

Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Our Company was incorporated at Mumbai as Maxi Motors Financial Services Limited on January 1, 1991 as a public limited company under the Companies Act, 1956, as amended with registration no. 11-059642 and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). The name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992. Our Company is registered as a deposit accepting non-banking financial company with the Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934. For further details, see the section titled "History, Main Objects and Key Agreements" on page 105. The Corporate Identification Number of our Company is L65921MH1991PLC059642.

Registered Office: Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra
Tel: +91 22 6652 6000; **Fax:** +91 222 2287 5485

Corporate Office: 4th Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Cowk, Worli, Mumbai 400018, Maharashtra
Tel: +91 22 6652 6000; **Fax:** +91 2495 3608

Company Secretary and Compliance Officer: Ms. Arnava M. Pardiwalla; **Tel:** +91 6652 6035; **Fax:** +91 2495 3608
E-mail: investorhelpline_mmfs1@mahindra.com; **Website:** www.mahindrafinance.com

PUBLIC ISSUE BY MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED ("COMPANY" OR THE "ISSUER") OF UPTO 1,00,00,000 UNSECURED SUBORDINATED REDEEMABLE NON CONVERTIBLE DEBENTURES ("NCDs") OF FACE VALUE OF ₹ 1,000 EACH AGGREGATING UP TO ₹ 1,00,000 LACS ("SHELF LIMIT") ("ISSUE"). THE NCDs WILL BE ISSUED IN ONE OR MORE TRANCHEs UP TO THE SHELF LIMIT, ON TERMS AND CONDITIONS AS SET OUT IN THE RELEVANT TRANCHE PROSPECTUS FOR ANY TRANCHE ISSUE (EACH A "TRANCHE ISSUE"), WHICH SHOULD BE READ TOGETHER WITH THIS DRAFT SHELF PROSPECTUS AND THE SHELF PROSPECTUS (COLLECTIVELY THE "OFFER DOCUMENT"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (THE "SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

PROMOTER

Our promoter is Mahindra & Mahindra Limited. For further details refer to the chapter "Our Promoter" on page 133 of this Draft Shelf Prospectus.

GENERAL RISKS

For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. **Specific attention of the Investors is invited to the section titled "Risk Factors" on page 12 of this Draft Shelf Prospectus and "Material Developments" in the relevant Tranche Prospectus of any Tranche Issue before making an investment in such Tranche Issue.** This Draft Shelf Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), any registrar of companies or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Shelf Prospectus read together with Shelf Prospectus and relevant Tranche Prospectus for a Tranche Issue does contain and will contain all information with regard to the Issuer and the relevant Tranche Issue, which is material in the context of the Issue. The information contained in this Draft Shelf Prospectus read together with Shelf Prospectus and relevant Tranche Prospectus for a Tranche Issue is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For the details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the Bonds, see section titled "Terms of the Issue" on page 193 of this Draft Shelf Prospectus. For details relating to eligible investors please see "The Issue" on page 31 of this Draft Shelf Prospectus.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated "CARE AAA (Triple A)" for an amount of ₹ 1,00,000 lacs, by Credit Analysis & Research Ltd. ("CARE") vide their letter no. CARE/HO/RL/2015-16/3596 dated February 18, 2016 and IND AAA for an amount of ₹ 1,00,000 lacs, by India Ratings and Research Private Limited ("India Ratings") vide their letter dated March 3, 2016. The rating of NCDs by CARE and India Ratings indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rationale for these ratings, see Annexure A and B of this Draft Shelf Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

LISTING

The NCDs offered through this Draft Shelf Prospectus along with relevant Tranches are proposed to be listed on the BSE Limited ("BSE"). Our Company has received an 'in-principle' approval from the BSE vide their letter no. [•] dated [•]. For the purposes of the Issue BSE shall be the Designated Stock Exchange.

PUBLIC COMMENTS

This Draft Shelf Prospectus dated March 16, 2016 has been filed with BSE, the Designated Stock Exchange, pursuant to the provisions of the SEBI Debt Regulations and is open for public comments for a period of seven Working Days (i.e., until 5 p.m.) from the date of filing of this Draft Shelf Prospectus with the Designated Stock Exchange. All comments on this Draft Shelf Prospectus are to be forwarded to the attention of the Compliance Officer of our Company. Comments may be sent through post, facsimile or e-mail.

