financial Statements, whose financial statements reflect total assets of Rs. 629.34 crores as at 31st March, 2022, total revenues of Rs. 347.91 crores and net cash outflows amounting to Rs. 1.66 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by Mukund M. Chitale & Co., one of the joint auditors of the Group whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated under Auditor's Responsibilities Section above.

(c) The Statement also includes the Group's share of loss after tax of Rs. 19.29 crores and total comprehensive loss of Rs. 19.29 for the year ended 31st March, 2022, as considered in the Statement, in respect of 2 joint ventures. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint ventures, is based solely on the report of the other auditors and the procedures performed by us as stated under Auditor's Responsibilities Section above.

(d) The Statement also includes the Group's share of profit after tax of Rs. 64.31 and Total comprehensive income of Rs. 63.47 crores for the year ended 31st March, 2022, in respect of an associate, based on their financial statements which have not been audited by their auditors. According to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Consolidated Financial Statements above and our report on "Other Legal and Regulatory Requirements" below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and joint ventures referred to in the Other Matters Section above 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, returns and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

    d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Parent/Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the Internal Financial Controls with reference to Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent/Holding Company, subsidiary companies and joint ventures incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to Financial Statements of those companies.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent/Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

    h) 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.

        ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

        iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent/Holding Company and its subsidiary companies and joint ventures.

        iv) (a) The respective Managements of the Company and its subsidiaries and joint ventures which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and joint ventures, respectively, that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries and joint ventures to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        (b) The respective Managements of the Company and its subsidiaries and joint ventures which are companies incorporated in India, whose Financial Statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries and joint ventures respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries and joint ventures from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries and joint ventures shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

        v) The final dividend proposed with respect to the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

        As stated in note 23(ii) to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of proposed dividend is in accordance with Section 123 of the Act, as applicable.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by the auditors of the subsidiaries and joint ventures incorporated in India included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, provided to us by the Management of the Company and based on the identification of matters of qualifications or adverse remarks in their CARO reports by the respective component auditors and provided to us, we report that the auditors of such companies have not reported any qualifications or adverse remarks in their CARO report.

For **Mukund M. Chitale & Co.**
Chartered Accountants
(Firm's Registration No. 106655W)

M. M. Chitale
Partner
(Membership No. 14054)
(UDIN: 22014054A1OWP12068)

Place: Mumbai
Date: 2nd May, 2022

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 22046930AIGOWF3308)

Place: Mumbai
Date: 2nd May, 2022

Annexure "A"

To The Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

Report on the Internal Consolidated Financial Controls with reference to Consolidated Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March, 2022, we have audited the internal financial controls with reference to financial statements of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as the "Parent") and its subsidiary companies and joint ventures.

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Parent and its subsidiary companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the respective Companies 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 were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Parent and its subsidiary companies and joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to Consolidated Financial Statements of the Parent and its subsidiary companies and joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to Financial Statement

A company's internal financial control with reference to Consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Consolidated Financial Controls with reference to Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated financial statements 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2022, based on the criteria for Internal Financial Controls with reference to Consolidated Financial Statements established by the respective companies considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to subsidiary companies and joint ventures, which are company incorporated in India, is based solely on the corresponding report of the auditors of this company incorporated in India.

Further with respect to a subsidiary company included in the Consolidated Financial Statements, which is a company incorporated in India, have been audited by Mukund M. Chitale & Co., one of the joint auditors of the Group and our opinion on the internal financial controls with reference to financial statements, in so far as it relates to the internal financial controls with reference to Financial Statements in respect of this subsidiary, is based solely on the corresponding report of the auditors of this company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Mukund M. Chitale & Co.**
Chartered Accountants
(Firm's Registration No. 106655W)

M. M. Chitale
Partner
(Membership No. 14054)
(UDIN: 22014054A1OWP12068)

Place: Mumbai
Date: 2nd May, 2022

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 22046930AIGOWF3308)

Place: Mumbai
Date: 2nd May, 2022

Consolidated Balance Sheet

as at 31st March, 2022

Rs. in crores

Particulars	Note	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	765.32	808.53
b) Bank balance other than (a) above	4	4,062.29	3,228.66
c) Derivative financial instruments	5	26.63	25.72
d) Receivables			
i) Trade receivables	6	64.83	54.64
ii) Other receivables		-	-
e) Loans	7	67,659.69	67,075.72
f) Investments			
i) Investments accounted using Equity Method	8 (i)	855.40	838.07
ii) Other investments	8 (ii)	7,798.73	11,288.26
g) Other financial assets	9	270.93	398.73
		81,503.82	**83,718.33**
Non-financial Assets			
a) Current tax assets (Net)		586.74	414.18
b) Deferred tax Assets (Net)	10 (i)	951.27	944.88
c) Property, plant and equipment	11	461.07	379.24
d) Capital work-in-progress	12	-	10.34
e) Intangible assets under development		2.10	1.39
f) Goodwill		43.40	-
g) Other intangible assets	12	10.81	19.80
h) Other non-financial assets	13	249.44	112.83
		2,304.83	**1,882.66**
Total Assets		**83,808.65**	**85,600.99**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Derivative financial instruments	14	182.22	173.18
b) Payables	15		
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises		0.28	0.07
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,112.92	731.90
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		3.53	0.01
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		47.10	46.96
c) Debt Securities	16	21,597.15	19,671.04
d) Borrowings (Other than Debt Securities)	17	28,652.09	32,454.28
e) Deposits	18	8,286.26	9,366.16
f) Subordinated Liabilities	19	3,590.13	3,609.47
g) Other financial liabilities	20	2,874.83	3,282.71
		66,346.51	**69,335.78**
Non-Financial Liabilities			
a) Current tax liabilities (Net)		27.60	13.92
b) Provisions	21	275.96	271.24
c) Other non-financial liabilities	22	120.81	104.53
		424.37	**389.69**
EQUITY	23		
a) Equity Share Capital		246.60	246.40
b) Other Equity		16,649.71	15,529.97
Equity attributable to owners of the Company		**16,896.31**	**15,776.37**
Non-controlling interests		141.46	99.15
		17,037.77	**15,875.52**
Total Liabilities and Equity		**83,808.65**	**85,600.99**

The accompanying notes form an integral part of the consolidated financial statements. 1 to 60

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Rupen K. Bhatt
Partner
Membership No. 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No. 106655W

M. M. Chitale
Partner
Membership No. 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2022

Rs. in crores

Particulars	Note	Year ended 31st March, 2022	Year ended 31st March, 2021
Revenue from operations			
i) Interest income	24	10,858.08	11,703.79
ii) Dividend income		0.02	0.12
iii) Rental income		26.31	17.11
iv) Fees and commission Income	25	109.88	75.59
v) Net gain on fair value changes	26	51.34	110.95
vi) Sale of services	27	271.94	203.61
I Total Revenue from operations		**11,317.57**	**12,111.17**
II Other income	28	82.94	59.33
III Total income (I+II)		**11,400.51**	**12,170.50**
Expenses			
i) Finance costs	29	4,417.37	5,307.57
ii) Fees and commission expense		156.11	104.80
iii) Impairment on financial instruments	30	2,690.38	3,998.74
iv) Employee benefits expenses	31	1,613.12	1,384.01
v) Depreciation, amortisation and impairment	32	151.99	150.51
vi) Others expenses	33	887.71	558.81
IV Total expenses		**9,916.68**	**11,504.44**
V Profit before exceptional items, share of profit of associate and joint venture and tax (III-IV)		**1,483.83**	**666.06**
VI Exceptional items	34	20.57	228.54
VII Share of Profit of Associate and Joint Venture		45.02	39.54
VIII Profit before tax (V + VI + VII)		**1,549.42**	**934.14**
IX Tax expense:	10 (ii)		
i) Current tax		411.38	494.72
ii) Deferred tax		(12.30)	(340.86)
		399.08	**153.86**
X Profit for the year (VIII-IX)		**1,150.34**	**780.28**
Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain/(loss) on defined benefit plans		(4.13)	(2.36)
- Net gain/(loss) on equity instruments through OCI		26.01	(4.56)
- Share of other comprehensive income/(loss) of equity accounted investees		(0.07)	-
(ii) Income tax impact thereon	10 (iii)	(5.50)	1.82
Subtotal (A)		**16.31**	**(5.10)**
(B) (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		(27.39)	(15.27)
- Net gain/(loss) on debt instruments through OCI		(0.16)	(92.82)
- Share of other comprehensive income/(loss) of equity accounted investees		16.57	-
(ii) Income tax impact thereon	10 (iii)	0.04	23.36
Subtotal (B)		**(10.94)**	**(84.73)**
XI Other Comprehensive Income (A + B)		**5.37**	**(89.83)**
XII Total Comprehensive Income for the year (X + XI)		**1,155.71**	**690.45**
Profit for the year attributable to:			
Owners of the Company		1,136.87	773.21
Non-controlling interests		13.47	7.07
		1,150.34	**780.28**
Other Comprehensive Income for the year attributable to:			
Owners of the Company		18.23	(89.89)
Non-controlling interests		(12.86)	0.06
		5.37	**(89.83)**
Total Comprehensive Income for the year attributable to:			
Owners of the Company		1,155.10	683.32
Non-controlling interests		0.61	7.13
		1,155.71	**690.45**
XIII Earnings per equity share (Face value Rs. 2/- per equity share)	35		
Basic (Rupees)		9.23	6.99
Diluted (Rupees)		9.21	6.98
The accompanying notes form an integral part of the consolidated financial statements.	1 to 60		

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Rupen K. Bhatt
Partner
Membership No. 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No. 106655W

M. M. Chitale
Partner
Membership No. 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Consolidated Statement of Changes in Equity
as at 31st March, 2022

A. Equity Share Capital

Rs. in crores

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1st April, 2020	123.07
Changes due to prior period errors	-
Restated balance as at 1st April, 2020	123.07
Changes during the year:	
Fresh allotment of shares through Rights Issue during the year (refer note 40)	123.55
Less: Allotment of shares to ESOP Trust through Rights Issue during the year	(0.40)
Add: Allotment of shares by ESOS Trust to employees on exercise of options (refer note 40)	0.18
Balance as at 31st March, 2021	**246.40**
Balance as at 1st April, 2021	246.40
Changes due to prior period errors	-
Restated balance as at 1st April, 2021	246.40
Changes during the year:	
Add : i) Fresh allotment of shares through Rights Issue during the year (refer note 40)	-
(Net of Shares issued to ESOS Trust under Rights Issue)	
ii) Allotment of shares by ESOS Trust to employees on exercise of options (refer note 40)	0.20
Balance as at 31st March, 2022	**246.60**

B. Other Equity

Rs. in crores

	Reserves and Surplus						Item of Other Comprehensive Income					
	Statutory reserve	Capital redemption reserve	Securities premium	General reserve	Employee stock options outstanding	Retained earnings or Profit & loss account	Debt instruments through OCI (Refer note 35)	Equity instruments through OCI (Refer note 35)	Foreign Currency Translation Reserve	Total Other Equity	Non-controlling Interests	Total
Balance as at 1st April, 2020	2,103.43	50.00	4,167.14	813.14	53.71	4,577.98	11.64	5.41	63.50	11,845.94	89.68	11,935.62
Changes in accounting policy/ prior period errors										-		-
Restated balance as at 1st April, 2020										-		-
Profit for the year						773.21				773.21	7.07	780.28
Other Comprehensive Income						(1.76)	(69.46)	(3.41)	(15.27)	(89.90)	0.06	(89.84)
Total Comprehensive Income	-	-	-	-	-	**771.45**	**(69.46)**	**(3.41)**	**(15.27)**	**683.31**	**7.13**	**690.44**
Securities premium on fresh issue of equity share capital (refer note 40)			2,965.27							2,965.27		2,965.27
Expenses incurred in respect of issue of equity shares			(8.54)							(8.54)		(8.54)
Transfers to Securities premium on exercise of employee stock options			21.68		(21.68)					-		-
Securities premium on shares allotted to ESOP Trust through Rights Issue			(9.91)							(9.91)		(9.91)
Securities premium on transfer of ESOP Shares to employees			1.24							1.24		1.24
Employee stock options expired				0.03	(0.03)					-		-
Share based payment expense					18.20					18.20		18.20
Transfers to Statutory reserves	98.75					(98.75)				-		-

Rs. in crores

	Reserves and Surplus						Item of Other Comprehensive Income					
	Statutory reserve	Capital redemption reserve	Securities premium	General reserve	Employee stock options outstanding	Retained earnings or Profit & loss account	Debt instruments through OCI (Refer note 35)	Equity instruments through OCI (Refer note 35)	Foreign Currency Translation Reserve	Total Other Equity	Non-controlling Interests	Total
Changes in Group's Interest	(0.18)					(1.03)				(1.21)	2.34	1.13
Gross obligation at fair value to acquire non-controlling interest						35.40				35.40		35.40
Others			0.26							0.26		0.26
Balance as at 31st March, 2021	**2,202.00**	**50.00**	**7,137.14**	**813.17**	**50.20**	**5,285.05**	**(57.82)**	**2.00**	**48.23**	**15,529.97**	**99.15**	**15,629.12**
Balance as at 1st April, 2021	2,202.00	50.00	7,137.14	813.17	50.20	5,285.06	(57.82)	2.00	48.23	15,529.97	99.15	15,629.12
Changes in accounting policy/ prior period errors										-		-
Restated balance as at 1st April, 2021										-		-
Profit for the year						1,136.87	-	-	-	1,136.87	13.47	1,150.34
Other Comprehensive Income						(3.20)	(0.12)	19.47	2.08	18.23	(12.86)	5.37
Total Comprehensive Income	-	-	-	-	-	**1,133.67**	**(0.12)**		**2.08**	**1,155.10**	**0.61**	**1,155.71**
Dividend paid on equity shares (including tax thereon)						(98.57)				(98.57)	(0.62)	(99.19)
Securities premium on fresh issue of equity share capital (refer note 40)										-		-
Expenses incurred in respect of issue of equity shares										-		-
Transfers to Securities premium on exercise of employee stock options			17.85		(17.85)					-		-
Securities premium on transfer of ESOP shares			2.30							2.30		2.30
Employee stock options expired				0.12	(0.12)					-		-
Share based payment expense					10.81					10.81		10.81
Transfers to Statutory reserves	223.29					(223.61)				(0.32)	0.32	-
Changes in Group's Interest						(3.98)				(3.98)	42.00	38.02
Gross obligation at fair value to acquire non-controlling interest						54.40				54.40		54.40
Others										-		-
Balance as at 31st March, 2022	**2,425.29**	**50.00**	**7,157.29**	**813.29**	**43.04**	**6,146.97**	**(57.94)**	**21.47**	**50.31**	**16,649.71**	**141.46**	**16,791.17**

The accompanying notes 1 to 60 form an integral part of the consolidated financial statements.

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Rupen K. Bhatt
Partner
Membership No. 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No. 106655W

M. M. Chitale
Partner
Membership No. 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Consolidated Statement of Cash Flows

for the year ended 31st March, 2022

Rs. in crores

	Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items and taxes	1,483.83	666.06
	Adjustments for:		
	Depreciation, amortisation and impairment	151.99	150.52
	Impairment on financial instruments (excluding bad debts and write-offs)	(89.75)	1,847.30
	Bad debts and write-offs	2,806.54	2,170.70
	Interest expense	4,353.53	5,080.33
	Interest income from loans	(10,235.58)	(11,253.44)
	Interest income from other deposits with banks	(200.06)	(183.26)
	Net (Gain)/loss on fair value of derivative financial instruments	7.32	191.69
	Unrealised foreign exchange gain/loss	(90.38)	(124.74)
	Share based payments to employees	13.51	18.35
	Net gain on fair value changes	(11.70)	(9.20)
	Interest income on investments	(387.32)	(297.60)
	Dividend income	-	(0.02)
	Net gain on derecognition of property, plant and equipment	(1.65)	(0.30)
	Net (gain)/loss on sale of investments	35.97	(97.81)
	Operating profit/(loss) before working capital changes	**(2,163.76)**	**(1,841.41)**
	Adjustments for changes in working capital -		
	Loans	(4,956.23)	256.46
	Trade receivables	(20.31)	(17.42)
	Other financial assets	(13.75)	(37.57)
	Other financial liabilities	215.11	(2.38)
	Other non-financial assets	(2.74)	(37.67)
	Trade Payables	361.01	71.38
	Other non-financial liabilities	14.21	2.05
	Derivative financial instruments	0.14	(0.97)
	Provisions	0.22	63.30
	Cash generated from/(used in) operations before adjustments for interest received and interest paid	**(6,566.10)**	**(1,544.24)**
	Interest paid	(4,826.59)	(4,742.22)
	Interest received from loans	11,983.97	12,770.91
	Cash generated from/(used in) operations	**591.28**	**6,484.45**
	Income taxes paid (net of refunds)	(573.22)	(658.56)
	NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES (A)	**18.06**	**5,825.89**
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	(300.68)	(45.52)
	Proceeds from sale of Property, plant and equipment	6.58	4.32
	Purchase of investments measured at amortised cost	(223.76)	(339.51)
	Proceeds from sale of investments measured at amortised cost	84.18	170.90
	(Increase)/(decrease) in investment in Triparty Repo Dealing System (TREPS) (net)	2,404.00	(2,404.00)
	Purchase of investments measured at FVOCI	(102.62)	(4,547.94)
	Proceeds from sale of investments measured at FVOCI	39.06	-
	Purchase of investments measured at FVTPL	(11,759.03)	(34,736.80)
	Proceeds from sale of investments measured at FVTPL	13,072.66	35,468.56
	Purchase of investments measured at cost	(33.99)	(0.01)
	Consideration received on partial disposal of subsidiary, net of cash (loss of control)	-	20.73
	Proceeds from/(Investments in) term deposits with banks (net)	(633.93)	(2,312.08)

Consolidated Statement of Cash Flows

for the year ended 31st March, 2022

Rs. in crores

	Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
	Dividend income received	-	0.02
	Interest received from other deposits with banks	143.68	152.22
	Interest income received on investments measured at amortised cost, FVOCI, FVTPL and at cost	414.41	220.57
	Change in Earmarked balances with banks	0.02	0.09
	NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)	**3,110.59**	**(8,348.44)**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of Equity shares, including securities premium (net of issue expenses)	(0.00)	3,069.96
	Proceeds from borrowings through Debt Securities	7,785.50	8,100.90
	Repayment of borrowings through Debt Securities	(5,867.80)	(8,160.65)
	Proceeds from Borrowings (Other than Debt Securities)	40,858.62	16,351.61
	Repayment of Borrowings (Other than Debt Securities)	(44,631.84)	(17,109.06)
	Proceeds from borrowings through Subordinated Liabilities	132.91	50.00
	Repayment of borrowings through Subordinated Liabilities	(155.17)	(272.98)
	Increase/(decrease) in Public deposits (net)	(1,141.25)	573.24
	Payments for principal portion of lease liability	(54.66)	(54.53)
	Dividend paid	(99.19)	-
	NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)	**(3,172.88)**	**2,548.48**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(44.23)**	**25.93**
	Cash and Cash Equivalents at the beginning of the year	808.53	782.60
	Acquistion Date Balance	1.73	-
	Unrealised gain/(loss) on foreign currency cash and cash equivalents	(0.71)	-
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 3)	**765.32**	**808.53**
	Components of Cash and Cash Equivalents		
	Cash and cash equivalents at the end of the year		
	- Cash on hand	54.87	54.42
	- Cheques and drafts on hand	36.30	33.12
	- Balances with banks in current accounts	283.65	478.50
	-Term deposits with original maturity up to 3 months	390.50	242.49
	Total	**765.32**	**808.53**

Notes:

1) The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

2) Purchase of Property, plant and equipment and intangible assets represents additions to Property, plant and equipment and intangible assets adjusted for movement of capital-work-in-progress during the year.

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Rupen K. Bhatt
Partner
Membership No. 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No. 106655W

M. M. Chitale
Partner
Membership No. 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Notes to Consolidated Financial Statements

as at 31st March, 2022

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai. The Company is a Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its PAN India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4th September, 1998. The equity shares of the Company are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai – 400 001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

The consolidated financial statements of Mahindra & Mahindra Financial Services Limited ('the Parent') and its subsidiaries ('the Group') and its associates and joint ventures have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act.

Any application guidance/ clarifications/ directions/ expectations issued by RBI or other regulators are implemented as and when they are issued/ applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These consolidated financial statements have been approved by the Company's Board of Directors and authorised for issue on 2nd May, 2022.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Group's functional currency. All amounts are rounded-off to the nearest crores, unless indicated otherwise.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, associates and joint ventures.

Subsidiaries

Subsidiaries are entities over which the Group has control. Subsidiaries are consolidated on a line-by-line basis from the date the control is transferred to the Group. They are deconsolidated from the date that control ceases. Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted as equity transactions. The carrying amount of the Company's interests and the non-controlling interests ("NCI") are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Associates

Associates are the entities over which the Group has significant influence. Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. Investment in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

2.5 Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.6 Use of estimates and judgements and Estimation uncertainty

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

Effective Interest Rate (EIR) Method

The Group recognises interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given/taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgment, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Group's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Group's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 52).

Provisions and other contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

The reliable measure of the amounts pertaining to litigations and the regulatory proceedings in the ordinary course of the Group's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Provision for income tax and deferred tax assets:

The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid/recovered for uncertain tax postions. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Group exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Defined Benefit Plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases

Notes to Consolidated Financial Statements

as at 31st March, 2022

and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario:

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgement in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement has increased during financial year as a result of the economic effects of the COVID-19 outbreak, including significant judgements relating to:

- the selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time over which the economic effects of the pandemic will occur, the speed and shape of recovery. The main factors include the effectiveness of pandemic containment measures, the pace of roll-out and effectiveness of vaccines, and the emergence of new variants of the virus, plus a range of geopolitical uncertainties, which together represent a very high degree of estimation uncertainty, particularly in assessing worst case scenario;
- estimating the economic effects of those scenarios on ECL, where there is no observable historical trend that can be reflected in the models that will accurately represent the effects of the economic changes of the severity and speed brought about by the COVID-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
- the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues given muted default experience to date.

Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, were discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post-model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs. While the use of judgemental overlays and post-model adjustments should ideally be limited, their extensive use was deemed appropriate during the financial year, and are likely to continue to be required in future reporting periods.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

The Group has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March, 2022 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

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

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions (refer note 52).

Notes to Consolidated Financial Statements

as at 31st March, 2022

Going Concern

COVID-19 has an adverse impact on the functioning of the financial sector companies, notwithstanding this the financial statements of the Group are prepared on a going concern basis.

Management is of the view that it is considered appropriate to prepare these financial statements on a going concern basis as the Group expects to generate sufficient cash flows from operating activities and unused lines of credit to meet its obligations in the foreseeable future (refer note 51)

2.7 Revenue recognition:

a) Recognition of interest income on loans

Interest income is recognised in Statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

The Group calculates interest income related to financing business by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

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

b) Subvention income

Subvention income received from manufacturer/dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognised in the Statement of profit and loss using the effective interest method over the tenor of such loan contracts measured at amortised cost. In case of subvention income which is subject to confirmation from manufacturer and received later than inception date is recognised in the Statement of profit and loss using straight-line method over the tenor of such loan contracts.

c) Rental Income

Income from operating leases is recognised in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognised over and above minimum commitment charges based on usage pattern and make/model of the asset.

d) Fee and commission income :

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

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

e) Sale of services:

Income from sale of services are recognised on rendering of such services.

Brokerage Income, Handling Charges & Broker Retainer Fees is recognised for net of Goods and Service Tax (GST) amount on rendering of services. Brokerage income is recognised on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier. The revenue from rendering of consultancy services is recognised in proportion to the stage of completion of the transaction at the reporting date.

f) Dividend and interest income on investments:

- Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
- Interest income from on investments is recognised when it is certain that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.8 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

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

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Subsequent expenditure is recognised as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

In accordance with Ind AS 116 - Leases, the Right-Of-Use assets (Leasehold premises) are initially recognised at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Leasehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The estimated useful lives used for computation of depreciation are as follows:

Buildings	60 years
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 years to 10 years
Vehicles under lease	Over the lease term of the respective agreements
Right-Of-Use assets (Leasehold premises)	Over the lease term of the respective agreements

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

Vehicles provided to employees as part of Cost-To-Company (CTC) scheme are depreciated using estimated useful life of 4 year.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realisable value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income/netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

2.9 a) Intangible assets:

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets comprises of computer software which is amortised over the estimated useful life. The amortisation period is lower of license period or 36 months which is based on management's estimates of useful life. Amortisation is calculated using the straight-line method to write down the cost of intangible assets over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

b) Intangible assets under development :

The Group, initially recognises intangible asset under development at cost during the development phase based on the management's judgement that technological and economic feasibility is confirmed. Upon completion of the development phase, the amount is capitalised as intangible asset.

2.10 Foreign exchange transactions and translations:

a) Initial recognition

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

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

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Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.11 Financial instruments :

a) Recognition and initial measurement –

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

b) Classification and subsequent measurement –

- Financial assets
- On initial recognition, a financial asset is classified as measured at
  - Amortised cost;
  - FVOCI – debt instruments;
  - FVOCI – equity instruments;
  - FVTPL

Amortised cost –

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Group measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

FVOCI – debt instruments –

The Group measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI – equity instruments –

The Group subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

All financial asset not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment provisions are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income at coupon rate and impairment provision, if any, are recognised in Statement of profit and loss. Net gains or losses on fair valuation are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Group makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

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Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

c) Financial liabilities and equity instruments:

Classification as debt or equity –

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments –

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Group are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities –

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss

d) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

g) Derivative financial instruments

The Group enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting

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period. The resulting gain/loss is recognised in Statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

h) Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

The Group recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information (refer note 52).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Group's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognised.

The Group recognises lifetime ECL for trade advances, lease and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the respective businesses of the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when we modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Group's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided. Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

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i) **Collateral repossessed -**

Based on operational requirements, the Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalisation at their fair market value.

In the normal course of business, the Group does not physically repossess assets/properties or other assets in its retail portfolio, but engages external agents to recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets/properties under legal repossession processes are not recorded on the balance sheet.

j) **Write-offs -**

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Group determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write-offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

2.12 Employee benefits:

a) **Short-term employee benefits**

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) **Contribution to provident fund and ESIC and National Pension Scheme**

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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

c) **Gratuity**

The Group's liability towards gratuity schemes is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment/curtailment and recognition of related restructuring costs/termination benefits.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains/losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

d) **Leave encashment compensated absences/sick leave**

The Group provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on

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the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

e) **Employee stock options :**

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock option at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.13 Finance costs:

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost - bank term loans, non-convertible debentures, fixed deposits mobilised, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Interest expense on lease liabilities computed by applying the Group's weighted average incremental borrowing rate has been included under finance costs.

2.14 Taxation – Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

a) **Current tax :**

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) **Deferred tax:**

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised to the extant that it is probable that future taxable income will be available against which the deductible temporary difference could be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extant that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off current tax assets against current tax liabilities & the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities on a net basis or simultaneously.

2.15 Securities issue expenses:

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium.

2.16 Impairment of assets other than financial assets:

The Group reviews the carrying amounts of its tangible (PPE, including assets given on operating lease) and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated

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future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior year. The reversal of an impairment loss is recognised in Statement of profit and loss.

2.17 Provisions:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

2.18 Gross obligation value of written put options to Non-controlling Interest (NCI):

For the written put options held by the Group for acquiring remaining interest in its subsidiary, gross obligation is recognised by debit to Other Equity for the expected amount payable in case of exercise of the put by the NCI.

2.19 Leases:

Where the Group is the lessee –

As a lessee, the Group's lease asset class primarily consist of buildings or part thereof taken on lease for office premises, certain IT equipments and general purpose office equipements used for operating activities. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Group's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

In the Balance Sheet, ROU assets have been included in property, plant and equipment and Lease liabilities have been included in Other financial liabilities and the principal portion of lease payments have been classified as financing cash flows. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

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Where the Group is the lessor -

At the inception of the lease, the Group classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

Transition to Ind AS 116 effective from 1st April, 2019

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, Leases, effective 1st April, 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application.

On application of Ind AS 116, the financial information for the year ended 31st March, 2020 and thereafter have been presented in the following manner.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortisation and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognised as expense on a straight-line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116 effective from 1st April, 2019, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability.

The effect of transition to Ind AS 116 and other disclosures are set out under note no.43.

2.20 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.21 Earnings Per Share:

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

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

2.22 Dividend:

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the respective companies. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Notes to Consolidated Financial Statements

as at 31st March, 2022

2.23 New standards or amendments to the existing standards and other pronouncements :

Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of Property, Plant and Equipments amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any significant impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its financial statements.

Notes to Consolidated Financial Statements

as at 31st March, 2022

Note : 3

Cash and cash equivalents

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Cash on hand	54.86	54.42
Cheques and drafts on hand	36.30	33.12
Balances with banks in current accounts	283.66	478.50
Term deposits with original maturity up to 3 months	390.50	242.49
	765.32	**808.53**

Note : 4

Bank balances other than cash and cash equivalents

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Earmarked balances with banks -		
- Unclaimed dividend accounts	0.58	0.60
Term deposits with maturity less than 12 months -	7.37	-
- Free	3,472.58	2,575.27
- Under lien#	471.19	598.12
Interest accrued on Term deposits	110.57	54.67
	4,062.29	**3,228.66**

#Details of Term deposits - Under lien

Rs. in crores

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total
For Statutory Liquidity Ratio	135.00	100.00	235.00	100.00	200.00	300.00
For securitisation transactions	305.42	-	305.42	439.67	46.19	485.86
Legal deposits	0.21	0.60	0.81	0.21	0.60	0.81
For towards Constituent Subsidiary General Ledger (CSGL) account	30.00	-	30.00	30.00	-	30.00
Collateral deposits with banks for Aadhaar authentication and others & Rights Issue	0.56	1.00	1.56	28.24	1.00	29.24
Total	**471.19**	**101.60**	**572.79**	**598.12**	**247.79**	**845.91**

Note : 5

Derivative financial instruments

Rs. in crores

	31st March, 2022		31st March, 2021	
	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
i) Currency derivatives:				
Forward contracts		-		-
Options	645.01	26.63	1,408.12	25.72
Total derivative financial instruments	**645.01**	**26.63**	**1,408.12**	**25.72**

Notes to Consolidated Financial Statements

as at 31st March, 2022

Note : 6

Receivables

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Trade receivables		
i) Secured, considered good		
- Lease rental receivable on operating lease transactions	7.46	6.06
Less: Impairment loss allowance	(6.24)	(5.85)
	1.22	**0.21**
ii) Unsecured, considered good :		
- Subvention and other income receivables	63.61	54.16
iii) Credit impaired :		
Trade receivable outstanding for less than six months		
- Trade receivable on hire purchase transactions	-	3.73
- Subvention and other income receivables	4.37	1.27
	4.37	**5.00**
Less: Impairment loss allowance	(4.37)	(4.73)
	-	**0.27**
	64.83	**54.64**

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Trade Receivables ageing schedule

As at 31st March, 2022

Rs. in crores

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed Trade Receivables –						
– considered good	50.61	10.59	2.48	0.42	0.51	64.62
– which have significant increase in credit risk	0.27	-	-	-	-	0.27
– credit impaired	1.53	4.63	0.45	0.59	3.36	10.55
ii) Disputed Trade Receivables –						
– considered good	-	-	-	-	-	-
– which have significant increase in credit risk	-	-	-	-	-	-
– credit impaired	-	-	-	-	-	-
Total	**52.41**	**15.22**	**2.93**	**1.01**	**3.87**	**75.44**

There is neither an instance where due date is not specified nor unbilled due.

Notes to Consolidated Financial Statements

as at 31st March, 2022

As at 31st March, 2021

Rs. in crores

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) Undisputed Trade Receivables –						
– considered good	51.64	0.58	2.12	0.06	-	54.40
– which have significant increase in credit risk	0.11	-	-	-	-	0.11
– credit impaired	0.22	3.02	-	0.39	7.09	10.71
ii) Disputed Trade Receivables –						
– considered good	-	-	-	-	-	-
– which have significant increase in credit risk	-	-	-	-	-	-
– credit impaired	-	-	-	-	-	-
Total	**51.97**	**3.60**	**2.12**	**0.45**	**7.09**	**65.22**

Note : 7

Loans

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
A) Loans (at amortised cost):		
Retail loans	61,066.67	61,638.86
Small and Medium Enterprise (SME) financing	1,196.15	1,014.73
Loans under housing finance business	7,603.45	7,646.71
Bills of exchange	944.33	743.10
Trade Advances	1,807.42	1,194.98
Inter corporate deposits to related parties	-	1.00
Finance lease	122.88	-
Other loans and advances	0.17	0.19
Total (Gross)	**72,741.07**	**72,239.57**
Less: Impairment loss allowance	(5,081.38)	(5,163.85)
Total (Net)	**67,659.69**	**67,075.72**
B) i) Secured by tangible assets	68,884.06	69,362.35
ii) Secured by intangible assets	-	-
iii) Covered by bank/Government guarantees	493.49	526.57
iv) Unsecured	3,363.52	2,350.65
Total (Gross)	**72,741.07**	**72,239.57**
Less: Impairment loss allowance	(5,081.38)	(5,163.85)
Total (Net)	**67,659.69**	**67,075.72**
C) i) Loans in India		
a) Public Sector	-	-
b) Others	72,548.80	72,239.57
Total (Gross)	**72,548.80**	**72,239.57**
Less: Impairment loss allowance	(5,075.15)	(5,163.85)
Total (Net) – C (i)	**67,473.65**	**67,075.72**
ii) Loans outside India	192.27	-
Less: Impairment loss allowance	(6.23)	-
Total (Net) – C (ii)	**186.04**	**-**
Total (Net) – C (i+ii)	**67,659.69**	**67,075.72**

Notes:

- There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.
- Refer note no. 51 for information related to stage-wise classification of loan assets and ECL movement.

Notes to Consolidated Financial Statements

as at 31st March, 2022

Note : 8

Investments

Rs. in crores

Particulars	31st March, 2022 At cost	31st March, 2021 At cost
i) Investments accounted using Equity Method		
Equity instruments of associate –		
49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC., in United States of America)	612.43	532.38
Equity instruments of joint venture –		
38.20% Ownership in Ideal Finance Limited, Sri Lanka (Joint venture entity with Ideal Finance Limited in Sri Lanka)	-	43.36
Mahindra Manulife Investment Management Private Ltd.	242.07	261.55
Mahindra Manulife Trustee Private Ltd.	0.90	0.78
Total – Gross (A)	**855.40**	**838.07**
i) Investments outside India	612.43	575.74
ii) Investments in India	242.97	262.33
Total – Gross	**855.40**	**838.07**
Less: Allowance for Impairment loss (B)	-	-
Total – Net C (A - B)	**855.40**	**838.07**

Notes to Consolidated Financial Statements

as at 31st March, 2022

Rs. in crores

	31st March, 2022						31st March, 2021					
	Amortised cost	At Fair Value			Others (at cost)	Total	Amortised cost	At Fair Value			Others (at cost)	Total
		Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total		
ii) Other investments												
Units of mutual funds		-	1,387.01	1,387.01	-	1,387.01	-	-	2,500.18	2,500.18	-	2,500.18
Government securities	1,312.06	4,485.96	-	4,485.96		5,798.02	1,287.78	4,448.74		4,448.74		5,736.52
Debt securities -				-		-						
i) Investment in Bonds	26.10	-	-	-	-	26.10	26.22	-	-	-	-	26.22
ii) Investments in Pass Through Certificates under securitisation transactions	177.52	-	-	-	-	177.52	47.44	-	-	-	-	47.44
iii) Commercial Papers	-		-	-	-	-	-	-	197.67	197.67	-	197.67
iv) Certificate of deposits with banks	-	-	-	-	-	-	-		-	-	-	-
v) Investment in Bonds of Food Corporation of India and NCDs of NABARD	-	260.45	-	260.45	-	260.45		-	262.15	262.15	-	262.15
vi) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited	-	-	-	-	-	-		-		-	-	-
vii) Investment in Triparty Repo Dealing System (TREPS)	-			-		-	2,404.00			-	-	2,404.00
viii) Non-Convertible Debentures of Jyoti Structures Limited (Assets acquired in satisfaction of debt)		1.59		1.59		1.59						
Equity instruments of other entities -						-						
i) Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	35.25	-	35.25	-	35.25	-	13.61	-	13.61	-	13.61

Notes to Consolidated Financial Statements
as at 31st March, 2022

Rs. in crores

	31st March, 2022						31st March, 2021					
	Amortised cost	At Fair Value			Others (at cost)	Total	Amortised cost	At Fair Value			Others (at cost)	Total
		Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total		
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	7.15	-	7.15	-	7.15	-	2.76	-	2.76	-	2.76
iii) Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted into equity shares on exercise of conversion option after meeting applicable terms and conditions)	-	-	-	-	-	-	-	-	-	-	-	-
iv) New Democratic Electoral Trust	-	-	-	-	0.02	0.02			-	-	0.02	0.02
v) Equity shares of Jyoti Structures Limited (Assets acquired in satisfaction of debt)	-		0.24	0.24		0.24						
vi) Equity investment in MF Utilities Limited	-	-	-	-	-	-	-	-	-	-	-	-
Interest accrued on Government securities	22.42	77.64		77.64		100.06	21.57	70.34	-	70.34	-	91.91
Interest accrued on Bonds	0.06	6.79		6.79		6.85	0.05	5.95	-	5.95	-	6.00
Interest accrued on Pass Through Certificates under securitisation transactions	0.08	-		-		0.08	0.19	-	-	-	-	0.19
Total – Gross (A)	**1,538.24**	**4,874.83**	**1,387.25**	**6,262.08**	**0.02**	**7,800.34**	**3,787.25**	**4,541.40**	**2,960.00**	**7,501.40**	**0.02**	**11,288.67**
i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	1,538.24	4,874.83	1,387.25	6,262.08	0.02	7,800.34	3,787.25	4,541.40	2,960.00	7,501.40	0.02	11,288.67
Total – Gross	**1,538.24**	**4,874.83**	**1,387.25**	**6,262.08**	**0.02**	**7,800.34**	**3,787.25**	**4,541.40**	**2,960.00**	**7,501.40**	**0.02**	**11,288.67**
Less: Allowance for Impairment loss (B)	1.61	-	-	-	-	1.61	0.41	-	-	-	-	0.41
Total – Net C (A - B)	**1,536.63**	**4,874.83**	**1,387.25**	**6,262.08**	**0.02**	**7,798.73**	**3,786.84**	**4,541.40**	**2,960.00**	**7,501.40**	**0.02**	**11,288.26**

Notes to Consolidated Financial Statements
as at 31st March, 2022

Note : 9

Other financial assets

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Security Deposits	38.16	52.96
Term deposits with banks (remaining maturity more than 12 months)		
- Free	48.29	39.10
- Under lien (refer note 4)	101.60	247.79
Interest accrued on Term deposits	25.01	24.82
Others#	57.87	34.06
	270.93	**398.73**

#includes receivables related to insurance claims, lease re-imbursements and online payments.

Note : 10

Deferred tax assets (net) and Tax expense

Rs. in crores

	Balance as at 1st April, 2020	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31st March, 2021	Charge/ (credit) to profit and loss	Acquired in business combination & Translation differences	Charge/ (credit) to OCI	Balance as at 31st March, 2022
(i) Deferred tax assets (net)									
Tax effect of items constituting deferred tax liabilities:									
- Share based payments	(0.39)	(0.01)	-	-	(0.40)	-	-	-	(0.40)
- Application of EIR on financial assets & liabilities	(72.11)	0.04	-	-	(72.07)	(4.73)	-	-	(76.80)
- FVTPL financial asset	(8.37)	(4.73)	-	-	(13.10)	(3.14)		-	(16.24)
- Others#	(56.00)	(49.54)	-	-	(105.54)	(20.24)	(1.09)	0.21	(126.66)
	(136.87)	**(54.24)**	**-**	**-**	**(191.11)**	**(28.11)**	**(1.09)**	**0.21**	**(220.10)**
Tax effect of items constituting deferred tax assets:									
- Provision for employee benefits	25.84	(1.00)	-	0.68	25.52	0.61	0.16	1.04	27.33
- Derivatives	64.26	(31.47)	-	-	32.79	19.45	-	-	52.24
- Allowance for ECL	558.74	442.43	-	-	1,001.17	(69.42)	0.49	-	932.24
- Provision on standard assets	69.80	(6.89)	-	-	62.91	90.01	-	-	152.92
- Other provisions	(2.94)	(7.97)	-	24.51	13.60	(0.24)	-	(6.72)	6.64
	715.70	**395.10**	**-**	**25.19**	**1,135.99**	**40.41**	**0.65**	**(5.68)**	**1,171.37**
Net deferred tax assets	**578.83**	**340.86**	**-**	**25.19**	**944.88**	**12.30**	**(0.44)**	**(5.47)**	**951.27**

#includes deferred tax on account of securitisation transactions, fair valuation of Govt. securities/bonds and timing differences arising on PPE.

Notes to Consolidated Financial Statements

as at 31st March, 2022

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
(ii) Income tax recognised in Statement of profit and loss		
Current tax:		
In respect of current year	388.22	512.28
In respect of prior years	23.15	(17.56)
	411.37	**494.72**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	(3.33)	(340.86)
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change)	(8.96)	-
	(12.29)	**(340.86)**
Total Income tax recognised in Statement of profit and loss	**399.08**	**153.86**

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
(iii) Income tax recognised in Other Comprehensive Income		
Income tax related to items recognised in Other Comprehensive Income during the year:		
Net fair value gains on investments in debt instruments at FVTPL		
Re-measurement of defined employee benefits	0.04	0.67
Net gain/(loss) on equity instruments through OCI	(6.55)	1.15
Net gain/(loss) on debt instruments through OCI	1.04	23.36
Total Income tax recognised in Other Comprehensive Income	**(5.47)**	**25.18**

Rs. in crores

	As at 31st March, 2022	As at 31st March, 2021
(iv) Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:		
Profit before tax	1,504.40	894.60
Applicable income tax rate	25.168%	25.168%
Expected income tax expense	378.63	225.17
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	-	(2.14)
Effect of expenses/provisions not deductible in determining taxable profit	12.92	9.78
Effect of tax incentives and concessions	(2.21)	(2.10)
Effect of differential tax rate	0.20	(46.41)
Adjustment related to tax of prior years	14.19	(17.56)
Tax not recognised	(2.29)	0.03
Others	(2.36)	(12.91)
Reported income tax expense	**399.08**	**153.86**

Notes to Consolidated Financial Statements

as at 31st March, 2022

Note : 11

Property, plant and equipments

Rs. in crores

Particulars	Land (Freehold)	Buildings #	Building - Leasehold	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machineries under lease	Right-of-Use Assets (Leasehold premises)	Total
GROSS CARRYING AMOUNT											
Balance as at 1st April, 2020	0.81	1.32	2.15	127.84	105.49	117.81	109.75	52.85	0.19	297.17	815.38
Additions during the year	-	-	-	6.39	1.76	3.25	4.68	24.42	-	54.20	94.70
Disposals/deductions during the year	-	-	-	6.26	3.22	14.91	9.52	3.13	-	11.16	48.20
Balance as at 31st March, 2021	**0.81**	**1.32**	**2.15**	**127.97**	**104.03**	**106.15**	**104.91**	**74.14**	**0.19**	**340.21**	**861.88**
Balance as at 1st April, 2021	0.81	1.32	2.15	127.97	104.03	106.15	104.91	74.14	0.19	340.21	861.88
Additions during the year	-	-	-	46.99	4.43	11.02	28.36	76.14	-	60.38	227.32
Additions through business combinations	-	-	-	0.24	0.95	0.64	0.82	0.18	-	2.06	4.89
Disposals/deductions during the year	-	-	-	17.10	4.17	19.95	17.51	3.32	-	52.82	114.87
Balance as at 31st March, 2022	**0.81**	**1.32**	**2.15**	**158.10**	**105.24**	**97.86**	**116.58**	**147.14**	**0.19**	**349.83**	**979.22**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES											
Balance as at 1st April, 2020	-	0.30	0.35	98.72	72.01	89.13	62.11	4.85	0.01	60.15	387.63
Additions during the year	-	0.02	0.25	16.73	8.10	12.49	17.42	9.85	0.01	63.91	128.78
Disposals/deductions during the year	-	-	-	6.01	2.57	14.60	7.39	0.75	-	2.45	33.77
Balance as at 31st March, 2021	**-**	**0.32**	**0.60**	**109.44**	**77.54**	**87.02**	**72.14**	**13.95**	**0.02**	**121.61**	**482.64**
Balance as at 1st April, 2021	-	0.32	0.60	109.44	77.54	87.02	72.14	13.95	0.02	121.61	482.64
Additions during the year	-	0.02	0.25	17.86	6.82	10.53	17.19	25.58	0.11	60.29	138.65
Foreign exchange translation differences	-	-	-	0.03	0.14	0.08	0.02	-	-	0.39	0.66
Disposals/deductions during the year	-	-	-	17.09	4.14	19.79	15.94	0.59	-	46.25	103.80
Balance as at 31st March, 2022	**-**	**0.34**	**0.85**	**110.24**	**80.36**	**77.84**	**73.41**	**38.94**	**0.13**	**136.04**	**518.15**
NET CARRYING AMOUNT											
As at 31st March, 2021	0.81	1.00	1.55	18.53	26.49	19.13	32.77	60.19	0.17	218.60	379.24
As at 31st March, 2022	**0.81**	**0.98**	**1.30**	**47.86**	**24.88**	**20.02**	**43.17**	**108.20**	**0.06**	**213.79**	**461.07**

#Secured Non-convertible debentures (NCDs) have an exclusive *pari passu* charges on Buildings.