LEAD MANAGERS TO THE ISSUE



ICICI SECURITIES LIMITED
ICICI Center,
H.T. Parekh Marg,
Churchgate, Mumbai 400 020,
Maharashtra, India
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
E-mail:
mmfsl.ncd@icicisecurities.com

Investor Grievance Email:
customer-care@icicisecurities.com
Website:
www.icicisecurities.com
Contact Person: Rupesh Khant
SEBI Registration No.:
INM000011179



A. K. CAPITAL SERVICES LIMITED
30-39 Free Press House, 3rd
Floor,
Free Press Journal Marg,
215, Nariman Point,
Mumbai 400021
Tel: +91 22 6754 6500
Fax: +91 22 6610 0594
E-mail:
mmfsl.pi.ncds1@akgroup.co

o.in
Investor Grievance Email:
investor.grievance@akgroup.p.co.in
Website:
www.akcapindia.com
Contact Person: Ms Shilpa Pandey/ Mr. Malay Shah
SEBI Registration No.:
INM000010411



EDELWEISS FINANCIAL SERVICES LIMITED
Edelweiss House
Off CST Road, Kalina,
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4086 3535
Fax: +91 22 4086 3610
E-mail:
mmfsl@edelweissfin.com

Investor Grievance Email:
customerservice.mb@edelweiss.sfn.com
Website:
www.edelweissfin.com
Contact Person: : Mr. Lokesh Singh/ Mr. Mandeep Singh
SEBI Registration No.:
INM0000010650



JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED
7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai –
400025
Tel: +91 22 6630 3030
Fax: 91 22 6630 3330
E-mail:
mmfsl.ncd@jmfml.com

Investor Grievance Email:
grievance.ibd@jmfml.com
Website: www.jmfml.com
Contact Person: Ms. Lakshmi Lakshmanan
SEBI Registration No.:
INM000010361



SBI CAPITAL MARKETS LIMITED
202, Maker Tower E Cuffe
Parade, Mumbai – 400 005,
Maharashtra, India
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
E-mail:
mmfsl.ncd@sbicaps.com

Investor Grievance Email:
investor.relations@sbicaps.com
Website:
www.sbicaps.com
Contact Person: Mr. Aditya Deshpande
SEBI Registration No.:
INM000003531



TRUST INVESTMENT ADVISORS PRIVATE LIMITED
109/110, Balarama,
Bandra Kurla Complex,
Bandra (E), Mumbai –
400 051
Tel: +91 22 4084 5000
Fax: +91 22 4084 5007
E-mail:
mbd.trust@trustgroup.co.in

Investor Grievance
customer-care@trustgroup.co.in
Website:
www.trustgroup.co.in
Contact Person: Mr. Balkrishna Shah
SEBI Registration No.:
INM000011120



YES SECURITIES (INDIA) LIMITED
YES BANK Tower, IFC 2,
19th Floor,
Senapati Bapat Marg,
Elphinstone (W),
Mumbai – 400 013
Tel: +91 22 3347 9688
Fax: 91 22 2421 4511
E-mail:
mahindrafinanceNCD@yes

securitiesltd.in
Investor Grievance Email:
igc@yesscuritiesltd.in
Website: www.yesinvest.in
Contact Person: Mr. Dhruvin Mehta
SEBI Registration No.:
MB/INM000012227

DEBENTURE TRUSTEE



Axis Trustee Services Limited*
2nd Floor, E wing, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli Mumbai 400 025
Tel:+91-22- 2425 5218
Fax:+91- 22- 2425 4200
Email: debenturetrustee@axistrustee.com
Investor Grievance Email: debenturetrustee@axistrustee.com
Website: www.axistrustee.com
Contact Person: Mr. Makarand Kulkarni
SEBI Registration Number: IND000000494
CIN:U74999MH2008PLC18226

REGISTRAR TO THE ISSUE



Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda, Gachibowli,
Hyderabad – 500 032
Tel: 040-67162222
Fax: 040-23001153
Email: einward.ris@karvy.com
Investor Grievance Email: kosammattam.ncdip06@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U74140TG2003PTC041636

ISSUE OPENS ON: [•]

ISSUE PROGRAMME*

ISSUE CLOSES ON: [•]

*Axis Trustee Services Limited under regulation 4(4) of SEBI Debt Regulations has by its letter dated January 18, 2016 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in Offer Document and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Issue.

A copy of the Shelf Prospectus and relevant Tranche Prospectus shall be filed with the Registrar of Companies, Maharashtra, Mumbai in terms of section 26 and 31 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details please refer to the section titled "Material Contracts and Documents for Inspection" on page 239 of this Draft Shelf Prospectus.