There is no immovable property where title deed of such immovable property is not held in name of the Group or jointly held with others.

The Group has not revalued its Property, Plant and Equipment (including Right-of-Use Assets).

Notes to Consolidated Financial Statements

as at 31st March, 2022

Note : 12

Other Intangible assets

Rs. in crores

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1st April, 2020	92.18
Additions during the year	14.22
Deductions during the year	0.94
Balance as at 31st March, 2021	**105.46**
Balance as at 1st April, 2021	105.46
Additions during the year	3.16
Additions through business combinations	0.52
Deductions during the year	0.07
Balance as at 31st March, 2022	**109.07**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1st April, 2020	64.58
Additions during the year	21.73
Deductions during the year	0.65
Balance as at 31st March, 2021	**85.66**
Balance as at 1st April, 2021	85.66
Additions during the year	12.63
Foreign exchange translation differences	0.05
Deductions during the year	0.08
Balance as at 31st March, 2022	**98.26**
NET CARRYING AMOUNT	
As at 31st March, 2021	19.80
As at 31st March, 2022	**10.81**

The Group has not revalued its Intangible Assets.

(i) Capital-Work-in Progress (CWIP) Aging schedule

As at 31st March, 2022: Nil

As at 31st March, 2021

Rs. in crores

Ageing	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	10.34	-	-	-	10.34
Projects temporarily suspended	-	-	-	-	-
Total	**10.34**	**-**	**-**	**-**	**10.34**

There is no CWIP/Intangible assets under development whose completion is overdue/exceeded cost.

(ii) Intangible Assets Under Development Aging schedule

As at 31st March, 2022:

Rs. in crores

Ageing	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible Assets Under Development	0.85	0.83	-	0.42	2.10
Total	**0.85**	**0.83**	**-**	**0.42**	**2.10**

Notes to Consolidated Financial Statements

as at 31st March, 2022

As at 31st March, 2021:

Rs. in crores

Ageing	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Intangible Assets Under Development	0.90	0.05	0.02	0.42	1.39
Total	**0.90**	**0.05**	**0.02**	**0.42**	**1.39**

Note : 13

Other non-financial assets

Rs. in crores

	31st March, 2022	31st March, 2021
Capital advances	138.42	1.56
Prepaid expenses	68.00	41.14
Balances with Government Authorities	20.13	12.37
Unamortised placement and arrangement fees paid on borrowing instruments	1.01	2.61
Insurance advances	6.45	5.64
Other advances	15.43	49.51
	249.44	**112.83**

Note : 14

Derivative financial instruments

Rs. in crores

	31st March, 2022		31st March, 2021	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency/interest rate derivatives:				
Forward contracts	549.99	36.03	763.99	55.24
Options	1,600.19	146.19	2,067.86	117.94
Total derivative financial instruments	**2,150.18**	**182.22**	**2,831.85**	**173.18**

Note : 15

Payables

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	0.28	0.07
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,112.92	731.90
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	3.53	0.01
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	47.10	46.96
	1,163.83	**778.94**

Notes to Consolidated Financial Statements
as at 31st March, 2022

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
a) Dues remaining unpaid to any supplier at the year end		
- Principal	3.81	0.08
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	1.69	1.88
- Interest paid in terms of Section 16 of the MSMED Act	0.02	0.01
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
	5.52	**1.97**

Trade Payables aging schedule

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	3.81	-	-	-	3.81
ii) Others	1,042.83	23.73	31.50	61.96	1,160.02
Total	**1,046.64**	**23.73**	**31.50**	**61.96**	**1,163.83**
Disputed dues –					
– MSME	-	-	-	-	-
– Others	-	-	-	0.59	0.59

There is neither an instance where due date is not specified nor there is any unbilled due.

As at 31st March, 2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	0.08	-	-	-	0.08
ii) Others	665.51	51.21	33.02	29.12	778.86
Total	**665.59**	**51.21**	**33.02**	**29.12**	**778.94**
Disputed dues –					
– MSME	-	-	-	-	-
– Others	-	-	-	0.59	0.59

There is neither an instance where due date is not specified nor there is any unbilled due.

Notes to Consolidated Financial Statements
as at 31st March, 2022

Note : 16

Debt Securities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At Amortised cost		
Non-convertible debentures (Secured)	17,928.09	17,447.53
Non-convertible debentures (Unsecured)	2,822.72	1,379.24
Commercial Papers (Unsecured)	496.56	494.52
Rupee Denominated Secured Bonds overseas (Masala Bonds)	349.78	349.75
Total (A+B)	**21,597.15**	**19,671.04**
Debt securities in India	21,247.37	19,321.29
Debt securities outside India	349.78	349.75
Total	**21,597.15**	**19,671.04**

Note: There is no debt security measured at FVTPL or designated at FVTPL.

The Secured Non-convertible debentures are secured by *pari passu* charges on office premises, PPE, book debts and exclusive charges on receivables under loan contracts to the extent of 100% of outstanding secured debentures.

Details of Non-convertible debentures (Secured):

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate Range	Amount	Interest Rate Range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	4.80%-8.95%	4,047.90	4.54%-9.75%	3,917.80
Maturing between 1 year to 3 years	4.93%-9.25%	7,078.00	4.80%-9.25%	7,345.90
Maturing between 3 years to 5 years	6.25%-9.00%	1,675.00	7.45%-9.00%	2,295.00
Maturing beyond 5 years	7.75%-9.18%	3,123.10	7.75%-9.18%	2,122.60
Sub-total at face value		**15,924.00**		**15,681.30**
Repayable in Half yearly instalments :				
Maturing within 1 year				
Maturing between 1 year to 3 years	6.35%	56.25		
Maturing between 3 years to 5 years	6.35%	168.75		
Sub-total at face value (A)		**16,149.00**		**15,681.30**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing within 1 year	9.00%-9.05%	405.41		
Maturing between 1 year to 3 years	9.10%-9.15%	535.56	9.00%-9.15%	940.97
Maturing between 3 years to 5 years	9.20%-9.30%	869.15	-	-
Maturing beyond 5 years			9.20%-9.30%	869.15
Sub-total at face value (B)		**1,810.12**		**1,810.12**
Total at face value (A+B)		**17,959.12**		**17,491.42**
Less: Unamortised discounting charges		31.03		43.89
Total amortised cost		**17,928.09**		**17,447.53**

Notes to Consolidated Financial Statements

as at 31st March, 2022

Details of Non-convertible debentures (Unsecured):

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate Range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate Range	As at 31st March, 2021 Amount
Repayable on maturity:				
Maturing within 1 year	6.85%-7.35%	385.00		
Maturing between 1 year to 3 years	5.61%-7.55%	1,650.00	6.85%-7.55%	785.00
Maturing beyond 5 years	8.53%	800.00	8.53%	600.00
Total at face value		**2,835.00**		**1,385.00**
Less: Unamortised discounting charges		12.28		5.76
Total amortised cost		**2,822.72**		**1,379.24**

Details of Commercial Papers (Unsecured):

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate Range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate Range	As at 31st March, 2021 Amount
Repayable on maturity:				
Maturing within 1 year	4.70%	500.00	6.65%	500.00
Total at face value		**500.00**		**500.00**
Less: Unamortised discounting charges		3.44		5.48
Total amortised cost		**496.56**		**494.52**

Rupee Denominated Secured Bonds overseas (Masala Bonds)

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate Range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate Range	As at 31st March, 2021 Amount
Repayable on maturity:				
Maturing between 1 year to 3 years	7.40%	350.00	7.40%	350.00
Total at face value		**350.00**		**350.00**
Less: Unamortised discounting charges		0.22		0.25
Total amortised cost		**349.78**		**349.75**

Note : 17

Borrowings (Other than Debt Securities)

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At Amortised cost		
a) Term loans		
i) Secured -		
- from banks	17,617.70	17,071.85
- from banks in foreign currency	42.29	-
- External Commercial Borrowings	2,177.52	3,680.55
- Associated liabilities in respect of securitisation transactions	8,111.81	10,390.77
- from other parties (National Housing Bank)	175.25	239.25
ii) Unsecured -		
- from banks	85.00	90.00
b) Other loans and advances (other than related parties)		
Unsecured -		
- Inter-corporate deposits (ICDs)	434.26	981.86
- Loans (other than ICD)	8.26	-
Total	**28,652.09**	**32,454.28**
Borrowings in India	26,424.02	28,773.73
Borrowings outside India	2,228.07	3,680.55
Total	**28,652.09**	**32,454.28**

Note: There is no Borrowing designated at FVTPL

The secured term loans are secured by exclusive charges on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans.

The borrowings have not been guaranteed by directors or others. Also the Group has not defaulted in repayment of principal and interest.

Details of term loans from banks (Secured)

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022 Interest Rate range	As at 31st March, 2022 Amount	As at 31st March, 2021 Interest Rate range	As at 31st March, 2021 Amount
1. Repayable on maturity:				
Maturing within 1 year	4.00% -7.00%	1,131.00	4.00% -8.20%	961.00
Maturing between 1 year to 3 years	5.25%-7.55%	1,300.00	4.94%-9.50%	1,525.00
Maturing between 3 years to 5 years	7.05%	150.00		
Total for repayable on maturity		**2,581.00**		**2,486.00**
2. Repayable in instalments				
i) Quarterly -				
Maturing within 1 year	4.50% - 8.10%	3,684.19	4.26% - 8.50%	3,339.39
Maturing between 1 year to 3 years	4.50%-6.95%	3,977.63	4.15%-8.50%	3,336.56
Maturing between 3 years to 5 years	4.50%-6.30%	547.43	5.60%-6.90%	37.50
Maturing beyond 5 years	6.30%-6.86%	53.57		
Sub-total	-	**8,262.82**	-	**6,713.45**
ii) Half yearly -				
Maturing within 1 year	4.47%-10.50%	1,481.99	6.10%-10.50%	1,997.07
Maturing between 1 year to 3 years	4.47%-10.50%	3,063.58	4.75%-10.50%	3,039.83
Maturing beyond 3 years to 5 years	4.47%-4.90%	549.13	4.90%-7.60%	1,007.00
Sub-total		**5,094.70**		**6,043.90**
iii) Yearly -				
Maturing within 1 year	5.40%-9.05%	552.50	6.70%-9.50%	607.67
Maturing between 1 year to 3 years	4.46%-9.05%	821.25	6.00%-9.50%	954.67
Maturing between 3 years to 5 years	4.46%-7.35%	305.42	6.00%-7.70%	267.50
Sub-total		**1,679.17**		**1,829.84**
Total for repayable in instalments		15,036.68		14,587.19
Total (1+2) (As per contractual terms)		17,617.68		17,073.19
Less: Unamortised Finance Cost		(0.02)		1.33
Total Amortised Cost		**17,617.70**		**17,071.85**

Notes to Consolidated Financial Statements

as at 31st March, 2022

Details of Secured term loans from banks in foreign currency (LKR)

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity:				
Maturing within 1 year	1.30%-3.50%	36.55	-	-
Maturing between 1 year to 3 years	2.71%-2.83%	4.36		
Maturing beyond 3 years to 5 years	2.58%-2.81%	1.38		
Total		**42.29**		**-**
Less: Unamortised Finance Cost		-		-
Total Amortised Cost		**42.29**		**-**

Details of External Commercial Borrowings (USD & Euro)

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
Maturing within 1 year	8.15%-8.36%	1,250.82	9.00%-9.37%	1,492.97
Maturing between 1 year to 3 years	6.61%-6.91%	721.87	6.91%-8.36%	1,544.63
Maturing beyond 3 years to 5 years	6.61%	211.58	6.61%	663.60
		2,184.27		**3,701.20**
Less: Unamortised Finance Cost		6.75		20.65
Total		**2,177.52**		**3,680.55**

Details of associated liabilities related to Securitisation transactions

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
Maturing within 1 year	3.70% - 10.77%	4,058.69	4.10% - 9.25%	4,788.55
Maturing between 1 year to 3 years	3.70% - 10.84%	3,696.85	4.10% - 9.25%	5,206.12
Maturing between 3 years to 5 years	3.70% - 4.76%	356.45	4.10% - 7.55%	396.10
Maturing beyond 5 years	4.76%	0.11		-
		8,112.10		**10,390.77**
Less: Unamortised Finance Cost		0.29		-
Total		**8,111.81**		**10,390.77**

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

Notes to Consolidated Financial Statements

as at 31st March, 2022

Details of Secured term loans from Other parties (National Housing Bank)

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
1. Repayable in instalments:				
Quarterly -				
Maturing within 1 year	7.40%	48.00	8.00%	48.00
Maturing between 1 year to 3 years	7.40%	127.25	7.40%	128.00
Maturing between 3 years to 5 years		-	7.40%	63.25
Total		**175.25**		**239.25**
Less: Unamortised Finance Cost		-		-
Total Amortised Cost		**175.25**		**239.25**

Details of Unsecured term loans from banks

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity:				
Maturing within 1 year	4.98%	85.00	4%	90.00
Total		**85.00**		**90.00**
Less: Unamortised Finance Cost		-		-
Total Amortised Cost		**85.00**		**90.00**

Details of Inter-corporate deposits (ICDs) other than related parties :

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity:				
Maturing within 1 year	5.40%-7.00%	434.26	3.00%-7.90%	981.86
Total		**434.26**		**981.86**
Less: Unamortised Finance Cost		-		-
Total Amortised Cost		**434.26**		**981.86**

Details of Unsecured Loans other than Inter-corporate deposits (ICDs) :

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :				
Maturing within 1 year	5.50%-11.97%	8.26	-	-
Total		**8.26**		**-**
Less: Unamortised Finance Cost		-		-
Total Amortised Cost		**8.26**		**-**

Notes to Consolidated Financial Statements

as at 31st March, 2022

Note : 18

Deposits

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At amortised cost		
Deposits (Unsecured)		
- Public deposits	8,286.26	9,366.16
Total	**8,286.26**	**9,366.16**

Note: There is no other deposit measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) – Public deposits :

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity:				
Maturing within 1 year	4.95% - 12.84%	4,727.12	5.00% - 9.15%	3,819.57
Maturing between 1 year to 3 years	5.30% - 13.03%	3,146.05	5.25% - 9.15%	4,616.10
Maturing beyond 3 years	5.90% - 11.65%	433.96	5.90% - 9.15%	960.99
Total at face value		**8,307.13**		**9,396.66**
Less: Unamortised discounting charges		20.87		30.50
Total amortised cost		**8,286.26**		**9,366.16**

Note : 19

Subordinated liabilities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
At Amortised cost		
Subordinated redeemable non-convertible debentures – private placement	1,179.36	1,146.92
Subordinated redeemable non-convertible debentures – retail public issue	2,410.77	2,462.55
Total	**3,590.13**	**3,609.47**
Subordinated liabilities in India	3,590.13	3,609.47
Subordinated liabilities outside India	-	-
Total	**3,590.13**	**3,609.47**

Note: There is no Subordinated liability measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortised cost) - Unsecured subordinated redeemable non-convertible debentures

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
A) Issued on private placement basis -				
Repayable on maturity :				
Maturing within 1 year	9.80%-10.15%	70.00	10.05%-10.50%	100.50
Maturing between 1 year to 3 years	8.40%-9.70%	352.80	9.50%-10.50%	197.80
Maturing between 3 years to 5 years	8.40%-9.50%	357.00	8.40%-9.50%	460.00
Maturing beyond 5 years	7.90%-9.40%	402.90	7.90%-9.40%	392.00
Sub-total at face value (A)		**1,182.70**		**1,150.30**

Notes to Consolidated Financial Statements

as at 31st March, 2022

Rs. in crores

From the Balance Sheet date	As at 31st March, 2022		As at 31st March, 2021	
	Interest Rate range	Amount	Interest Rate range	Amount
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing within 1 year	-	-	8.34%-8.70%	54.66
Maturing between 1 year to 3 years	7.75%-8.80%	71.66	8.44%-8.80%	12.34
Maturing between 3 years to 5 years	8.53%-9.00%	933.01	7.75%-7.85%	59.32
Maturing beyond 5 years	7.90%-9.50%	1,428.08	7.90%-9.50%	2,361.09
Sub-total at face value (B)		**2,432.75**		**2,487.41**
Total at face value (A+B)		**3,615.45**		**3,637.71**
Less: Unamortised discounting charges		25.32		28.24
Total amortised cost		**3,590.13**		**3,609.47**

The respective businesses in the group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

The Group has not been declared as wilful defaulter by any bank or financial Institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Note : 20

Other financial liabilities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Interest accrued but not due on borrowings	2,035.92	2,481.76
Unclaimed dividends #	0.58	0.59
Unclaimed matured deposits and interest accrued thereon #	11.23	5.43
Deposits/advances received against loan agreements	89.54	82.84
Insurance premium payable	18.45	15.36
Salary, Bonus and performance payable	48.15	43.65
Provision for expenses	136.50	84.67
Gross obligation at fair value to acquire non-controlling interest	265.80	320.20
Lease liabilities (refer note 43)	239.70	239.76
Others	28.96	8.45
Total	**2,874.83**	**3,282.71**

There are no amounts due for transfer to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

Note : 21

Provisions

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Provision for employee benefits		
- Gratuity (refer note 38)	47.50	38.59
- Leave encashment	93.81	90.17
- Bonus, incentives and performance pay	130.99	136.43
Provision for loan commitment	3.66	6.05
Total	**275.96**	**271.24**

Notes to Consolidated Financial Statements
as at 31st March, 2022

Note : 22

Other non-financial liabilities

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Deferred subvention income	12.81	17.46
Statutory dues and taxes payable	104.42	83.42
Others	3.58	3.65
Total	**120.81**	**104.53**

Note : 23

Equity Share Capital

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised:		
250,00,00,000 (31st March, 2021: 250,00,00,000) Equity shares of Rs. 2/- each	500.00	140.00
50,00,000 (31st March, 2021: 50,00,000) Redeemable preference shares of Rs. 100/- each	50.00	50.00
Issued, Subscribed and paid-up:		
123,55,29,920 (31st March, 2021: 123,55,29,920) Equity shares of Rs. 2/- each fully paid up	247.11	247.10
Less: 25,74,163 (31st March, 2021: 35,64,302) Equity shares of Rs. 2/- each fully paid up issued to ESOS Trust but not yet allotted to employees, including fresh equity shares allotted to ESOS Trust under rights issue during the year	0.51	0.70
Adjusted Issued, Subscribed and paid-up Share capital	**246.60**	**246.40**

From the Balance Sheet date	31st March, 2022 No. of shares	31st March, 2022 Rs. in crores	31st March, 2021 No. of shares	31st March, 2021 Rs. in crores
a) Reconciliation of number of equity shares and amount outstanding:				
Issued, Subscribed and paid-up:				
Balance at the beginning of the year	1,23,55,29,920	247.10	61,77,64,960	123.55
Add : Fresh allotment of shares :				
- Through Rights Issue in the ratio of 1:1 (refer note 40)	-	-	61,77,64,960	123.55
Balance at the end of the year	**1,23,55,29,920**	**247.10**	**1,23,55,29,920**	**247.10**
Less: Shares issued to ESOS Trust but not yet allotted to employees	25,74,163	0.50	35,64,302	0.70
Adjusted Issued, Subscribed and paid-up Share capital	**1,23,29,55,757**	**246.60**	**1,23,19,65,618**	**246.40**
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	64,43,99,987	128.88	64,43,99,987	128.88
Percentage of holding (%)	52.16%		52.16%	
c) Shareholders holding more than 5 percent of the aggregate shares:				
Mahindra & Mahindra Limited	64,43,99,987	128.88	64,43,99,987	128.88
Percentage of holding (%)	52.16%		52.16%	

d) Terms/rights attached to equity shares :

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

Notes to Consolidated Financial Statements
as at 31st March, 2022

	Shares held by promoters as at 31st March, 2022 No. of Shares	% of total shares	% Change during the year	Shares held by promoters as at 31st March, 2021 No. of Shares	% of total shares	% Change during the year
e) Shareholding of Promoters						
Mahindra & Mahindra Limited	64,43,99,987	52.16%	-	64,43,99,987	52.16%	-

Other Equity

Description of the nature and purpose of Other Equity (refer Statement of Changes in Equity) :

Statutory reserve

Statutory reserve has been created pursuant to Section 45- IC of the RBI Act, 1934 and Section 29C of the National Housing Act, 1987. The reserve fund can be utilised only for limited purposes as specified by RBI and NHB respectively, from time to time and every such utilisation shall be reported to the RBI and NHB respectively, within specified period of time from the date of such utilisation.

Capital redemption reserve (CRR)

Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilised by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Dividend distributions made and proposed

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

i) Dividend on equity shares declared and paid during the year

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Dividend paid	98.84	-
Profit for the relevent year	335.15	906.40
Dividend as a precentage of profit for the relevant year	29.49%	-

ii) Dividends proposed for approval at the annual general meeting (not recognised as a liability as at respective reporting date)

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Face value per share (Rupees)	2.00	2.00
Dividend percentage	0%	40%
Dividend per share (Rupees)	3.60	0.80
Total Dividend on Equity shares (a)	444.79	98.84
Profit after tax for the year ended 31st March, 2022 (b)	988.75	335.15
Dividend proposed as a precentage of profit after tax (a/b)	45%	29%

The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Companies Act, 2013, as applicable.

Note : 24

Interest income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
I) On financial instruments measured at Amortised cost		
Interest on loans (refer note 56)	10,191.02	11,194.45
Income from bill discounting	77.61	59.02
Interest income from investments	163.43	158.88
Interest on term deposits with banks	181.45	159.56
II) On financial instruments measured at fair value through OCI		
Interest income from investments in debt instruments	244.57	131.88
Total	**10,858.08**	**11,703.79**

Note: There is no loan asset measured at FVTPL.

Note : 25

Fees and commission income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Fees/charges on loan transactions	76.98	54.78
Commission/brokerage received from mutual fund distribution/other debt products	13.46	8.84
Collection fees related to transferred assets under securitisation transactions	19.44	11.97
Total	**109.88**	**75.59**

Note : 26

Net gain/(loss) on fair value changes

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
A) Net gain/(loss) on financial instruments at FVTPL		
i) On trading portfolio		
- Investments	0.09	0.11
ii) On financial instruments designated at FVTPL	0.57	9.65
B) Others - Mutual fund units	50.68	101.19
C) Total Net gain/(loss) on financial instruments at FVTPL	**51.34**	**110.95**
Fair value changes :		
- Unrealised	51.34	110.95
D) Total Net gain/(loss) on financial instruments at FVTPL	**51.34**	**110.95**

Note: Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

Note : 27

Sale of services

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Income from insurance broking business services	271.94	203.61
Total	**271.94**	**203.61**

Note : 28

Other income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Net gain on derecognition of property, plant and equipment	1.60	0.41
Net gain on sale of investments measured at amortised cost	28.83	5.59
Income from shared services	52.22	36.64
Others	0.29	16.69
Total	**82.94**	**59.33**

Note : 29

Finance costs

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
On financial liabilities measured at Amortised cost		
Interest on deposits	763.29	813.45
Interest on borrowings	1,629.86	1,604.54
Interest on debt securities	1,636.81	2,298.25
Interest on subordinated liabilities	324.35	331.46
Net loss in fair value of derivative financial instruments	7.99	201.20
Interest expense on lease liabilities (refer note 43)	19.28	19.77
Other borrowing costs	35.79	38.90
Total	**4,417.37**	**5,307.57**

Note: There is no financial liability measured at FVTPL.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 30

Impairment on financial instruments

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
On financial instruments measured at Amortised cost		
Bad debts and write-offs	2,777.30	2,486.85
Loans	(85.77)	1,510.29
Investments	1.21	(0.96)
Loan commitment	(2.39)	0.04
Trade receivables and other contracts	0.03	2.52
Total	**2,690.38**	**3,998.74**

Note: There is no financial instrument measured at FVOCI.

Note : 31

Employee benefits expenses

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Salaries and wages	1,453.14	1,246.17
Contribution to provident funds and other funds	116.25	102.08
Share based payments to employees	12.97	28.55
Staff welfare expenses	30.76	7.21
Total	**1,613.12**	**1,384.01**

Note : 32

Depreciation, amortisation and impairment

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Depreciation on Property, Plant and Equipment #	78.63	64.87
Amortisation and impairment of intangible assets	12.68	21.73
Depreciation on Right of Use Asset (refer note 43)	60.68	63.91
Total	**151.99**	**150.51**

#During the year, the Group has revised the estimate of useful life considered for depreciating the vehicles under operating lease from useful life as specified in Schedule II of the Companies Act, 2013, as amended, to useful life representing the lease period of respective lease agreements. This change in estimate has resulted in an additional depreciation charge of Rs. 12.20 crores which is included above under the head "Depreciation on Property, Plant and Equipment".

Note : 33

Other expenses

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Rent	18.44	18.95
Rates and taxes, excluding taxes on income	8.03	6.06
Electricity charges	15.81	11.87
Repairs and maintenance	7.13	7.22

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Other expenses

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Communication Costs	35.70	22.38
Printing and Stationery	12.89	7.62
Advertisement and publicity	15.61	8.19
Directors' fees, allowances and expenses	4.19	5.80
Auditor's fees and expenses -		
- Audit fees	1.73	1.34
- Taxation matters	-	-
- Other services	0.63	0.73
- Reimbursement of expenses	0.07	0.06
Legal and professional charges	105.95	64.37
Insurance	53.29	53.05
Manpower outsourcing cost	203.71	107.83
Donations	30.22	28.38
Corporate Social Responsibility (CSR) expenses	15.88	10.30
Conveyance and travel expenses	117.39	80.09
Other expenditure	241.04	124.57
Total	**887.71**	**558.81**

Note : 34

Exceptional items

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Profit on sale of investments in shares (refer note 41(i) and 41(ii))	20.57	228.54
Total	**20.57**	**228.54**

Note : 35

Earning Per Share (EPS)

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Profit for the year (Rs. in crores)	1,136.87	773.21
Weighted average number of Equity Shares used in computing basic EPS	1,23,22,87,519	1,10,58,95,353
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	14,58,085	23,83,647
Weighted average number of Equity Shares used in computing diluted EPS	1,23,37,45,604	1,10,82,79,000
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	9.23	6.99
Diluted Earnings per share (Rs.)	9.21	6.98

Notes to Consolidated Financial Statements
for the year ended 31st March, 2022

Note : 36

Accumulated Other Comprehensive Income

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	2.01	5.42
- Net gain/(loss) on equity instruments through OCI	26.01	(4.56)
Income tax impact thereon	(6.55)	1.15
Balance at the end of the year: Sub-total (A)	**21.47**	**2.01**
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	(9.60)	75.13
- Exchange differences in translating the financial statements of a foreign associate	(14.49)	(15.27)
- Share of other comprehensive income/(loss) of equity accounted investees	16.57	-
- Net gain/(loss) on debt instruments through OCI	(0.16)	(92.82)
Income tax impact thereon	0.04	23.36
Balance at the end of the year: Sub-total (B)	**(7.64)**	**(9.60)**
Accumulated Other Comprehensive Income (A + B)	**13.83**	**(7.59)**

Note : 37

Employee Stock Option Plan

The Company had allotted 48,45,025 Equity shares (face value of Rs. 2/- each) under Employee Stock Option Scheme 2010 at par on 3rd February, 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust ("the 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.

Pursuant to the Rights issue of one equity share for every equity share held as on record date, at an issue price of Rs. 50 per Equity Share (including a premium of Rs. 48 per Equity Share), made by the Company, 20,63,662 equity shares have been allotted to the Trust in respect of its rights entitlement on 17th August, 2020. All the option holders (beneficiaries) under existing grants have automatically became entitled to additional options at Rs. 50/- per option as rights adjustment and accordingly, the number of outstanding options stand augmented in the same ratio as the rights issue. All the terms and conditions applicable to these additional options issued under rights issue shall remain same as original grant.

Upon exercise of stock options, including additional options issued as per Rights issue, under the scheme by eligible employees, the Trust had issued 51,19,799 equity shares to employees up to 31st March, 2022 (31st March, 2021: 41,29,660 equity shares), of which 9,90,139 equity shares (31st March, 2021: 9,16,616 equity shares) were issued during the current year. This has resulted in an increase in equity share capital by Rs. 0.20 crores for the year ended 31st March, 2022 (31st March, 2021: Rs. 0.18 crores).

a) The terms and conditions of the Employees stock option scheme 2010 are as under:

Particulars	Terms and conditions
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 months from the date of grant
	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant
	20% on expiry of 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

b) Options granted during the year:

During the year ended 31st March, 2022, the Company has not granted any stock options (31st March, 2021: nil) to the employees under the Employees' Stock option scheme 2010.

c) Summary of stock options:

Rs. in crores

Particulars	As at 31st March, 2022 No. of stock options	As at 31st March, 2022 Weighted average exercise price (Rs.) #	As at 31st March, 2021 No. of stock options	As at 31st March, 2021 Weighted average exercise price (Rs.) #
Options outstanding at the beginning of the year	33,54,484	2.00	23,50,342	2.00
Options granted during the year	-	-	-	-
Adjustment pertaining to Rights Issue	-	-	19,87,633	50.00
Options forfeited/lapsed during the year	1,89,050	26.00	65,073	23.00
Options expired during the year	7,955	28.37	1,802	30.00
Options exercised during the year	9,90,139	25.20	9,16,616	15.00
Options outstanding at the end of the year	21,67,340	26.91	33,54,484	26.00
Options vested but not exercised at the end of the year	6,11,688	29.21	7,07,970	28.00

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020. The options issued under ESOP scheme 2010 are exercisable at Rs. 2/- per option and adjustment options issued under Rights issue are exercisable at Rs. 50/- each, including premium of Rs. 48/- per option (being the issue price under Rights allotment).

d) Information in respect of options outstanding :

Rs. in crores

Exercise price	As at 31st March, 2022 No. of stock options	As at 31st March, 2022 Weighted average remaining life	As at 31st March, 2021 No. of stock options	As at 31st March, 2021 Weighted average remaining life
i) At Rs. 2.00 per option	10,42,783	43 months	16,52,454	50 months
ii) At Rs. 50.00 per option	11,24,557	42 months	17,02,030	49 months
	21,67,340		**33,54,484**	

e) Average share price at recognised stock exchange on the date of exercise of the option is as under:

Year ended 31st March, 2022 Date of exercise	Year ended 31st March, 2022 Weighted average share price (Rs.) #	Year ended 31st March, 2021 Date of exercise	Year ended 31st March, 2021 Weighted average share price (Rs.) #
1st April, 2021 to 31st March, 2022	158.78	1st April, 2020 to 31st March, 2021	167.30

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during the year ended 2020-21

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102. Consequently, Rs. 9.20 crores (31st March, 2021: Rs. 15.99 crores) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs. 2.70 crores (31st March, 2021: Rs. 0.47 crores) in respect of options granted to employees of the Company and excludes net recovery of Rs. 0.30 crores (31st March, 2021: Rs. 0.32 crores) from its subsidiaries for options granted to their employees.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 38

Employee benefits

General description of defined benefit plans

Gratuity

Most of the entities operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. Most of the entities makes annual contribution to the gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Post retirement medical

The Parent Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse up to a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility –

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields –

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Variability in withdrawal rates –

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Regulatory Risk -

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20,00,000, raising accrual rate from 15/26 etc.).

Inflation risk –

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy –

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Details of defined benefit plans as per actuarial valuation are as follows:

	Particulars	Funded Plan Gratuity Year ended 31st March,	
		2022	**2021**
I.	**Amounts recognised in the Statement of Profit & Loss**		
	Current service cost	13.89	13.99
	Net Interest cost	2.31	1.95
	Past service cost	-	(2.84)
	Actuarial (gain)/loss	-	-
	Adjustment due to change in opening balance of Plan assets	(5.06)	(4.30)
	Total expenses included in employee benefits expense	**11.14**	**8.80**
II.	**Amount recognised in Other Comprehensive income***		
	Remeasurement (gains)/losses:		
	a) Actuarial (gains)/losses arising from changes in -		
	- demographic assumptions	(0.27)	(0.29)
	- financial assumptions	(3.32)	(2.85)
	- experience adjustments	1.57	0.47
	b) Return on plan assets, excluding amount included in net interest expense/ (income)	-	-
	Total amount recognised in other comprehensive income	**(2.02)**	**(2.67)**
	*The above data is including the inter company adjustment of associate(s)/joint venture(s) which are accounted for using equity method in these consolidated financial statements for current year. (refer note 41(i))		
III.	**Changes in the defined benefit obligation**		
	Opening defined benefit obligation	115.63	105.67
	Add/(less) on account of business combination/transfers	0.67	-
	Current service cost	13.89	13.99
	Past service cost	-	(2.85)
	Interest expense	7.98	7.23
	Remeasurement (gains)/losses arising from changes in -	-	-
	- demographic assumptions	0.27	0.87
	- financial assumptions	(5.95)	(0.43)
	- experience adjustments	4.79	(2.55)
	Benefits paid	(10.55)	(6.30)
	Closing defined benefit obligation	**126.73**	**115.63**
IV.	**Change in the fair value of plan assets during the year**		
	Opening Fair value of plan assets	77.04	72.54
	Interest income	4.67	4.51
	Expected return on plan assets	(3.69)	(3.74)
	Contributions by employer	7.10	6.02
	Adjustment due to change in opening balance of Plan assets	5.06	4.31
	Actual Return on plan assets in excess of the expected return	(0.40)	(0.30)
	Actual Benefits paid	(10.55)	(6.30)
	Closing Fair value of plan assets	**79.23**	**77.04**
V.	**Net defined benefit obligation**		
	Defined benefit obligation	126.73	115.63
	Fair value of plan assets	79.23	77.04
	Surplus/(Deficit)	(47.50)	(38.59)
	Current portion of the above	(3.05)	(2.34)
	Non-current portion of the above	(44.45)	(36.25)

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Particulars	Funded Plan Gratuity Year ended 31st March, 2022	2021
VI. Expected contribution for the next reporting year	24.79	23.33

Actuarial assumptions and Sensitivity

Particulars	Funded Plan Gratuity Year ended 31st March, 2022	2021
I. Actuarial assumptions		
Discount Rate (p.a.)	7.32%	6.91%
Attrition rate	25.52 for age up to 30, 16.17 for age 31-44, 5.98 for 44 and above	6.61 for age up to 30, 5.47 for age 31-44, 0.12 for 44 and above
Expected rate of return on plan assets (p.a.)		
Rate of Salary increase (p.a.)	7.00%	7.00%
In-service Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:		
One percentage point increase in discount rate	(9.37)	9.92
One percentage point decrease in discount rate	6.53	14.50
One percentage point increase in Salary growth rate	6.47	14.33
One percentage point decrease in Salary growth rate	(9.46)	(12.31)
III. Maturity profile of defined benefit obligation		
Within 1 year	29.02	12.62
Between 1 and 5 years	153.87	63.56

The estimate of future salary increases, considered in actuarial valuation, considers inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets have been primarily invested in government securities and corporate bonds.

The cost of the defined benefit plans and other long-term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

The contribution to provident fund, superannuation fund and national pension scheme at Group level aggregating to Rs. 82.47 crores (31st March, 2021: Rs. 77.12 crores) has been recognised in the Statement of profit and loss under the head " Employee benefits expense".

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 39

Additional disclosures

i) During the financial years ended 31st March, 2022 and 31st March, 2021, the Group has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.

ii) There is no Benami Property held by the Company and there is no proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

iii) Disclosure of transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956

As at 31st March, 2022

	Name of Struck off company	Nature of transactions with struck-off Company	Balance outstanding as at 31st March, 2022 (Rs. in crores)	Relationship with the Struck off company, if any, to be disclosed
1	CONSOLE CARGO LOGISTICS SERVICES (I) PRIVATE LIMITED	Receivables	0.09	External
2	ANUSHREE CONSTROTECH PRIVATE LIMITED	Receivables	-	External
3	SHAN STRATEGIC SOLUTIONS PRIVATE LIMITED	Receivables	-	External
4	HIMHYDRO CONSTRUCTION PRIVATE LIMITED	Receivables	-	External
5	G. V. FOODS PRIVATE LIMITED	Receivables	-	External
6	SINGHAL BRICKS PRIVATE LIMITED	Receivables	-	External
7	MODESTY INDUSTRIES PRIVATE LIMITED	Receivables	0.01	External
8	RA GLOBALCITY HOUSING PRIVATE LIMITED	Receivables	(0.00)	External
9	GRACIOUS BOTTLES PRIVATE LIMITED	Receivables	0.01	External
10	SARASWATIPUR TEA AND INDUSTRIES PVT. LTD.	Receivables	0.00	External
11	FAST BUSINESS CENTRE LIMITED	Receivables	0.02	External
12	KIRAN ENVIRO-TECH ENERGY PRIVATE LIMITED	Receivables	0.03	External
13	ASHI INFRAPROJECTS AND ASSOCIATES PRIVATE LIMITED	Receivables	0.01	External
14	SATKAR SECURITY PROVIDER PRIVATE LIMITED	Receivables	0.01	External
15	ATCOM INFRATECH PRIVATE LIMITED	Receivables	0.08	External
16	GOLUDEV INFRASTRUCTURE PRIVATE LIMITED	Receivables	0.07	External
17	M. Y. TRANSPORT COMPANY PRIVATE LIMITED	Receivables	0.32	External
18	GOMATESHWAR INVESTMENTS PVT. LTD.	Shares held by struck off Company	50*	External
19	DREAMS BROKING PRIVATE LIMITED	Shares held by struck off Company	476*	External
20	UNICKON FINCAP PRIVATE LIMITED	Shares held by struck off Company	689*	External

* Number of Equity Shares

iii) Disclosure of transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 (continued)

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

As at 31st March, 2021

	Name of Struck off company	Nature of transactions with struck-off Company	Balance outstanding as at 31st March, 2021 (Rs. in crores)	Relationship with the Struck off company, if any, to be disclosed
1	ANUSHREE CONSTROTECH PRIVATE LIMITED	Receivables	0.36	External
2	SHAN STRATEGIC SOLUTIONS PRIVATE LIMITED	Receivables	(0.00)	External
3	HIMHYDRO CONSTRUCTION PRIVATE LIMITED	Receivables	-	External
4	G. V. FOODS PRIVATE LIMITED	Receivables	-	External
5	SINGHAL BRICKS PRIVATE LIMITED	Receivables	-	External
6	MODESTY INDUSTRIES PRIVATE LIMITED	Receivables	0.02	External
7	RA GLOBALCITY HOUSING PRIVATE LIMITED	Receivables	0.00	External
8	GRACIOUS BOTTLES PRIVATE LIMITED	Receivables	0.02	External
9	SARASWATIPUR TEA AND INDUSTRIES PVT. LTD.	Receivables	0.01	External
10	FAST BUSINESS CENTRE LIMITED	Receivables	0.03	External
11	KIRAN ENVIRO-TECH ENERGY PRIVATE LIMITED	Receivables	0.04	External
12	SATKAR SECURITY PROVIDER PRIVATE LIMITED	Receivables	0.03	External
13	ATCOM INFRATECH PRIVATE LIMITED	Receivables	0.10	External
14	M.Y. TRANSPORT COMPANY PRIVATE LIMITED	Receivables	0.73	External
15	GOMATESHWAR INVESTMENTS PVT. LTD.	Shares held by struck off Company	50*	External
16	DREAMS BROKING PRIVATE LIMITED	Shares held by struck off Company	476*	External
17	UNICKON FINCAP PRIVATE LIMITED	Shares held by struck off Company	689*	External

iv) There is no charges or satisfaction in relation to any debt/borrowings yet to be registered with ROC beyond the statutory period.

v) The Group has complied with the number of layers prescribed under clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

vi) Utilisation of Borrowed funds and share premium:

A) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall –

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

B) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall –

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

vii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

viii) There are no transactions which have not been recorded in the books of account and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Also, there are no previously unrecorded income and related assets.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 40

Funds raised during the year ended 31st March, 2021 by issue of equity shares through Rights Issue

Pursuant to authorisation of further infusion of capital through Rights Issue by the Board of Directors of the Company at its meeting held on 1st June, 2020, other resolutions passed on 18th July, 2020 approving the issue size, rights entitlement ratio, fixing the issue price, fixing the record date and in accordance with the provisions of the Companies Act, 2013 and the applicable Rules prescribed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company had issued 61,77,64,960 fully paid-up Equity Shares of face value of Rs. 2 each for cash at a price of Rs. 50 per Equity Share (including a premium of Rs. 48 per Equity Share) aggregating to Rs. 3,088.82 crores on a rights basis to eligible equity shareholders in the ratio of one Equity Share for every one fully paid-up Equity Share held on the record date, that is 23rd July, 2020. These equity shares were allotted on 17th August, 2020. The Company had utilised the entire proceeds (net of issue related expenses) from the above referred Rights Issue for the purposes as stated in its 'Letter of Offer'.

The fresh allotment of equity shares through Rights Issue as stated above has resulted in an increase of equity share capital by Rs. 123.55 crores and securities premium reserve by Rs. 2,965.27 crores.

The share issue expenses of Rs. 8.58 crores been adjusted against securities premium reserve as per the accounting policy.

Increase in the Authorised Share Capital of the Company :

In view of Rights Issue and pursuant to the consent accorded by passing Special Resolutions by the Shareholders of Mahindra & Mahindra Financial Services Limited at the Extraordinary General Meeting ("EGM") held on Tuesday, 30th June, 2020, the Authorised Share Capital of the Company has been increased from Rs. 190.00 crores divided into 70,00,00,000 (Seventy crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty crores) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company to Rs. 550.00 crores divided into 250,00,00,000 (Two Hundred Fifty crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty crores) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company.

Note : 41

Transactions in the nature of change in ownership in other entities

Transactions pertaining to current year ended 31st March, 2022:

i) Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20th August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8th July, 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20% with a cumulative investment of Rs. 77.97 crores. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8th July, 2021 and the name has been changed to Mahindra Ideal Finance Limited.

Based on the fair valuation of Ideal Finance and in accordance with applicable Accounting Standard, a capital gain of Rs. 20.57 crores has been recognised as an exceptional item in the Consolidated Statement of profit and loss for the year ended 31st March, 2022 along with recognition of Goodwill of Rs. 43.40 crores and Non-controlling interest of Rs. 39.88 crores in the Consolidated Balance sheet.

Transactions pertaining to previous year ended 31st March, 2021:

ii) The Company, on 21st June, 2019, along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), then wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife).