**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Director of our Company ("Board") or a duly constituted committee thereof. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper with wide circulation on or before such earlier or extended date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the BSE.

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SECTION I-GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to “the Issuer”, “our Company”, “the Company” or “M&MFSL” or “MMFSL” or “Mahindra Finance” are to Mahindra & Mahindra Financial Services Limited, a public limited company incorporated under the Companies Act, 1956, as amended and replaced from time to time, having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra. Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to “we” or “us” or “our” are to our Company and its Subsidiaries and its Joint Venture, on a consolidated basis.

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Shelf Prospectus, and references to any statute or regulations or policies includes any amendments or re-enactments thereto, from time to time.

Company related terms

Term	Description
Articles/ Association/AoA	Articles of Association of our Company, as amended.
Audited Half Yearly Financial Results	Audited consolidated and standalone financial statements for the six month ended September 30, 2015
Board/ Board of Directors	Board of Directors of our Company or a duly constituted committee thereof.
Consortium (each individually, a member of the Consortium)	The Lead Managers and Consortium Members
Consortium Agreement	Consortium Agreement dated [●] among our Company and the Consortium
Consortium Members	[●]
Corporate Office	The corporate office of our Company, situated at 4 th Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Cowk, Worli, Mumbai 400018, Maharashtra
Debenture Committee	The committee constituted by our Board of Directors by a board resolution dated October 21, 2015.
Director	Director of our Company, unless otherwise specified
Equity Shares	Equity shares of our Company of face value of ₹ 2 each.
Joint Venture	The joint venture of our Company, Mahindra Finance USA LLC.
MAMCPL	Our subsidiary, Mahindra Asset Management Company Private Limited
MIBL	Our subsidiary, Mahindra Insurance Brokers Limited
MRHFL	Our subsidiary, Mahindra Rural Housing Finance Limited
MTCPL	Our subsidiary, Mahindra Trustee Company Private Limited
Memorandum/ Association/ MoA	Memorandum of Association of our Company, as amended.
Preference Shares	Preference shares of our Company of face value of ₹ 100 each.
Reformatted Consolidated Financial Statements	The statement of reformatted consolidated assets and liabilities as at March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and the related statement of reformatted consolidated statement of profit and loss for the Fiscals 2015, 2014, 2013, 2012 and 2011 and the related statement of reformatted consolidated cash flow for the Fiscals 2015, 2014, 2013, 2012 and 2011 as examined by our Company’s Statutory Auditors, M/s. B K Khare & Co., Chartered Accountants.
Reformatted Standalone Financial Statements	Our audited consolidated financial statements as at and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 form the basis for such Reformatted Financial Statements. The statement of reformatted standalone assets and liabilities of our Company as at March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and the related statement of reformatted

Term	Description
	standalone statement of profit and loss for the Fiscals 2015, 2014, 2013, 2012 and 2011 and the related statement of reformatted standalone cash flow for the Fiscals 2015, 2014, 2013, 2012 and 2011 as examined by our Company's Statutory Auditors, M/s. B K Khare & Co., Chartered Accountants.
	Our audited standalone financial statements as at and for the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 form the basis for such Reformatted Financial Statements.
Reformatted Financial Statements	Reformatted Consolidated Financial Statements and Reformatted Standalone Financial Statements
Registered Office	The registered office is Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra.
RoC	Registrar of Companies, Maharashtra, Mumbai.
Statutory Auditors/Auditors	The statutory auditors of our Company being B. K. Khare & Co., Chartered Accountants.
Subsidiaries	The subsidiaries of our Company, as mentioned in the section titled " <i>Our Subsidiaries</i> " on page 107 of this Draft Shelf Prospectus.
Unaudited Financial Results	Limited reviewed financial results on consolidated and standalone basis for the quarter and nine months period ended December 31, 2015

Issue related terms

Term	Description
Allotment/ Allot/ Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee(s)	The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue
Applicant/ Investor	A person who applies for the issuance and Allotment of NCDs pursuant to the terms of this Draft Shelf Prospectus, Shelf Prospectus, relevant Tranche Prospectus and Abridged Prospectus and the Application Form for any Tranche Issue.
Application	An application to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the respective Tranche Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the respective Tranche Issue.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA or non-ASBA process, in terms of the Shelf Prospectus and respective Tranche Prospectus.
"ASBA" or "Application Supported by Blocked Amount" or "ASBA Application"	The application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the bid amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of an ASBA Applicant.
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process.
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to the issue, with whom the Escrow Accounts and/or Public Issue Accounts will be opened by our Company in respect of the Issue, and as specified in the relevant Tranche Prospectus for each Tranche Issue.
Base Issue Size	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Basis of Allotment	As specified in the relevant Tranche Prospectus for each Tranche Issue.
BSE	BSE Limited.
CARE	Credit Analysis & Research Limited.