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MIAMCPL and MTCPL by Manulife. Accordingly, Manulife has made a fresh equity investment infusion aggregating to US $ 35.00 million to acquire 42% of the share capital of MAMCPL & MTCPL. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2,080.10 crores (equivalent to USD 2.73 million), have been transferred in dematerialised form to Manulife.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the fully paid up equity share capital. The erstwhile names of MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively. In the Consolidated financial statements, effective from the quarter ended 30th June, 2020, MMIMPL and MMTPL have been consolidated as joint ventures under equity method of accounting.

On this sale transaction, the Company had recognised a pre-tax profit of Rs. 228.54 crores on a consolidated basis and the same has been disclosed as exceptional item in the statement of profit and loss for the year ended 31st March, 2021.

Note : 42

Capital management

The Group's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short-term/long-term debt as may be appropriate.

The Group determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio of the Group.

The Parent Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, as applicable, the Parent Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Parent Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Parent Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI, details of which are given below:-

Regulatory capital

Rs. in crores

	As at 31st March, 2022	As at 31st March, 2021
Tier - I capital	13,694.10	12,653.79
Tier - II capital	1,982.55	2,141.99
Total Capital	**15,676.65**	**14,795.78**
	56,482.58	**56,944.01**
Tier - I capital ratio	24.2%	22.2%
Total Capital ratio	**27.8%**	**26.0%**

The housing finance business of the Group is subject to the capital adequacy requirements of the National Housing Bank (NHB) and has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB.

Note : 43

Leases

I) In the cases where assets are taken on operating lease (as lessee) –

As a lessee, the Group's lease asset class primarily consist of buildings or part thereof taken on lease for office premises, certain IT equipments and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, the Group has recognised the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application as at 1st April, 2019, and thereafter, at the inception of respective lease contracts and ROU asset is equal to lease liability subject to certain practical expedients as allowed by the standard.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

a) Maturity Analysis – Contractual Undiscounted Cash Flow:

Rs. in crores

	As at 31st March, 2022	As at 31st March, 2021
Less than 1 year	63.73	60.41
1 - 3 years	100.96	100.21
3 - 5 years	65.45	66.74
More than 5 years	44.52	50.14
Total undiscounted lease liabilities	**274.66**	**277.50**

Other disclosures:

Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Rs. in crores

	Amount for the year ended	
	31st March, 2022	**31st March, 2021**
i) Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note – 32 "Depreciation, amortization and impairment")	60.68	63.91
ii) Interest expense on lease liabilities (presented under note – 29 "Finance costs")	19.28	19.77
iii) Expense relating to short-term leases (included in Rent expenses under note 33 "Other expenses")	8.24	12.23
iv) Expense relating to leases of low-value assets (included in Rent expenses under note 33 "Other expenses")	10.20	9.56
v) Payments for principal portion of lease liability	46.62	54.53
vi) Additions to right-of-use assets during the year	60.38	54.20
vii) Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset –		
- Property taken on lease for office premises (presented under note – 11 "Property, plant and equipments")	213.79	218.60
viii) Lease liabilities (presented under note – 20 "Other financial liabilities")	239.70	239.76

Pursuant to amendments brought in by Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated 24th July, 2020, 'Ind AS 116 – Leases' was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to COVID-19-Related Rent Concessions. The Group had applied the practical expedient to all such rent concessions received during the year ended 31st March, 2021 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognised in the statement of profit or loss for the year under review is not material.

II) In the cases where assets are given on operating lease (as lessor) –

Key terms of the lease are as below:

i) Both New and Used vehicles are offered on Lease for a tenure ranging from 24 to 60 months.

ii) Customised leasing solutions are offered with value-added services like Fleet Management with regards to vehicle maintenance, Insurance management including claim settlement, pick-up and drop, replacement vehicle etc.

iii) The consideration payable is the monthly lease rental which varies based on the make/model of the vehicle and tenure leased.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Other details are as follows:

Rs. in crores

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
i) **New vehicles to retail customers on operating lease –**		
Gross carrying amount	144.44	58.37
Depreciation for the year	23.42	9.14
Accumulated Depreciation	36.60	13.23
ii) **Used and refurbished vehicles to travel operators/taxi aggregators –**		
Gross carrying amount	2.71	2.00
Depreciation for the year	1.56	0.41
Accumulated Depreciation	2.32	0.75

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
i) **New vehicles to retail customers on operating lease –**		
Not later than one year	43.20	19.69
Later than one year but not later than five years	89.15	43.05
Later than five years	-	-
	132.35	62.74
ii) **Used and refurbished vehicles to travel operators/taxi aggregators –**		
Not later than one year	0.21	0.21
Later than one year but not later than five years	0.12	0.32
Later than five years	-	-
	0.33	**0.53**

III) In the cases where assets are given on finance lease (as lessor) -

Rentals receivable on finance lease :

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross Rental Receivable	162.15	-
Less: Unearned Income	39.39	-
Net Receivable before charging allowance for Impairment loss	122.76	-
Less: Allowance for Impairment losses	4.68	-
Total Net Receivables	118.08	-

Particulars	Within 1 year	1 to 5 years	Over 5 years	Total
Gross Rental Receivables	53.05	108.89	0.21	162.15
Less: Unearned Income	16.96	22.42	0.01	39.39
Net Receivable before charging allowance for Impairment loss	36.09	86.47	0.20	122.76

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 44

Frauds reported during the year

There were 274 cases (31st March, 2021: 178 cases) of frauds amounting to Rs. 6.22 crores (31st March, 2021: Rs. 5.28 crores) reported during the year. The Group has recovered an amount of Rs. 2.92 crores (31st March, 2021: Rs. 3.37 crores) 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 : 45

Contingent liabilities and commitments (to the extent not provided for)

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
i) **Contingent liabilities**		
Claims against the Company not acknowledged as debts	173.87	161.92
Guarantees	1,720.34	1,577.23
Other money for which the Company is contingently liable	0.03	0.03
	1,894.24	**1,739.18**
ii) **Commitments**		
Estimated amount of contracts remaining to be executed on capital account	66.69	14.21
Other commitments	478.42	436.73
	545.11	**450.94**
Total	**2,439.35**	**2,190.12**

The Group's pending litigations comprise of claims against the Group primarily by the customers and proceedings pending with Income Tax, Sales tax/VAT and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions/contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

Note : 46

Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The Group has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitisation transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Group, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Group to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Group is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Group has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitisation transactions" under Note no. 17.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Securitisations –		
Carrying amount of transferred assets measured at amortised cost	8,347.94	10,524.45
Carrying amount of associated liabilities (Term Loan)	8,111.81	10,390.77
Fair value of assets (A)	8,154.47	10,345.24
Fair value of associated liabilities (B)	8,231.42	9,592.85
Net position at FV (A – B)	**(76.95)**	**752.39**

Note : 47

There was no Scheme of Arrangements approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013 during the year.

Note : 48

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of account.

Note : 49

Reconciliation of movement of liabilities to cash flows arising from financing activities

Year ended 31st March, 2022

Rs. in crores

Particulars	31st March, 2021	Business Combination	Cash flows (net)*	Exchange difference	Amortisation of loan origination costs	New leases	31st March, 2022
Debt securities	19,671.04	-	1,917.70	-	8.41	-	21,597.15
Borrowings (Other than debt securities)	32,454.28	46.17	(3,773.24)	(90.38)	15.26	-	28,652.09
Deposits	9,366.16	51.72	(1,141.24)	-	9.62	-	8,286.26
Subordinated liabilities	3,609.47	-	(22.25)	-	2.91	-	3,590.13
Lease liabilities	239.76	5.32	(54.66)	-	-	49.28	239.70
Dividend paid (including tax on dividend)	-	-	(99.19)	-	-	-	(99.19)
Total liabilities from financing activities	**65,340.71**	**103.21**	**(3,172.88)**	**(90.38)**	**36.20**	**49.28**	**62,266.14**

*Including the inter company adjustment of associate(s)/joint venture(s) which are accounted for using equity method in these consolidated financial statements for current year. (refer note 41(i))

Year ended 31st March, 2021

Rs. in crores

Particulars	31st March, 2020	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	New leases	31st March, 2021
Debt securities	19,744.61	(59.75)	-	(13.82)	-	19,671.04
Borrowings (Other than debt securities)	33,327.14	(755.95)	(124.74)	7.83	-	32,454.28
Deposits	8,781.39	573.24	-	11.53	-	9,366.16
Subordinated liabilities	3,781.10	(175.98)	-	4.35	-	3,609.47
Lease liabilities	249.14	(62.61)	-	-	53.23	239.76
Dividend paid (including tax on dividend)	-	-	-	-	-	-
Total liabilities from financing activities	**65,883.38**	**(481.05)**	**(124.74)**	**9.89**	**53.23**	**65,340.71**

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 50

Segment information

Primary segment (Business Segment)

The Group's business is organised in to following segments and the management reviews the performance based on the business segments as mentioned below:

Segment	Activities covered
Financing activities	Financing and leasing of automobiles, tractors, commercial vehicles, SMEs and housing finance.
Other reconciling items	Insurance broking, asset management services and trusteeship services

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary segment (Geographical Segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Ind AS -108 on Operating Segments:

(Rs. in crores)

Particulars	Year ended 31st March 2022			Year ended 31st March 2021		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
External Revenue	11,134.38	349.90	11,484.28	11,971.46	281.11	12,252.57
Less: Inter Segment Revenue			83.77			82.07
Net Revenue			**11,400.51**			**12,170.50**
Segment Results (Profit/(Loss) before tax) :	1,505.17	44.25	1,549.42	893.35	40.79	934.14
Add: Other unallocable income net of unallocable expenditure	-	-	-	-	-	-
Net Profit before tax	**1,505.17**	**44.25**	**1,549.42**	**893.35**	**40.79**	**934.14**
Segment Assets	81,602.30	694.55	82,296.85	83,600.55	658.96	84,259.51
Unallocated corporate assets	-	-	1,511.80	-	-	1,341.48
Total Assets			**83,808.65**			**85,600.99**
Segment Liabilities	66,618.14	125.15	66,743.29	69,576.81	134.75	69,711.56
Other unallocable liabilities	-	-	27.59	-	-	13.91
Total Liabilities			**66,770.88**			**69,725.47**

Note : 51

Financial Risk Management Framework

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The financial risks are managed in accordance with the risk management policy which has been approved by the Board of Directors of the respective Group companies.

Board of Directors of the Parent and its subsidiary in the housing finance business have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

Notes to Consolidated Financial Statements
for the year ended 31st March, 2022

51.1 Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

a) Pricing Risk

The Group's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the Group does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs. 47.08 crores (31st March, 2021: Rs. 91.49 crores). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group's foreign currency exposures are managed within approved parameters. The Group manages its foreign currency risk by entering into forward contract and cross currency swaps.

The carrying amounts of the Group's foreign currency exposure at the end of the reporting period are as follows:

Rs. in crores

	JPY	US Dollar	Euro	Total
As at 31st March, 2022				
Financial Assets	-	-	-	-
Financial Liabilities	928.75	1,248.77	-	2,177.52
As at 31st March, 2021				
Financial Assets	-	-	-	-
Financial Liabilities	988.13	2,486.27	206.15	3,680.55

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31st March, 2022	Rs./JPY	(+/-) 1.00%	(+/-) 9.29
	Rs./USD	(+/-) 1.00%	(+/-) 12.49
Year ended 31st March, 2021	Rs./JPY	(+/-) 1.00%	(+/-) 9.88
	Rs./USD	(+/-) 1.00%	(+/-) 24.86
	Rs./EUR	(+/-) 1.00%	(+/-) 2.07

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c) Interest Rate Risk

The Group uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Interest Rate sensitivity

The sensitivity analysis below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

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The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/decrease in basis points (Range)	Effect on profit before tax
Year ended 31st March, 2022	Rs.	100	132.75
Year ended 31st March, 2021	Rs.	100	147.20

d) Offsetting of balances

The table below summarises the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet:

Financial assets subject to offsetting

Rs. in crores

Particulars	Offsetting recognised on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognised in balance sheet
Loan assets			
Year ended 31st March, 2022	60,542.37	97.73	60,444.64
Year ended 31st March, 2021	60,029.98	82.56	59,947.42

Financial liabilities subject to offsetting

Rs. in crores

Particulars	Offsetting recognised on the balance sheet		
	Gross liabilities before offset	Financial assets netted	Liabilities recognised in balance sheet
Other financial liabilities			
Year ended 31st March, 2022	2,413.90	97.73	2,316.17
Year ended 31st March, 2021	2,686.82	82.56	2,604.26

Note : The residential loan businesses has not offset financial assets and financial liabilities.

51.2 Credit Risk Management

Credit risk is the risk that the Group will incur a loss because its customers fail to discharge their contractual obligations. The Group has a comprehensive framework for monitoring credit quality of its retail and other loans based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit quality of financial loans and investments

The following table sets out information about credit quality of loan assets and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Gross carrying value of Retail loans including Finance Lease		
Neither Past due nor impaired	42,915.01	41,694.34
Past Due but not impaired	-	-
30 days past due	4,252.53	6,315.88
31-90 days past due	9,139.39	7,947.58
Impaired (more than 90 days)	4,882.62	5,681.06
Total Gross carrying value as at reporting date	**61,189.55**	**61,638.86**

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for the year ended 31st March, 2022

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Gross carrying value of Residential loan assets		
Neither Past due nor impaired	4,347.18	3,736.85
Past Due but not impaired		
30 days past due	371.54	815.16
31-90 days past due	2,023.70	2,088.77
Impaired (more than 90 days)	861.03	1,005.93
Total Gross carrying value as at reporting date	**7,603.45**	**7,646.71**

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	1,912.31	1,499.69
Past Due but not impaired		
30 days past due	102.78	81.13
31-90 days past due	80.42	138.98
Impaired (more than 90 days)	44.97	38.03
Total Gross carrying value as at reporting date	**2,140.48**	**1,757.83**

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Gross carrying value of Trade Advances		
Less than 60 days past due	1,682.21	1,113.33
61-90 days past due	64.55	22.57
Impaired (more than 90 days)	60.66	59.08
Total Gross carrying value as at reporting date	**1,807.42**	**1,194.98**

Rs. in crores

Particulars	31st March, 2022	31st March, 2021
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	1,538.24	3,787.25
Past Due but not impaired		
30 days past due	-	-
31-90 days past due	-	-
Impaired (more than 90 days)	-	-
Total Gross carrying value as at reporting date	**1,538.24**	**3,787.25**

The Group reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the Group is into retail lending business, there is no significant credit risk of any individual customer that may impact adversely, and hence the Group has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

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The Group categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0-30 days past due

Stage 2 : 31-89 days past due

Stage 3 : 90 days & above

The Group applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances, lease and other receivables. The Group has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the respective businesses.

(i) RBI COVID-19 Resolution Framework

Assessment of loan modifications on credit risk:

During the previous year, in accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020, 17th April, 2020 and 23rd May, 2020 relating to 'COVID-19 – Regulatory Package', the Parent and its subsidiary in the housing finance business have granted moratorium up to six months on the payment of instalments which became due between 1st March, 2020 and 31st August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Parent and its subsidiary in the housing finance business, in the previous year, continued to recognise interest income during the moratorium period.

During the current year, to relieve COVID-19 pandemic related stress, the Parent and its subsidiary in the housing finance business have invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the respective Board of Directors and in accordance with the guidelines issued by the RBI vide its circular no. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 on Resolution Framework – 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 5th May, 2021. This is in continuation to the restructuring plan implemented for the customers as per the RBI circular no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 on Resolution Framework for COVID-19-related Stress dated 6th August, 2020.

(ii) Impact of COVID-19

During the previous year, in accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27th March, 2020, 17th April, 2020 and 23rd May, 2020 relating to 'COVID-19-Regulatory Package', the Parent and its subsidiary in the housing finance business had granted moratorium up to six months on the payment of instalments which became due between 1st March, 2020 and 31st August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Parent and its subsidiary in the housing finance business, in the previous year, continued to recognise interest income during the moratorium period.

The outbreak of COVID-19 led to nationwide lockdown from March 2020, which gradually phased out over the next few months basis the local level spread of the pandemic. The nation was impacted by the second wave of the pandemic in the first half of the fiscal year 2022 which again slowed down the economic activities to a limited extent. Despite the successful roll out of vaccines around the world, a varying degree of uncertaininty remained through out the year ended 31st March, 2022. This was caused by new variants of COVID-19, varying vaccine effectiveness and the need for reimposing of government - imposed restrictions. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the changes in the macro economic outlook and its associated impact on the impairment calculations.

The methodologies and assumptions applied in the impairment loss allowance calculations have primarily remained unchanged from those applied while preparing the financial statements for the year ended 31st March, 2021. The Parent and its subsidiary in the housing finance business have been updating the ECL model with the latest set of data on reasonable periodic intervals for the year ended 31st March, 2022, to capture the significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 to reduce the risk of uncertainty due to judgements and estimations considering economic outlook data as per Government agencies around the growth parameters.

The Parent and its subsidiary in the housing finance business also continues to undertake a risk assessment of their credit exposures in addition to the model determined ECL provision, to reflect deterioration in the macroeconomic outlook and uncertainty in credit evaluations. The Parent and its subsidiary in the housing finance business holds expected credit loss on financial assets as at 31st March, 2022 aggregating Rs. 5,097.26 crores (as at 31st March, 2021 Rs. 5,180.89 crores) which includes potential impact on account of the pandemic.

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The significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 have materially impacted the performance of financial models. ECL model performance has been significantly impacted, which has increased reliance on management judgement in determining the appropriate level of ECL estimates. The reliability of ECL models under these circumstances has also been impacted by the unprecedented response from Governments to provide a variety of economic stimulus packages to support livelihoods and businesses. Historical observations on which the models were built do not reflect these unprecedented support measures. We continue to monitor credit performance against the level of Government support and customer relief programmes.

In accordance with the instructions in aforementioned RBI circular dated 7th April, 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19th April, 2021, the respective companies in the Group has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period .i.e. 1st March, 2020 to 31st August, 2020. The Parent and its subsidiary in the housing finance business had estimated the said amount and made a provision of Rs. 31.84 crores in the consolidated financial statements for the year ended 31st March, 2021.

(iii) The Parent's net NPA (net Stage-3 assets) ratio stood at 3.36% as at 31st March, 2022 which is in line with regulatory expectation of the RBI.

(iv) Definition of default

The Group considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments except for personal loans, where the Company has an early recognition norm of classification in to stage 3 on the basis of overdue more than 30 days past due.

(v) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(vi) Estimations and assumptions considered in ECL model

The Group has made the following assumptions in the ECL Model:

a) "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cash flows are discounted at loan EIR rate for arriving loss rate.

b) "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro economic factor.

(vii) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.
- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the respective businesses of the Group if the commitment is drawn down and the cash flows that the respective businesses of the Group expects to receive.

(viii) Forward Looking Information

Historical PDs has been converted into forward-looking PD which incorporates the forward-looking economic outlook. Considering that major chunk of borrowers in the retail and residential finance portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable. Agriculture (real change % p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year. In case of SME and Bills Discounting portfolio, Real GDP (% change p.a.) is used as the macroeconomic variable.

The macroeconomic variables considered by the Group are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

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Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. As at 31st March, 2021, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the effectiveness of stimulus packages announced by Government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Group's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Group's assessment of downside risks.

During the current year, the Group has continued with the similar probability weightage as considered for previous year ended 31st March, 2021.

(ix) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience, including forward-looking information. The Group considers reasonable and supportable information that is relevant and available without undue cost and effort. The Group's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Group, the RBI moratorium relaxation offered to the customers recognising the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Group treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases where Group suspects fraud and legal proceedings are initiated.

Further, the Group classifies certain category of exposures in to Stage 3 and makes accelerated provision up to 100% based on qualitative assessment implying the significant deterioration in asset quality or increase in credit risk on selective basis.

(x) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write-offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

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(xi) Analysis of inputs to the ECL model of Retail Loan with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Group has used the data source of Economist Intelligence Unit. The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside %	Base %	Downside %
Probability Assigned		0	85	15
Agriculture (% real change p.a.)	2022	6.4	4.0	1.6
	2023	5.7	3.3	0.9
	2024	5.4	3.0	0.6
	2025	5.9	3.5	1.1
	2026	6.0	3.6	1.2
Real GDP (% change p.a.)	2022	12.4	7.2	2.0
	2023	10.5	5.3	0.1
	2024	10.3	5.1	(0.1)
	2025	10.8	5.6	0.4
	2026	10.5	5.3	0.1

(xii) Analysis of inputs to the ECL model of Residential Loan with respect to macro economic variable

ECL scenario for Macro Economic Variable	Year	Upside %	Base %	Downside %
Probability Assigned		10%	65%	25%
Agriculture (% real change p.a.)	2021	6.6	4.2	1.8
	2022	5.5	3.1	0.7
	2023	5.7	3.3	0.9
	2024	5.4	3.0	0.6
	2025	5.9	3.5	1.1
	2026	6.1	3.7	1.3
	2027	5.5	3.1	0.7
	Subsequent Years	6.0	3.6	1.2

Impairment loss

The expected credit loss allowance provision for **Retail Loans including Finance lease** is determined as follows:

Rs. in crores

	Performing Loans – 12 month ECL	Underperforming loans – 'lifetime ECL not credit impaired'	Impaired loans – 'lifetime ECL credit impaired'	Total
Gross Balance as at 31st March, 2022	47,167.54	9,139.39	4,882.62	61,189.55
Expected credit loss rate	0.91%	12.68%	57.34%	
Carrying amount as at 31st March, 2022 (net of impairment provision)	46,739.32	7,980.45	2,082.76	56,802.53
Gross Balance as at 31st March, 2021	48,010.22	7,947.58	5,681.06	61,638.86
Expected credit loss rate	0.86%	10.88%	57.54%	
Carrying amount as at 31st March, 2021 (net of impairment provision)	47,599.49	7,082.67	2,412.08	57,094.24

The expected credit loss allowance provision for **Residential Loans** is determined as follows:

Rs. in crores

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31st March, 2022	4,718.72	2,023.70	861.03	7,603.45
Expected credit loss rate	2.01%	11.99%	27.54%	
Carrying amount as at 31st March, 2022 (net of impairment provision)	4,623.90	1,781.06	623.88	7,028.84
Gross Balance as at 31st March, 2021	4,552.02	2,088.76	1,005.93	7,646.71
Expected credit loss rate	1.34%	8.55%	27.73%	
Carrying amount as at 31st March, 2021 (net of impairment provision)	4,490.95	1,910.17	726.98	7,128.10

The expected credit loss allowance provision for **SME Loans including Bills of exchange** is determined as follows:

Rs. in crores

ECL scenario for Macro Economic Variable	Performing Loans – 12 month ECL	Underperforming loans – 'lifetime ECL not credit impaired'	Impaired loans – 'lifetime ECL credit impaired'	Total
Gross Balance as at 31st March, 2022	2,015.09	80.42	44.97	2,140.48
Expected credit loss rate	0.36%	9.06%	42.70%	
Carrying amount as at 31st March, 2022 (net of impairment provision)	2,007.67	69.40	21.62	2,098.69
Gross Balance as at 31st March, 2021	1,580.82	138.98	38.03	1,757.83
Expected credit loss rate	0.36%	9.06%	42.70%	
Carrying amount as at 31st March, 2021 (net of impairment provision)	1,575.07	126.39	21.79	1,723.25

The expected credit loss allowance provision for **Trade Advances** is determined as follows:

Rs. in crores

	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31st March, 2022	1,682.21	64.55	60.66	1,807.42
Expected credit loss rate	0.40%	6.52%	100.00%	
Carrying amount as at 31st March, 2022 (net of impairment provision)	1,675.48	60.21	-	1,735.69
Gross Balance as at 31st March, 2021	1,113.33	22.57	59.08	1,194.98
Expected credit loss rate	0.40%	6.52%	100.00%	
Carrying amount as at 31st March, 2021 (net of impairment provision)	1,108.87	21.10	-	1,129.97

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The expected credit loss allowance provision for Financial Investments measured at amortised cost is determined as follows:

Rs. in crores

	Performing Loans – 12 month ECL	Underperforming loans – 'lifetime ECL not credit impaired'	Impaired loans – 'lifetime ECL credit impaired'	Total
Gross Balance as at 31st March, 2022	1,538.24	-	-	1,538.24
Expected credit loss rate	0.01%			
Carrying amount as at 31st March, 2022 (net of impairment provision)	1,530.21			1,530.21
Gross Balance as at 31st March, 2021	3,787.25	-	-	3,787.25
Expected credit loss rate	0.01%			
Carrying amount as at 31st March, 2021 (net of impairment provision)	3,765.03			3,765.03

Level of Assessment – Aggregation Criteria

The Group recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characteristics, pricing range, sector concentration, the Group calculates ECL on a collective basis for all stages – Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans including Finance Lease is, as follows:

Gross exposure reconciliation

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31st March, 2020	**52,793.19**	**6,162.09**	**5,484.50**	**64,439.78**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,725.54	(1,543.73)	(181.81)	-
- Transfers to Stage 2	(5,564.66)	5,732.57	(167.91)	-
- Transfers to Stage 3	(1,873.76)	(1,164.20)	3,037.96	-
- Loans that have been derecognised during the period	(4,366.75)	(566.31)	(1,332.89)	(6,265.95)
New loans originated during the year	15,963.76	284.04	80.38	16,328.18
Write-offs	(0.37)	(2.53)	(1,238.19)	(1,241.09)
Impact of changes on items within the same stage	(10,666.73)	(954.35)	(0.98)	(11,622.06)
Gross carrying amount balance as at 31st March, 2021	**48,010.22**	**7,947.58**	**5,681.06**	**61,638.86**
Addition due to business combination	75.43	28.54	17.44	121.41
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,773.97	(1,361.45)	(412.52)	-
- Transfers to Stage 2	(4,844.77)	5,062.72	(217.95)	-
- Transfers to Stage 3	(1,176.14)	(1,121.51)	2,297.65	-
- Loans that have been derecognised during the period	(7,686.92)	(3,097.37)	(1,371.14)	(12,155.43)
New loans originated during the year	23,937.10	3,879.31	509.95	28,326.36
Write-offs	(4.61)	(52.89)	(1,495.37)	(1,552.87)
Impact of changes on items within the same stage	(12,916.75)	(2,145.54)	(126.50)	(15,188.79)
Gross carrying amount balance as at 31st March, 2022	**47,167.53**	**9,139.39**	**4,882.62**	**61,189.54**

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Reconciliation of ECL balance

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31st March, 2020	**538.33**	**723.94**	**1,552.76**	**2,815.03**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	232.83	(181.36)	(51.47)	-
- Transfers to Stage 2	(56.74)	104.28	(47.54)	-
- Transfers to Stage 3	(19.11)	(136.77)	155.88	-
- Loans that have been derecognised during the period	(44.53)	(66.53)	(377.37)	(488.43)
New loans originated during the year	136.57	30.91	13.48	180.96
Write-offs	-	(0.30)	(350.55)	(350.85)
Impact of changes on items within the same stage	(376.63)	390.74	2,373.79	2,387.90
ECL allowance balance as at 31st March, 2021	**410.72**	**864.91**	**3,268.98**	**4,544.61**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	386.93	(148.75)	(238.18)	-
- Transfers to Stage 2	(41.49)	168.09	(126.60)	-
- Transfers to Stage 3	(10.09)	(122.48)	132.57	-
- Loans that have been derecognised during the period	(65.35)	(335.99)	(788.36)	(1,189.70)
New loans originated during the year	216.59	491.58	291.46	999.63
Write-offs	(0.04)	(5.76)	(860.46)	(866.26)
Impact of changes on items within the same stage	(469.30)	247.33	1,124.83	902.86
ECL allowance balance as at 31st March, 2022	**427.97**	**1,158.93**	**2,804.24**	**4,391.14**

The contractual amount outstanding on financial assets that has been written off by the group during the year ended 31st March, 2022 and that were still subject to enforcement activity was ₹1,638.80 crores (31st March, 2021: Rs. 1,354.86 crores).

The overall decrease in ECL allowance on the portfolio was driven by movements between stages and higher amount of write-offs.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Residential Loans is, as follows:

Gross exposure reconciliation

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31st March, 2020	**5,518.85**	**1,647.84**	**1,277.21**	**8,443.90**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(1,060.33)	963.39	96.94	-
- Transfers to Stage 2	330.37	(422.61)	92.24	-
- Transfers to Stage 3	31.99	19.28	(51.27)	-
- Loans that have been derecognised during the period	582.42	27.01	-	609.43
New loans originated during the year	(313.72)	(85.93)	(239.18)	(638.83)
Write-offs	(0.01)	-	(260.40)	(260.41)
Impact of changes on items within the same stage	(537.57)	(60.20)	90.39	(507.38)
Gross carrying amount balance as at 31st March, 2021	**4,552.00**	**2,088.78**	**1,005.93**	**7,646.71**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(875.80)	804.34	71.46	-
- Transfers to Stage 2	610.26	(764.50)	154.24	-
- Transfers to Stage 3	23.88	9.99	(33.87)	-
- Loans that have been derecognised during the period	(373.97)	(108.62)	(208.66)	(691.25)
New loans originated during the year	1,315.48	40.33	0.25	1,356.06
Write-offs	-	-	(205.54)	(205.54)
Impact of changes on items within the same stage	(533.14)	(46.60)	77.21	(502.53)
Gross carrying amount balance as at 31st March, 2022	**4,718.71**	**2,023.72**	**861.02**	**7,603.45**

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Reconciliation of ECL balance on Residential Loans

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31st March, 2020	**57.27**	**102.05**	**414.50**	**573.82**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(12.31)	11.11	1.20	-
- Transfers to Stage 2	20.43	(26.13)	5.70	-
- Transfers to Stage 3	7.82	4.44	(12.26)	-
- Loans that have been derecognised during the period	7.35	2.31	-	9.66
New loans originated during the year	(3.13)	(5.46)	(85.01)	(93.60)
Write-offs	(0.00)	-	(160.74)	(160.74)
Impact of changes on items within the same stage	(16.36)	90.28	115.55	189.47
ECL allowance balance as at 31st March, 2021	**61.06**	**178.60**	**278.94**	**518.60**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(13.65)	12.51	1.14	-
- Transfers to Stage 2	52.15	(65.35)	13.20	-
- Transfers to Stage 3	6.14	2.24	(8.38)	-
- Loans that have been derecognised during the period	(4.73)	(9.32)	(72.40)	(86.45)
New loans originated during the year	14.25	3.81	0.06	18.12
Write-offs	-	-	(75.67)	(75.67)
Impact of changes on items within the same stage	(20.40)	120.16	100.24	200.00
ECL allowance balance as at 31st March, 2022	**94.82**	**242.65**	**237.14**	**574.61**

The decrease in ECL of the portfolio was on account of better recoveries during the year and appropriation of ECL provision of written off assets.

The contractual amount outstanding on financial assets that have been written off during the year ended 31st March, 2022 and are under enforcement activity was Rs. 102.75 crores (31st March, 2021: Rs. 80.10 crores).

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **SME Loans including Bills of exchange** is, as follows :

Gross exposure reconciliation

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31st March, 2020	**2,124.59**	**78.49**	**192.98**	**2,396.07**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	23.51	(9.86)	(13.65)	-
- Transfers to Stage 2	(46.47)	49.15	(2.68)	-
- Transfers to Stage 3	(31.51)	(1.38)	32.89	-
- Loans that have been derecognised during the period	(1,173.17)	(61.05)	(16.02)	(1,250.24)
New loans originated during the year	1,128.74	96.98	0.22	1,225.94
Write-offs	(13.19)	(5.82)	(154.01)	(173.02)
Impact of changes on items within the same stage	(431.67)	(7.53)	(1.71)	(440.91)
Gross carrying amount balance as at 31st March, 2021	**1,580.84**	**138.98**	**38.02**	**1,757.84**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	30.73	(30.03)	(0.70)	0.00
- Transfers to Stage 2	(38.10)	38.67	(0.57)	0.00
- Transfers to Stage 3	(13.23)	(11.68)	24.91	0.00
- Loans that have been derecognised during the period	(1,041.81)	(38.27)	(1.33)	(1,081.41)
New loans originated during the year	1,705.78	8.84	0.22	1,714.83
Write-offs	(0.03)	-	(13.28)	(13.31)
Impact of changes on items within the same stage	(209.09)	(26.09)	(2.30)	(237.48)
Gross carrying amount balance as at 31st March, 2022	**2,015.09**	**80.42**	**44.97**	**2,140.48**

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Reconciliation of ECL balance

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31st March, 2020	**4.91**	**21.36**	**158.24**	**184.51**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	12.35	(1.66)	(10.69)	-
- Transfers to Stage 2	(0.19)	1.18	(0.99)	-
- Transfers to Stage 3	(0.15)	(0.31)	0.46	-
- Loans that have been derecognised during the period	(1.36)	(18.33)	(11.78)	(31.47)
New loans originated during the year	2.58	7.60	0.16	10.34
Write-offs	(0.02)	(1.00)	(132.34)	(133.36)
Impact of changes on items within the same stage	(12.36)	3.76	13.18	4.58
ECL allowance balance as at 31st March, 2021	**5.76**	**12.60**	**16.24**	**34.60**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	2.98	(2.57)	(0.40)	-
- Transfers to Stage 2	(0.20)	0.53	(0.33)	-
- Transfers to Stage 3	(0.10)	(1.12)	1.22	-
- Loans that have been derecognised during the period	(2.12)	(3.51)	(0.95)	(6.58)
New loans originated during the year	5.49	0.61	0.15	6.25
Write-offs	(0.00)	-	(5.89)	(5.89)
Impact of changes on items within the same stage	(4.38)	4.49	13.32	13.42
ECL allowance balance as at 31st March, 2022	**7.42**	**11.03**	**23.35**	**41.80**

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31st March, 2022 and that were still subject to enforcement activity was Rs. 14.72 crores (31st March, 2021: Rs. 161.91 crores).

The increase in ECL of the portfolio was driven by increase in the gross size of the portfolio.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **other undrawn commitments of Retail and Residential loans** is, as follows:

Gross exposure reconciliation

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31st March, 2020	**655.49**	**3.76**	**0.00**	**659.26**
Changes due to loans recognised in the opening balance that have:				
New Exposures	404.54	6.63	-	411.17
Exposure derecognised or matured/lapsed (excluding write-offs)	(602.98)	(3.50)	(0.01)	(606.49)
- Transfers to Stage 1	(9.49)	9.46	0.03	0.00
- Transfers to Stage 2	0.19	(0.22)	0.02	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Impact of changes on items within the same stage	(22.60)	(5.38)	(0.01)	(27.98)
Gross carrying amount balance as at 31st March, 2021	**425.16**	**10.76**	**0.04**	**435.96**
Changes due to loans recognised in the opening balance that have:				
New Exposures	467.63	4.29	0.01	471.94
Exposure derecognised or matured/ lapsed (excluding write-offs)	(407.21)	(10.53)	(0.05)	(417.78)
- Transfers to Stage 1	(1.01)	0.90	0.11	-
- Transfers to Stage 2	0.09	(0.10)	0.01	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Impact of changes on items within the same stage	(11.73)	(0.57)	(0.06)	(12.36)
Gross carrying amount balance as at 31st March, 2022	**472.93**	**4.76**	**0.06**	**477.75**

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Reconciliation of ECL balance on loan commitments

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31st March, 2020	**4.70**	**0.23**	**0.00**	**4.93**
Changes due to loans recognised in the opening balance that have:				
New Exposures	5.09	0.48	-	5.57
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1.14)	-	-	(1.14)
- Transfers to Stage 1	(0.11)	0.11	-	-
- Transfers to Stage 2	0.01	(0.01)	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(3.14)	(0.22)	-	(3.36)
Impact of changes on items within the same stage	(0.15)	0.19	0.01	0.05
ECL allowance balance as at 31st March, 2021	**5.26**	**0.78**	**0.01**	**6.05**
Changes due to loans recognised in the opening balance that have:				
New Exposures	3.22	0.36	0.00	3.58
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1.18)	-	-	(1.18)
- Transfers to Stage 1	(0.01)	0.01	-	-
- Transfers to Stage 2	0.01	(0.01)	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(3.99)	(0.76)	(0.01)	(4.76)
Impact of changes on items within the same stage	(0.07)	0.02	0.01	(0.03)
ECL allowance balance as at 31st March, 2022	**3.24**	**0.40**	**0.02**	**3.66**

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **Financial Investments** measured at amortised cost is, as follows:

Gross exposure reconciliation

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31st March, 2020	**1,129.59**	**-**	**-**	**1,129.59**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(106.54)	-	-	(106.54)
New Investments originated during the year	2,742.57	-	-	2,742.57
Write-offs	-	-	-	-
Impact of changes on items within the same stage	21.63	-	-	21.63
Gross carrying amount balance as at 31st March, 2021	**3,787.25**	**-**	**-**	**3,787.25**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(2,481.44)	-	-	(2,481.44)
New Investments originated during the year	230.86	-	-	230.86
Write-offs		-	-	-
Impact of changes on items within the same stage	(4.85)	-	-	(4.85)
Gross carrying amount balance as at 31st March, 2022	**1,531.81**	**-**	**-**	**1,531.81**

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Reconciliation of ECL balance

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31st March, 2020	**1.36**	**-**	**-**	**1.36**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(0.92)	-	-	(0.92)
New Investments originated during the year	-	-	-	-
Write-offs	-	-	-	-
Impact of changes on items within the same stage	(0.03)	-	-	(0.03)
ECL allowance balance as at 31st March, 2021	**0.41**	**-**	**-**	**0.41**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(0.41)	-	-	(0.41)
New Investments originated during the year	1.61	-	-	1.61
Write-offs	-	-	-	-
Impact of changes on items within the same stage	-	-	-	-
ECL allowance balance as at 31st March, 2022	**1.61**	**-**	**-**	**1.61**

Significant changes in the gross carrying value that contributed to change in loss allowance

The Group mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Change in any single customer repayment will not impact significantly to companies provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the companies risk.

Concentration of Credit Risk

Group's loan portfolio is predominantly to finance retail automobile and home loans. The Group manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and financial loans as at year end:

Rs. in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Concentration by Geographical region in India:		
North	19,872.13	19,376.53
East	16,387.78	17,252.64
West	20,065.25	19,844.01
South	16,223.47	15,766.20
Total Carrying Value as at reporting period	**72,548.63**	**72,239.38**
Concentration by Geographical region outside India:		
Srilanka	192.27	-
	192.27	**-**

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers, residential property in case of housing loan and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking *pari passu* and charge created by way of hypothecation on the receivables of the other company.

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Quantitative Information of Collateral

The Group monitors its exposure to retail loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for Retail loans is derived by writing down the asset cost at origination by 20% p.a. on reducing balance basis and the value of the collateral of Stage 3 Retail loans is based on the Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held. The value of the collateral for residential housing loans is typically based on the collateral value at origination.

Gross value of total secured loans to value of collateral

Rs. in crores

Loan To Value	Gross Value of Secured Retail loans		Gross Value of total Residential loans		Gross Value of Secured SME loans	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Up to 50%	5,226.36	4,877.25	2,971.56	2,968.63	606.87	496.42
51 - 70%	9,615.55	8,524.93	3,076.49	3,227.83	229.98	123.27
71 - 100%	32,330.64	28,756.05	1,554.07	1,449.58	51.12	94.70
Above 100%	13,190.63	19,302.89	-	-	29.46	66.80
	60,363.18	**61,461.12**	**7,602.12**	**7,646.04**	**917.43**	**781.19**

Gross value of credit impaired loans to value of collateral

Rs. in crores

Loan To Value	Gross Value of Retail loans in stage 3		Gross Value of Residential loans in stage 3		Gross Value of SME loans in stage 3	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Up to 50%	186.38	119.87	298.54	327.09	13.60	11.22
51 - 70%	177.19	152.99	424.91	486.17	22.23	2.30
71 - 100%	506.24	466.71	137.58	192.66	0.26	20.07
Above 100%	4012.82	4941.49	0.00	0.00	8.88	4.43
	4,882.63	**5,681.06**	**861.03**	**1,005.92**	**44.97**	**38.02**

Quantitative Information of Collateral

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

Fair value of collateral held against Credit Impaired assets

Rs. in crores

31st March, 2022	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	4,882.63	3,832.52	-	-	-	(694.56)	3,137.97	1,744.67	2,804.24
Residential Loans	861.03	-	-	1,726.54	-	(885.37)	841.18	19.85	237.14
SME Loans	44.97	1.80	40.90	76.47	1.85	(83.07)	37.94	7.03	23.35

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Rs. in crores

31st March, 2021	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	5,681.06	4,088.89	-	-	-	(539.93)	3,548.96	2,132.10	3,268.98
Residential Loans	1,005.93	-	-	1,840.21	-	(866.80)	973.41	32.52	278.94
SME Loans	38.02	3.00	47.87	50.26	1.29	(68.18)	34.24	3.78	16.24

51.3 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The holding company also provides credit lines to its subsidiaries as and when necessary.

a) Maturity profile of non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Rs. in crores

Particulars	Less than 1 year	1-3 years	3 years to 5 years	5 years and above
Non-derivative financial liabilities				
31st March, 2022				
Trade Payable:	1,163.83	-	-	-
Debt Securities:				
- Principal	5,338.31	9,669.81	2,712.90	3,923.10
- Interest	1,574.04	2,133.08	968.79	1,453.20
Borrowings (Other than Debt Securities):				
- Principal	12,337.00	14,151.05	2,117.38	53.68
- Interest	1,014.57	1,032.21	109.15	3.50
Deposit:				
- Principal	4,727.12	3,146.06	433.96	-
- Interest	730.46	598.62	80.95	-
Subordinated liabilities:				
- Principal	70.00	424.46	1,290.01	1,830.98
- Interest	312.24	599.14	606.52	537.15
Other financial liabilities:	2,331.65	413.55	91.27	38.36
Total	**29,599.21**	**32,167.98**	**8,410.91**	**7,839.98**
31st March, 2021				
Trade Payable:	866.93	-	-	-
Debt Securities:				
- Principal	4,417.80	9,421.87	2,295.00	3,591.75
- Interest	1,918.94	2,251.75	941.86	1,267.54
Borrowings (Other than Debt Securities):				
- Principal	14,306.50	15,734.80	2,434.96	-
- Interest	1,619.74	1,171.60	119.10	-

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Rs. in crores

Particulars	Less than 1 year	1-3 years	3 years to 5 years	5 years and above
Deposit:				
- Principal	3,819.57	4,616.10	960.99	-
- Interest	774.72	881.25	218.13	-
Subordinated liabilities:				
- Principal	155.16	210.14	519.32	2,753.09
- Interest	319.30	601.73	599.55	789.94
Other financial liabilities:	2,353.69	463.27	92.06	373.69
Total	**30,552.35**	**35,352.50**	**8,180.98**	**8,776.02**

b) **Maturity profile of derivative financial liabilities**

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. in crores

Particulars	Less than 1 year	1-3 years	3 years to 5 years	5 years and above
Derivative financial instruments				
31st March, 2022				
Gross settled:				
Foreign exchange forward contracts				
- Payable	37.17	-	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	2.67	-	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	48.93	102.62	-
- Receivable	27.43	-	-	-
Total Payable	**39.84**	**48.93**	**102.62**	**-**
Total Receivable	**27.43**	**-**	**-**	**-**
31st March, 2021				
Gross settled:				
Foreign exchange forward contracts				
- Payable	32.64	25.98	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	-	13.01	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	35.32	65.89	-
- Receivable	26.38	2.67	-	-
Total Payable	**32.64**	**74.31**	**65.89**	**-**
Total Receivable	**26.38**	**2.67**	**-**	**-**

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51.4 a) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in crores

Type of Instrument	Financial assets/ financial liabilities	Category	Fair Value As at 31st March, 2022	Fair Value As at 31st March, 2021	Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
1. Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets/ (Liabilities)	Financial Instruments measured at FVTPL/ FVOCI	(38.70)	(68.21)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2. Currency options	Financial Assets/ (Liabilities)	Financial Instruments measured at FVTPL	(116.90)	(79.25)	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3. Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	1,387.02	2,500.18	Level 1	Quoted market price			
4. Investment in Commercial Paper	Financial Assets	Financial instrument measured at FVTPL	-	197.67	Level 1	Quoted market price			
5. Investment in equity instruments – Unquoted	Financial Assets	Financial instrument designated at FVOCI	0.24	-	Level 3	Cost			
6) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	42.39	16.37	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the Company, discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
7) Investment in Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	4,746.41	4,710.88	Level 1	Quoted market price			

The Company doesn't carry any financial asset or liability which it fair values on a non-recurring basis.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

51.4 b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in crores

Particulars	Unquoted Equity investment	Convertible debentures	Total
31st March, 2022			
Opening balance	16.37	0.00	16.38
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	26.01	-	26.01
Fair value of –			
Purchases made during the year	-	-	-
Disposals made during the year			
Transfers into Level 3			
Transfers out of Level 3			
Closing balance	**42.39**	**0.00**	**42.39**
31st March, 2021			
Opening balance	28.91	0.00	28.92
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss			
b) in other comprehensive income	(12.54)	-	(12.54)
Fair value of –			
Purchases made during the year	-	-	-
Issues made during the year			
Disposals made during the year	-	-	-
Sale made during the year			
Transfers into Level 3			
Transfers out of Level 3			
Closing balance	**16.37**	**0.00**	**16.38**

c) Equity Investments designated at Fair value through Other Comprehensive Income

The Group has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring controlling stake, and accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs. in crores

	31st March, 2022	31st March, 2021
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited)		
Fair Value of Investments	42.39	16.37
Dividend income on investments held	-	-

There are no disposal of investment during the year ended 31st March, 2022 and 2021 respectively.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

51.4 d) Financial Instruments measured at amortised cost

Rs in crores

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31st March, 2022					
Financial assets					
a) Cash and cash equivalent	765.32	765.32	765.32	-	-
b) Bank balances other than cash and cash equivalent	4,062.29	4,062.29	4,062.29	-	-
c) Trade Receivables	64.83	64.83	-	64.83	-
d) Loans and advances to customers	67,659.69	67,997.55	-	-	67,997.55
e) Financial investments – at amortised cost	1,536.63	1,590.27	1,364.89	225.38	-
f) Other financial assets	270.93	270.93	-	270.93	-
Total	**74,359.69**	**74,751.19**	**6,192.50**	**561.14**	**67,997.55**
Financial liabilities					
a) Trade Payables	1,163.83	1,163.83	-	1,163.83	-
b) Debt securities	21,597.15	23,150.85	23,150.85	-	-
c) Borrowings other than debt securities	28,652.09	28,706.22	-	28,706.22	-
d) Deposits	8,286.26	9,178.43	-	9,178.43	-
e) Subordinated Liabilities	3,590.13	4,042.84	4,042.84	-	-
f) Other financial liability	2,874.83	2,643.85	-	2,643.85	-
Total	**66,164.29**	**68,886.02**	**27,193.69**	**41,692.33**	**-**
As at 31st March, 2021					
Financial assets					
a) Cash and cash equivalent	465.90	808.53	796.73	11.80	-
b) Bank balances other than cash and cash equivalent	3,692.97	3,173.99	3,173.99	-	-
c) Trade Receivables	61.26	54.64	-	54.64	-
d) Loans and advances to customers	65,530.41	67,526.76	-	0.19	67,526.57
e) Financial investments – at amortised cost	3,765.03	3,841.07	1,362.72	2,478.35	-
f) Other financial assets	566.38	563.12	-	563.12	-
Total	**74,081.95**	**75,968.11**	**5,333.44**	**3,108.10**	**67,526.57**
Financial liabilities					
a) Trade Payables	866.93	778.94	-	778.94	-
b) Debt securities	22,595.38	21,498.04	21,498.04	-	-
c) Borrowings other than debt securities	28,019.86	32,017.21	-	32,017.21	-
d) Deposits	9,016.33	10,424.32	-	10,424.32	-
e) Subordinated Liabilities	3,587.85	4,111.91	4,111.91	-	-
f) Other financial liability	2,858.23	3,285.33	-	3,285.33	-
Total	**66,944.58**	**72,115.75**	**25,609.95**	**46,505.80**	**-**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Loans and advances to customers

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments

For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public

The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cumulative/non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

Note : 52

Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in crores

	31st March, 2022			31st March, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	765.32	-	765.32	808.53	-	808.53
Bank balance	4,062.29	-	4,062.29	3,228.66	-	3,228.66
Derivative financial instruments	26.63	-	26.63	23.63	2.09	25.72
Trade receivables	64.83	-	64.83	54.64	-	54.64
Loans	29,028.11	38,631.57	67,659.69	28,797.39	38,278.33	67,075.72
Investments	2,116.45	6,537.69	8,654.14	5,286.17	6,840.16	12,126.33
Other financial assets	91.17	179.77	270.94	241.82	156.91	398.73
Current tax assets (Net)	-	586.74	586.74	-	414.18	414.18
Deferred tax Assets (Net)	-	951.27	951.27	-	944.88	944.88
Property, plant and equipment	-	461.07	461.07	-	379.24	379.24
Capital work-in-progress	-	-	-	-	10.34	10.34
Intangible assets under development	-	2.10	2.10	-	1.39	1.39
Goodwill	-	43.40	43.40	-	-	-
Other Intangible assets	-	10.81	10.81	-	19.80	19.80
Other non-financial assets	93.16	156.28	249.44	107.15	5.68	112.83
Total Assets	**36,247.96**	**47,560.69**	**83,808.66**	**38,547.99**	**47,053.00**	**85,600.99**
Liabilities						
Financial Liabilities			-			-
Derivative financial instruments	38.70	143.53	182.22	31.27	141.91	173.18
Trade Payables			-	-	-	-
i) total outstanding dues of micro enterprises and small enterprises	0.28	-	0.28	0.07	-	0.07
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,112.92	-	1,112.92	731.90	-	731.90
Other Payables				-	-	
i) total outstanding dues of micro enterprises and small enterprises	3.53	-	3.53	0.01	-	0.01
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	47.10	-	47.10	46.96	-	46.96
Debt Securities	5,324.79	16,272.36	21,597.15	4,417.80	15,253.24	19,671.04
Borrowings (Other than Debt Securities)	12,332.43	16,319.66	28,652.09	14,306.50	18,147.78	32,454.28
Deposits	4,815.48	3,470.79	8,286.26	3,819.57	5,546.59	9,366.16
Subordinated Liabilities	69.94	3,520.19	3,590.13	155.16	3,454.31	3,609.47
Other financial liabilities	2,072.53	802.31	2,874.84	1,870.78	1,411.93	3,282.71
Non-Financial Liabilities				-	-	
Current tax liabilities (Net)	15.22	12.38	27.60	-	13.92	13.92
Provisions	153.99	121.97	275.96	149.83	121.41	271.24
Other non-financial liabilities	118.38	2.43	120.81	102.43	2.10	104.53
Total Liabilities	**26,105.29**	**40,665.61**	**66,770.89**	**25,632.28**	**44,093.19**	**69,725.47**
Net	**10,142.68**	**6,895.09**	**17,037.77**	**12,915.71**	**2,959.81**	**15,875.52**
Other undrawn commitments	545.11	-	545.11	450.94	-	450.94
Total commitments	**545.11**	**-**	**545.11**	**450.94**	**-**	**450.94**

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 53

Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a) **Holding Company**	Mahindra & Mahindra Limited
b) **Fellow Subsidiaries :**	
(entities with whom the Company has transactions)	Mahindra USA, Inc
	NBS International Limited
	Mahindra First Choice Wheels Limited
	Mahindra Defence Systems Limited
	Mahindra Integrated Business Solutions Ltd.
	Meru Mobility Tech Private Limited
	Mahindra Construction Co. Ltd.
	Bristlecone India Limited
	Mahindra Water Utilities Limited
	Gromax Agri Equipment Limited
	Mahindra Electric Mobility Ltd.
	Mahindra Holidays & Resorts India Ltd.
	New Democratic Electoral Trust
	Mahindra Susten Pvt. Ltd.
	Mahindra & Mahindra Contech Pvt. Ltd.
c) **Joint Venture(s)/Associate(s):**	Mahindra Finance USA, Inc.
(entities on whom control is exercised)	Mahindra Ideal Finance Ltd. ^ (till 8th July, 2021)
	Mahindra Manulife Investment Management Private Limited
	Mahindra Manulife Trustee Private Limited
d) **Joint Venture(s)/Associate(s) of Holding Company:**	Tech Mahindra Limited
(entities with whom the Company has transactions)	Swaraj Engines Ltd.
	Smartshift Logistics Solutions Pvt. Ltd. (earlier known as Resfeber Labs Private Limited)
	PSL Media & Communications Ltd.
e) **Key Management Personnel:**	Dr. Anish Shah
(where there are transactions)	Mr. Ramesh Iyer
	Mr. Dhananjay Mungale
	Mr. C. B. Bhave
	Ms. Rama Bijapurkar
	Mr. Milind Sarwate
	Mr. Amit Kumar Sinha
	Mr. Amit Raje
	Dr. Rebecca Nugent
f) **Relatives of Key Management Personnel**	Ms. Janaki Iyer
(where there are transactions)	Ms. Ramlaxmi Iyer
	Ms. Girija Subramanium
	Ms Pallavi Kotwal
	Mr. Abhijit Mungale
	Ms. Prema Mahadevan

^ Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20th August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8th July, 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20% with a cumulative investment of Rs. 77.97 crores. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8th July, 2021 and the name has been changed to Mahindra Ideal Finance Limited.

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ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in crores

Particulars	Holding Company		Fellow Subsidiaries/ Joint Ventures/ Associates of Holding Company		Joint Venture(s)/ Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Loan income										
- Smartshift Logistics Solutions Pvt. Ltd.	-	-	-	0.14	-	-	-	-	-	-
Subvention/Disposal loss income										
- Mahindra & Mahindra Limited	16.34	14.11	-	-	-	-	-	-	-	-
- Mahindra Electric Mobility Limited	-	-	0.30	-	-	-	-	-	-	-
Lease rental income										
- Mahindra & Mahindra Limited	20.38	13.66	-	-	-	-	-	-	-	-
- Mahindra Electric Mobility Limited	-	-	0.20	-	-	-	-	-	-	-
- Mahindra & Mahindra Contech Private Limited	-	-	0.01	-	-	-	-	-	-	-
Interest income										
- Mahindra & Mahindra Limited	3.61	2.80	-	-	-	-	-	-	-	-
Income from sharing services										
- Mahindra & Mahindra Limited	0.57	0.42	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	0.62	1.08	-	-	-	-
- Mahindra Manulife Trustee Private Limited	-	-	-	-	0.01	0.01	-	-	-	-
Sale of Services										
- Tech Mahindra Limited	-	-	-	-	0.04	0.04	-	-	-	-
Interest expense										
- Mahindra & Mahindra Limited	4.51	26.63	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	4.10	4.09	-	-	-	-
- Swaraj Engines Ltd.	-	-	0.41	1.20	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	19.17	39.35	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	0.82	0.94	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	21.06	22.69	-	-	-	-	-	-
- Mahindra Logistics Limited	-	-	-	0.52	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	0.76	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	0.78	1.89	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd.	-	-	-	0.17	-	-	-	-	-	-

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for the year ended 31st March, 2022

Rs. in crores

Particulars	Holding Company		Fellow Subsidiaries/ Joint Ventures/ Associates of Holding Company		Joint Venture(s)/ Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- PSL Media & Communications Ltd.	-	-	0.06	0.07	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	0.05	0.12	-	-
- Mr. C. B. Bhave	-	-	-	-	-	-	0.03	0.06	-	-
- Others	-	-	-	-	-	-	-	-	0.27	0.48
Other expenses										
- Mahindra & Mahindra Limited	42.15	25.15	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	18.39	10.99	-	-	-	-	-	-
- Mahindra Defence Systems Ltd.	-	-	3.74	1.30	-	-	-	-	-	-
- Bristlecone India Limited	-	-	0.35	0.46	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	0.61	-	-	-	-	-	-
- NBS International Limited	-	-	0.92	0.01	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Ltd.	-	-	37.34	24.71	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd.	-	-	-	1.79	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	-	0.00	-	-	-	-	-	-
- Others	-	-	0.06	0.09	-	-	-	-	-	-
Remuneration										
- Mr. Ramesh Iyer	-	-	-	-	-	-	7.46	7.11	-	-
- Mr Amit Raje	-	-	-	-	-	-	3.51	-	-	-
Sitting fees and commission										
- Mr C. B. Bhave	-	-	-	-	-	-	0.46	0.37	-	-
- Mr Dhananjay Mungale	-	-	-	-	-	-	0.47	0.45	-	-
- Ms Rama Bijapurkar	-	-	-	-	-	-	0.42	0.35	-	-
- Mr Milind Sarwate	-	-	-	-	-	-	0.47	0.38	-	-
- Dr Rebecca Nugent	-	-	-	-	-	-	0.38	0.03	-	-
Reimbursement from parties										
- Mahindra & Mahindra Limited	35.20	21.56	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	0.06	0.29	-	-	-	-
- Mahindra Integrated Business Solutions Ltd.	-	-	-	4.28	-	-	-	-	-	-
- NBS International Limited	-	-	-	0.37	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	4.65	1.85	-	-	-	-	-	-
Reimbursement to parties										
- Mahindra Electric Mobility Limited	-	-	0.02	-	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	2.33	1.99	-	-	-	-	-	-

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Rs. in crores

Particulars	Holding Company		Fellow Subsidiaries/ Joint Ventures/ Associates of Holding Company		Joint Venture(s)/ Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Purchase of fixed assets (incl. Capital advances)										
- Mahindra & Mahindra Limited	116.13	11.93	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Limited	-	-	-	0.54	-	-	-	-	-	-
- NBS International Limited	-	-	6.04	-	-	-	-	-	-	-
Investments made										
- Mahindra Ideal Finance Ltd.	-	-	33.97	-	-	-	-	-	-	-
- New Democratic Electoral Trust	-	-	-	0.01	-	-	-	-	-	-
Fixed deposits taken										
- Mahindra & Mahindra Limited	11.99	5.43	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd.	-	-	0.90	0.70	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	5.00	15.00	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	0.91	0.69	-	-
- Others	-	-	-	-	-	-	-	-	1.82	3.78
Fixed deposits matured										
- Mahindra & Mahindra Limited	2.32	1.24	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd.	-	-	0.90	0.80	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd.	-	-	15.00	15.90	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	0.79	1.61	-	-
- Mr C. B. Bhave	-	-	-	-	-	-	0.30	0.15	-	-
- Others	-	-	-	-	-	-	-	-	1.73	2.61
Dividend paid										
- Mr. Ramesh Iyer	51.55	-	-	-	-	-	0.14	-	-	-
- Ms. Rama Bijapurkar	-	-	-	-	-	-	0.00	-	-	-
- Mr. Dhananjay Mungale	-	-	-	-	-	-	0.00	-	-	-
Inter corporate deposits taken										
- Tech Mahindra Limited	-	-	200.00	500.00	-	-	-	-	-	-
- Swaraj Engines Ltd.	-	-	-	10.00	-	-	-	-	-	-

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Rs. in crores

Particulars	Holding Company		Fellow Subsidiaries/ Joint Ventures/ Associates of Holding Company		Joint Venture(s)/ Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- Mahindra Water Utilities Limited	-	-	4.26	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	-	10.00	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	230.00	320.00	-	-	-	-	-	-
Inter corporate deposits repaid/matured										
- Mahindra & Mahindra Limited	50.00	250.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	500.00	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	385.00	-	-	-	-	-	-	-
- Mahindra Logistics Limited	-	-	-	15.00	-	-	-	-	-	-
-Mahindra Water Utilities Limited	-	-	11.75	5.00	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	25.00	5.00	-	-	-	-	-	-
- Swaraj Engines Ltd.	-	-	10.00	20.00	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	15.00	-	-	-	-	-	-
Debentures issued										
- Mahindra & Mahindra Limited	-	-	-	-	-	-	-	-	-	-
Debentures matured										
- Mahindra & Mahindra Limited	95.00	100.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited			150.00	-	-	-	-	-	-	-
Loan given (including interest accrued but not due)										
- Mahindra Construction Co. Ltd.	-	-	-	3.34	-	-	-	-	-	-
Inter corporate deposits given	-	-	-	-	-	-	-	-	-	-
- Mahindra Construction Co. Ltd.	-	-	-	1.13	-	-	-	-	-	-
Issue of Share Capital (incl. Securities premium)										
- Mahindra & Mahindra Limited	-	1,640.96	-	-	-	-	-	-	-	-

Key Management Personnel as defined in Ind AS 24

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

iii) Balances as at the end of the year:

Rs. in crores

Particulars	Holding Company		Fellow Subsidiaries/ Joint Ventures/ Associates of Holding Company		Joint Venture(s)/ Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Balances as at the end of the period										
Receivables										
- Mahindra & Mahindra Limited	6.81	-	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	1.41	-	-	-	-	-	-	-
- Mahindra Electric Mobility Limited		-	0.10	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	0.05	0.05	-	-	-	-
- Mahindra Manulife Trustee Private Limited	-	-	-	-	0.01	0.01	-	-	-	-
Loan given (including interest accrued but not due)										
- Mahindra Construction Co. Ltd.	-	-	-	3.34	-	-	-	-	-	-
Inter corporate deposits given (including interest accrued but not due)										
- Swaraj Engines Limited	-	-	-	10.38	-	-	-	-	-	-
- Mahindra Construction Co. Ltd.	-	-	-	1.13	-	-	-	-	-	-
Investments										
- Mahindra Finance USA, Inc.	-	-	-	-	210.55	210.55	-	-	-	-
- Mahindra Ideal Finance Ltd.	-	-	-	-	77.97	44.00	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	195.30	195.30	-	-	-	-
- Mahindra Manulife Trustee Private Limited	-	-	-	-	0.50	0.50	-	-	-	-
- New Democratic Electoral Trust	-	-	0.02	0.02	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt. Ltd.	-	-	9.50	9.50	-	-	-	-	-	-
Subordinate debt held (including interest accrued but not due)										
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	48.57	48.58	-	-	-	-
Debentures (including interest accrued but not due)										
- Mahindra & Mahindra Limited	-	102.71	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	173.22	-	-	-	-	-	-
Payables										
- Mahindra & Mahindra Limited	1.13	9.32	-	-	-	-	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Rs. in crores

Particulars	Holding Company		Fellow Subsidiaries/ Joint Ventures/ Associates of Holding Company		Joint Venture(s)/ Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
- Mahindra First Choice Wheels Limited	-	-	6.77	5.47	-	-	-	-	-	-
- Mahindra USA, Inc.	-	-	0.16	0.25	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	1.27	2.09	-	-	-	-	-	-
- Mahindra Defence Systems Ltd.	-	-	-	0.80	-	-	-	-	-	-
- NBS International Limited	-	-	0.02	0.18	-	-	-	-	-	-
- Others	-	-	0.01	0.15	-	-	-	-	-	-
Inter corporate deposits taken (including interest accrued but not due)										
- Mahindra & Mahindra Limited	-	50.16	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	207.54	523.85	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	-	25.26	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	4.28	12.11	-	-	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	239.31	400.89	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	-	-	-	-	-	-
Fixed deposits (including interest accrued but not due)										
- Mahindra & Mahindra Limited	15.69	5.51	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd.	-	-	0.93	0.94	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	5.01	15.02	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	0.92	0.83	-	-
- Mr C. B. Bhave	-	-	-	-	-	-	0.37	0.71	-	-
- Others	-	-	-	-	-	-	-	-	4.02	6.27

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31st March, 2022

Rs. in crores

Particulars	Relation	Balance as on 1st April, 2021	Advances/ investments	Repayments/ sale	Balance as on 31st March, 2022
(A) Loans and advances					
Smartshift Logistics Solutions Pvt. Ltd.	Fellow Subsidiary	-	-	-	-
		-	**-**	**-**	**-**
(B) Investments					
Mahindra Finance USA, LLC	Associate	210.55	-	-	210.55
Mahindra Ideal Finance Limited	Joint Venture ^	44.00	33.97	77.97	-
Smartshift Logistics Solutions Pvt. Ltd.	Fellow Subsidiary	9.50	-	-	9.50
Mahindra Manulife Investment Management Private Limited	Joint Venture	195.30			195.30
Mahindra Manulife Trustee Private Limited	Joint Venture	0.50	-	-	0.50
New Democratic Electoral Trust	Fellow Subsidiary	0.02	-	-	0.02
		459.87	**33.97**	**77.97**	**415.87**
Total		**459.87**	**33.97**	**77.97**	**415.87**

Notes:

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given/securities provided during the year.

^ Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20th August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8th July, 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20% with a cumulative investment of Rs. 77.97 crores. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8th July, 2021 and the name has been changed to Mahindra Ideal Finance Limited.

As at 31st March, 2021

Rs. in crores

Particulars	Relation	Balance as on 1st April, 2020	Advances/ investments	Repayments/ sale	Balance as on 31st March, 2021
(A) Loans and advances					
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	18.63	-	18.63	-
		18.63	-	18.63	-
(B) Investments					
Mahindra Finance USA, LLC	Associate	210.55	-	-	210.55
Mahindra Ideal Finance Limited, Sri Lanka	Joint Venture	44.00	-	-	44.00
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Subsidiary	9.50	-	-	9.50
Mahindra Manulife Investment Management Private Limited (w.e.f. 30th April, 2020) (Formerly known as Mahindra Asset Management Company Private Limited). (up to 29th April, 2020) #	Joint Venture	210.00	-	14.70	195.30

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Rs. in crores

Particulars	Relation	Balance as on 1st April, 2020	Advances/ investments	Repayments/ sale	Balance as on 31st March, 2021
Mahindra Manulife Trustee Private Limited (w.e.f. 30th April, 2020) (Formerly known as Mahindra Trustee Company Private Limited). (up to 29th April, 2020) #	Joint Venture	0.50	-	-	0.50
New Democratic Electoral Trust	Fellow Subsidiary	0.01	0.01	-	0.02
		474.56	**0.01**	**14.70**	**459.87**
Total		**493.19**	**0.01**	**33.33**	**459.87**

Notes:

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given/securities provided during the year.

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), the erstwhile names of MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively effective from 30th April, 2020.

v) Details of related party transactions with Key Management Personnel (KMP) are as under:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. Accordingly, the Company considers any Director, including independent and non-executive directors, to be key management personnel for the purposes of Ind AS 24 – Related Party Disclosures.

Rs. in crores

Name of the KMP	Nature of transactions	31st March, 2022	31st March, 2021
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)			
	Gross Salary including perquisites	4.47	4.69
	Commission	1.28	1.28
	Stock Option	1.45	0.90
	Others – Contribution to Funds	0.33	0.31
		7.53	**7.18**
Mr. Amit Raje (Whole-time Director & Chief Operating Officer - Digital Finance - Digital Business Unit)			
(w.e.f.1st April, 2021)	Gross Salary including perquisites	2.79	-
	Commission	-	-
	Stock Option	0.70	-
	Others – Contribution to Funds	0.09	-
		3.58	**-**
Mr. Dhananjay Mungale (Independent Director)			
	Commission	0.32	0.28
	Other benefits	0.17	0.13
		0.49	**0.41**
Ms. Rama Bijapurkar (Independent Director)			
	Commission	0.25	0.21
	Other benefits	0.12	0.10
		0.37	**0.31**

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Rs. in crores

Name of the KMP	Nature of transactions	31st March, 2022	31st March, 2021
Mr. C. B. Bhave (Independent Director)			
	Commission	0.25	0.21
	Other benefits	0.16	0.12
		0.41	**0.33**
Mr. Milind Sarwate (Independent Director)			
	Commission	0.25	0.21
	Other benefits	0.17	0.13
		0.42	**0.34**
Dr. Rebecca Nugent			
(Appointed w.e.f. 5th March, 2021)	Commission	0.02	-
	Other benefits	0.07	0.01
		0.09	**0.01**

Note : 54

Disclosure of interest in Subsidiaries and interest of Non-Controlling Interest :

a) Details of Group's subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest/Voting power	
		2022	2021
Mahindra Insurance Brokers Limited (MIBL)	India	80.00%	80.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	99.25%	99.42%
Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	India	100.00%	100.00%
Mahindra Rural Housing Finance Limited Employee Welfare Trust	India	100.00%	100.00%
Mahindra Finance CSR Foundation	India	100.00%	100.00%
Mahindra Ideal Finance Ltd. #	Sri Lanka	58.20%	38.20%

b) Details of Group's associate/joint venture at the end of the reporting period are as follows:

Name of the Associate/Joint Venture	Place of Incorporation and Place of Operation	Proportion of Ownership Interest/Voting power	
		2022	2021
Mahindra Manulife Investment Management Private Limited (Joint Venture)	India	51.00%	51.00%
Mahindra Manulife Trustee Company Private Limited (Joint Venture)	India	51.00%	51.00%
Mahindra Finance USA, LLC (Associate)	USA	49.00%	49.00%

Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20th August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8th July, 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20%. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8th July, 2021.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

c) Details of Non-Wholly Owned Subsidiaries that have material Non Controlling Interest:

Rs. in crores

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and voting rights held by Non-controlling interests		Profit/(Loss) (including OCI) allocated to Non-controlling interest		Accumulated Non-controlling interest	
		2022	2021	2022	2021	2022	2021
Mahindra Insurance Brokers Limited	India	20.00%	20.00%	10.42	6.47	98.54	91.01
Mahindra Rural Housing Finance Limited	India	0.75%	0.58%	0.36	0.66	10.91	8.14
Mahindra Ideal Finance Limited #	Sri Lanka	41.80%	NA	2.75	NA	29.74	NA
TOTAL				**13.53**	**7.13**	**139.19**	**99.15**

The Company has written put option for acquiring ownership interest held by Non Controlling Interest in the above mentioned subsidiaries.

Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20th August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8th July, 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20%. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8th July, 2021.

d) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and considered in consolidated financial statements:

Rs. in crores

Particulars	Mahindra Insurance Brokers Limited		Mahindra Rural Housing Finance Limited		Mahindra Ideal Finance Limited#
	2022	2021	2022	2021	2022
Financial Assets	564.49	535.85	8,315.53	8,640.08	205.17
Non Financial Assets	38.48	24.05	198.07	176.04	14.68
Financial Liabilities	74.24	83.15	7,024.17	7,393.48	146.46
Non Financial Liabilities	13.49	9.90	34.92	19.90	2.23
Equity interest attributable to the owners	403.24	364.03	1,443.60	1,394.60	41.41
Non-controlling interest	100.81	91.01	10.91	8.14	29.74
Total Income	348.01	268.53	1,377.49	1,454.67	38.09
Expenses (including tax expenses)	296.12	236.50	1,329.76	1,303.70	31.56
Profit/(Loss) for the year	51.89	32.03	47.73	150.97	6.53
Total Comprehensive Income for the year	52.10	32.36	46.07	150.77	6.59
Total Comprehensive Income attributable to the owners of the Company	41.68	25.89	46.05	150.11	3.83
Total Comprehensive Income attributable to the Non-controlling interest	10.42	6.47	0.02	0.66	2.75
Dividends paid to Non-controlling interest	0.62	-	-	-	-
Opening Cash & Cash Equivalents	11.80	13.10	218.14	92.39	1.73
Closing Cash & Cash Equivalents	10.14	11.80	423.69	218.14	3.51
Net Cash inflow/(outflow) – includes Foreign currency translation	(1.66)	(1.30)	205.55	125.75	1.79

Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20th August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8th July, 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20%. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8th July, 2021.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

e) Summarised financial information in respect of each of the Group's associate and joint venture that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and are based on their standalone financial statements:

Rs. in crores

Particulars	Mahindra Manulife Investment Management Private Limited		Mahindra Manulife Trustee Private Limited		Mahindra Finance USA, LLC		Mahindra Ideal Finance Ltd. (till 30th June, 2021) #	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial Assets	263.41	301.59	1.14	0.89	8,295.31	7,454.39	76.05	194.50
Non Financial Assets	12.11	8.99	0.09	0.10	24.09	34.39	4.13	9.62
Financial Liabilities	15.59	15.34	0.02	0.03	7,082.22	6,397.88	41.86	106.23
Non Financial Liabilities	13.11	10.46	0.03	0.01	-	-	1.87	5.26
Equity interest attributable to the owners	125.87	145.24	0.60	0.48	612.43	532.38	13.92	35.39
Non-controlling interest	120.94	139.54	0.58	0.47	637.43	554.11	58.97	57.25
Total Interest Income	8.96	7.84	-	-	407.95	440.28	9.51	38.80
Other income	26.31	22.68	0.76	0.36	18.69	19.14	0.33	1.21
Finance Costs	0.39	0.41	-	-	144.00	177.28	2.26	10.09
Depreciation and amortisation	1.93	2.49	0.00	0.00	-	-	0.28	1.93
Other expenses	71.01	54.34	0.53	0.37	109.97	135.20	4.12	17.13
Income tax expense	-	-	-	-	43.13	43.82	1.00	4.14
Profit/(Loss) for the year	(38.06)	(26.72)	0.23	(0.01)	129.54	103.12	2.18	6.72
Total Comprehensive Income for the year	(37.97)	(26.65)	0.23	(0.01)	129.54	103.12	2.18	6.72
Total Comprehensive Income attributable to the owners of the Company	(19.36)	(13.63)	0.12	(0.01)	63.47	50.53	0.83	2.57
Total Comprehensive Income attributable to the Non-controlling interest	(18.61)	(13.02)	0.11	(0.00)	66.07	52.59	1.35	4.15
Opening Cash & Cash Equivalents	0.06	0.06	0.01	0.01	59.94	2.68	0.88	1.77
Closing Cash & Cash Equivalents	0.12	0.06	0.02	0.01	98.35	59.94	0.95	2.65
Net Cash inflow/(outflow)	0.06	0.00	0.00	0.00	38.41	(2.68)	0.07	0.88

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate and joint venture recognised in the consolidated financial statements :

Rs. in crores

Particulars	Mahindra Manulife Investment Management Private Limited		Mahindra Manulife Trustee Private Limited		Mahindra Finance USA, LLC		Mahindra Ideal Finance Ltd. (till 30th June, 2021) #	
	2022	2021	2022	2021	2022	2021	2022	2021
Closing Net Assets	246.81	284.78	1.18	0.95	1,086.48	1,086.48	72.89	92.64
Group share in %	51.00%	51.00%	51.00%	51.00%	49.00%	49.00%	58.20%	38.20%
Group share	125.87	145.24	0.60	0.48	532.38	532.38	42.42	35.39
Carrying amount	125.87	261.55	0.60	0.78	532.38	532.38	44.39	43.36

Pursuant to the Share Subscription, Share Purchase and Shareholders' Agreement dated 20th August, 2019 with Ideal Finance Limited, Sri Lanka ("Ideal Finance") and its existing shareholders for investment of the third and final tranche for acquisition of shares of Ideal Finance from its existing shareholders, the Company has completed the acquisition of the balance 20% of the Equity Share Capital aggregating 2,91,29,032 Equity Shares of Ideal Finance from its existing shareholders for Rs. 33.97 crores on 8th July, 2021, resulting in an increase in the Company's stake in Ideal Finance from 38.20% to 58.20%. Consequent to this investment, Ideal Finance has become a Subsidiary of the Company effective 8th July, 2021.

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 55

Additional information as required under Schedule III to the Companies Act, 2013:

Statement of Net assets, Profit and loss and Other comprehensive income attributable to Owners and Non-controlling interest

Rs. in crores

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Mahindra & Mahindra Financial Services Limited	88.34%	15,051.39	88.32%	1,004.12	96.90%	17.67	88.46%	1,021.79
Subsidiaries								
Indian -								
1. Mahindra Insurance Brokers Limited	2.60%	442.69	2.74%	31.14	1.13%	0.21	2.71%	31.34
2. Mahindra Rural Housing Finance Limited	5.12%	872.31	4.14%	47.01	(9.11%)	(1.66)	3.93%	45.35
3. Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	0.22%	36.96	0.09%	1.03	0.00%	-	0.09%	1.03
4. Mahindra Rural Housing Finance Limited Employee Welfare Trust	0.01%	2.45	(0.02%)	(0.26)	0.00%	-	(0.02%)	(0.26)
5. Mahindra Finance CSR Foundation	0.00%	0.03	(0.74%)	(8.46)	0.00%	-	(0.73%)	(8.46)
Foreign -								
1. Mahindra Ideal Finance Limited	0.24%	41.41	0.33%	3.80	(150.04%)	(27.35)	(2.04%)	(23.55)
Non-controlling Interests in all Subsidiaries	0.83%	141.46	1.18%	13.47	70.53%	12.86	2.28%	26.33
Associates (Investment as per the equity method)								
Indian -	-	-	-	-	-	-	-	-
Foreign -								
Mahindra Finance USA, LLC	2.36%	401.89	5.58%	63.47	90.94%	16.58	6.93%	80.05
Joint Ventures (Investment as per the equity method)								
Indian -	-	-	-	-	-	-	-	-
1. Mahindra Asset Management Company Limited	0.27%	46.77	(1.71%)	(19.41)	(0.36%)	(0.07)	(1.69%)	(19.48)
2. Mahindra Trustee Company Private Limited	0.00%	0.40	0.01%	0.12	0.00%	-	0.01%	0.12
Foreign -								
Ideal Finance Limited	0.00%	-	0.07%	0.84	0.00%	-	0.07%	0.84
Total	**100.00%**	**17,037.76**	**100.00%**	**1,136.87**	**100.00%**	**18.23**	**100.00%**	**1,155.10**

Notes to Consolidated Financial Statements

for the year ended 31st March, 2022

Note : 56

Based on the inspection carried out by the Reserve Bank of India, the Parent Company has been advised to refund the excess interest up to 31st March, 2022, with respect to certain contracts. Accordingly, the Parent Company has made provision of Rs. 181.70 crores (net of charges due) for the year ended 31st March, 2022, which is adjusted against interest income. The Parent Company is in the process of refunding the said amounts.

Note : 57

Disclosure on COVID-19 Relief Scheme - "Emergency Credit Line Guarantee Scheme" (ECLGS) announced by the Government of India, Ministry of Finance, for the previous financial year ended 31st March, 2021

i) In view of COVID-19 crisis, the Government of India, Ministry of Finance had announced a special scheme, namely, ECLGS for providing 100% guarantee coverage for additional term loan facility to the existing customers on the books of the Parent Company. The fund and the scheme is managed and operated by National Credit Guarantee Trustee Company Limited, which is a wholly-owned trustee company of Government of India. During the year ended 31st March, 2021, in accordance with the operational guidelines of the scheme (as amended), the Parent Company has disbursed an amount of Rs. 528.34 crores as additional term loan facility to 36 138 eligible customer accounts of the Company.

Since the above referred scheme was one-time special relief scheme with specific window period, there is no additional disbursements during the current financial year ended 31st March, 2022.

Note : 58

Events after the reporting date

There have been no other events after the reporting date that require disclosure in these financial statements.

Note : 59

There was no Scheme of Arrangements approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013 during the year.

Note : 60

Previous year figures have been regrouped/reclassified wherever necessary.

Signatures to Notes 1 to 60

In terms of our report attached.
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 117365W

Rupen K. Bhatt
Partner
Membership No. 046930

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm's Registration No. 106655W

M. M. Chitale
Partner
Membership No. 14054

Place: Mumbai
Date: 2nd May, 2022

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

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Annexure A

Form AOC - I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries /associate companies / joint ventures in the Consolidated Financial Statements

Part "A" : Subsidiaries [as per section 2(87) of the Companies Act, 2013]

(Rs. in crores)

1	Sl No.	1	2	3	4	5	6
2	Name of the subsidiary	Mahindra Insurance Brokers Ltd.	Mahindra Rural Housing Finance Ltd.	Mahindra & Mahindra Financial Services Ltd. Employees Stock Option Trust	Mahindra Rural Housing Finance Limited Employee Welfare Trust	Mahindra CSR Foundation	Mahindra Ideal Finance Limited
3	Reporting period for the subsidiary concerned	1st April, 2021 to 31st March, 2022	1st April, 2021 to 31st March, 2022	1st April, 2021 to 31st March, 2022	1st April, 2021 to 31st March, 2022	1st April, 2021 to 31st March, 2022	1st April, 2021 to 31st March, 2022
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA	NA	
5	Share Capital	10.31	121.87	-	-	0.00	49.44
6	Other Equity	493.74	1,332.64	40.39	(0.09)	0.03	21.71
7	Total Assets	629.59	8,513.60	48.45	6.90	3.57	219.86
8	Total Liabilities (excluding Equity Share Capital and Reserves)	125.54	7,059.09	8.06	6.99	0.71	148.70
9	Investments (excluding subsidiaries)	212.15	619.61	6.89	6.83	-	6.44
10	Turnover	348.01	1,377.49	2.16	-	9.56	34.24
11	Profit / (Loss) before tax	70.38	57.72	2.15	(0.26)	(8.46)	8.04
12	Provision for tax	18.49	9.99	0.84	-	-	1.84
13	Profit after tax	51.89	47.73	1.31	(0.26)	(8.46)	6.20
14	Other Comprehensive Income	0.21	(1.66)	-	-	-	0.04
15	Total Comprehensive Income	52.10	46.07	1.31	(0.26)	-8.46	6.24
16	Proposed dividend & tax thereon	5.15	-	-	-	-	
17	Proportion of ownership interest	80.00%	99.25%	100.00%	100.00%	100.00%	58.20%
18	Proportion of voting power where different	NA	NA	NA	NA	NA	NA

For Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Part "B" : Details of Associates / Joint Ventures [as per section 2(6) of the Companies Act, 2013]

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(Rs. in crores)

Name of Associate / Joint Venture	Mahindra Finance USA, LLC	Mahindra Manulife Investment Management Pvt. Ltd.	Mahindra Manulife Trustee Company Pvt. Ltd.
1. Latest audited Balance Sheet Date	March 31, 2022	March 31, 2022	March 31, 2022
2. Shares of Associate/Joint Ventures held by the company on the year end			
Number of shares held	35583920	195300000	500000
Cost of Investment in Associates/Joint Venture (Rs in crores)	210.55	195.30	0.50
Proportion of ownership interest %	49.00	51.00	51.00
3. Description of how there is significant influence	Power to influence decisions	Power to influence decisions	Power to influence decisions
4. Reason why the associate/joint venture is not consolidated	Not Applicable	Not Applicable	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet (Rs in crores)	612.43	125.87	0.60
6. Profit/(Loss) for the year			
i. Considered in Consolidation (Rs in crores)	63.47	(19.41)	0.12
ii. Not Considered in Consolidation (Rs in crores)	66.07	(18.65)	0.11

For Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah
Chairman
[DIN: 02719429]

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

Vivek Karve
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 2nd May, 2022

Notes

Corporate Information

BOARD OF DIRECTORS
Dr. Anish Shah, Chairman, w.e.f. 02.04.2021
Mr. Ramesh Iyer, Vice-Chairman & MD
Mr. Amit Raje, Whole-time Director
Mr. C.B. Bhave, Independent Director
Mr. Dhananjay Mungale, Independent Director
Mr. Milind Sarwate, Independent Director
Ms. Rama Bijapurkar, Independent Director
Dr. Rebecca Nugent, Independent Director
Mr. Amit Kumar Sinha, Non-Executive Director
Mr. Siddhartha Mohanty, Non-Executive Director w.e.f 01.04.2022

Chief Financial Officer
Vivek Karve

Company Secretary
Ms. Brijbala Batwal , w.e.f. 01.02.2022
Ms. Arnavaz M. Pardiwalla , upto 31.01.2022

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

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

COMMITTEES CONSTITUTED BY THE BOARD, LED BY INDEPENDENT DIRECTORS

Audit Committee
Mr. C. B. Bhave , Chairman
Mr. Dhananjay Mungale
Mr. Milind Sarwate
Ms. Rama Bijapurkar
Mr. Amit Kumar Sinha

Nomination and Remuneration Committee
Mr. Dhananjay Mungale, Chairman
Mr. C. B. Bhave
Mr. Milind Sarwate
Dr. Anish Shah

Stakeholders Relationship Committee
Ms. Rama Bijapurkar , Chairperson
Mr. C. B. Bhave
Mr. Ramesh Iyer
Mr. Amit Raje

Risk Management Committee
Mr. C. B. Bhave , Chairman
Mr. Dhananjay Mungale
Mr. Milind Sarwate
Ms. Rama Bijapurkar
Mr. Ramesh Iyer

Corporate Social Responsibility Committee

Mr. Dhananjay Mungale, Chairman
Ms. Rama Bijapurkar
Mr. Ramesh Iyer

Committee for Strategic Investments
Mr. Dhananjay Mungale, Chairman
Mr. Milind Sarwate
Dr. Anish Shah
Mr. Ramesh Iyer

IT Strategy Committee
Mr. Milind Sarwate, Chairman
Mr. C. B. Bhave
Mr. Ramesh Iyer
Dr. Rebecca Nugent
Mr. Amit Kumar Sinha
Mr. Dinesh Gangwani

Digital & AI Committee
Dr. Rebecca Nugent, Chairperson
Mr. Milind Sarwate
Mr. Ramesh Iyer
Mr. Amit Kumar Sinha
Mr. Amit Raje
Mr. Raul Rebello
Mr. Dinesh Gangwani
Mr. Mohit Kapoor
Mr. Vineet Shukhla

COMMITTEE CONSTITUTED BY BOARD, LED BY VC & MD

Asset Liability Committee
Mr. Ramesh Iyer , Chairman
Mr. Milind Sarwate
Mr. Dhananjay Mungale
Mr. Amit Raje
Mr. Raul Rebello
Mr. Vivek Karve
Mr. Dinesh Prajapati

Statutory Auditors
B S R & Co. LLP , upto 9th November 2021
Chartered Accountants, 14th Floor, Central 'B' Wing and North 'C' Wing, Nesco IT Park 4, Nesco Centre, Western Express Highway, Goregaon (East), Mumbai - 400 063.

Joint Statutory Auditors
Deloitte Haskins & Sells, w.e.f. 9th November 2021
Chartered Accountants, 19th Floor, Shapath-V, S.G. Highway, Ahmedabad - 380 015.
And
Mukund M. Chitale & Co., w.e.f. 9th November 2021
Chartered Accountants, 2nd Floor , Kapur House , Paranjape B Scheme , Road No. 1,
Vile Parle (East), Mumbai - 400 057

Solicitors
Khaitan & Co.
One World Center, 10th & 13th Floors,
Tower 1C, 841 Senapati Bapat Marg,
Mumbai - 400 013.

Debenture Trustee
Axis Trustee Services Limited
Corporate Office, The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg, Dadar West,
Mumbai - 400 028.
Tel.: +91 22 6230 0451; Fax: +91 22 6230 0700
E-mail: debenturetrustee@axistrustee.in ;
complaints@axistrustee.in

Registrar and Share Transfer Agents
KFin Technologies Limited
Selenium Building, Tower B, Plot Number 31-32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500 032, Telangana, India.
Tel.: + 91 40 67162222; Toll Free No.: -1800-309-4001; Fax: + 91 40 23001153
Website: www.kfintech.com;
E-mail: einward.ris@kfintech.com

Bankers
Axis Bank Ltd.
Bank of Baroda
BNP Paribas S.A.
Central Bank of India
Citibank N.A.
Development Bank of Singapore Ltd.
Deutsche Bank AG
Dhanlaxmi Bank ltd.
Federal Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
Kotak Mahindra Bank Limited
Mizuho Bank Limited
Punjab National Bank
Société Générale
Standard Chartered Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited
Union Bank of India

List of Institutions
National Bank for Agriculture and Rural Development (NABARD)
Small Industries Development Bank of India (SIDBI)
Micro Units Development & Refinance Agency Limited (MUDRA Ltd)

Mahindra FINANCE

Stock Exchange Codes

NSE: M&MFIN
BSE: 532720
Bloomberg: MMFS:IN

Mahindra & Mahindra Financial Services Limited

Mahindra Towers, 'A' Wing, 4th Floor, Dr. G.M. Bhosale Marg,
P. K. Kurne Chowk, Worli, Mumbai - 400 018

CIN: L65921MH1991PLC059642
www.mahindrafinance.com

General Disclosures: GRI 102-3

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