Term	Description
Category I Investor	<ul style="list-style-type: none"> • Public financial institutions, statutory corporations, scheduled commercial banks, co-operative banks, Indian multilateral and bilateral development financial institution and RRBs which are authorized to invest in the NCDs; • Provident funds, pension funds, superannuation funds and gratuity funds, which are authorized to invest in the NCDs; • Venture Capital Funds/ Alternative Investment Fund registered with SEBI; • Insurance Companies registered with IRDA; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual Funds.
Category II Investor	<ul style="list-style-type: none"> • Companies within the meaning of section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorized to invest in the NCDs; • Public/private charitable/religious trusts which are authorized to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorized to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons.
Category III Investor	<ul style="list-style-type: none"> • Resident Indian individuals and Hindu Undivided Families through the Karta
Credit Rating Agencies	For the present Issue, the credit rating agencies, being CARE and India Ratings.
CRISIL	CRISIL Limited.
Debenture Trustee Agreement	The agreement dated March 11, 2016 entered into between the Debenture Trustee and our Company.
Debenture Trust Deed	The trust deed to be entered into between the Debenture Trustee and our Company.
Debenture Trustee/ Trustee	Debenture Trustee for the Debentureholders, in this Issue being Axis Trustee Services Limited.
Debt Application Circular	Circular no. CIR/IMD/DF – 1/20/ 2012 issued by SEBI on July 27, 2012.
Deemed Date of Allotment	The date on which the Board of Directors or the duly constituted committee approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors or the duly constituted committee and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debentureholders from the Deemed Date of Allotment.
Demographic Details	The demographic details of an Applicant, such as his address, occupation, bank account details, Category, PAN for printing on refund orders which are based on the details provided by the Applicant in the Application Form.

Term	Description
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository(ies)	National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL).
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which Application Amounts are transferred from the Escrow Accounts to the Public Issue Accounts or the Refund Account, as appropriate and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) following which the Board or the duly constituted committee shall Allot the NCDs to the successful Applicants, provided that the sums received in respect of the Issue will be kept in the Escrow Accounts up to this date.
Designated Stock Exchange	BSE
Direct Online Application	The application made using an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility through a recognized stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialized form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchanges
Draft Shelf Prospectus	This Draft Shelf Prospectus dated March 16, 2016 filed by our Company with the Designated Stock Exchange for receiving public comments, in accordance with the provisions of the SEBI Debt Regulations.
Escrow Accounts	Accounts opened with the Escrow Collection Bank(s) into which the Members of the Consortium and the Trading Members, as the case may be, will deposit Application Amounts from resident non-ASBA Applicants, in terms of the Shelf Prospectus, relevant Tranche Prospectus and the Escrow Agreement.
Escrow Agreement	Agreement dated [●] entered into amongst our Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Banks for collection of the Application Amounts from non-ASBA Applicants and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
India Ratings	India Ratings and Research Private Limited
Interest Payment Date	Interest Payment Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue.
Issue	Public issue by our Company of NCDs of face value of ₹ 1,000 each pursuant to the Shelf Prospectus and the relevant Tranche Prospectus for an amount upto an aggregate amount of the Shelf Limit. The NCDs will be issued in one or more tranches subject to the Shelf Limit.
Issue Closing Date	Issue Closing Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue.
Issue Opening Date	Issue Opening Date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms.
Lead Managers/ LMs	ICICI Securities Limited, A. K. Capital Services Limited, Edelweiss Financial Services Limited, JM Financial Institutional Securities Limited SBI Capital Markets Limited, Trust Investment Advisors Private Limited and Yes Securities (India) Limited.
Market Lot	1 NCD
NCDs	Unsecured subordinated redeemable non convertible debentures of face value of ₹ 1,000.

Term	Description
Offer Document	This Draft Shelf Prospectus, Shelf Prospectus and relevant Tranche Prospectus
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue and/ or the SCSBs on the Designated Date.
Record Date	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. In the event the Record Date falls on second Saturday or fourth Saturday or Sunday or a public holiday in India or Mumbai, the succeeding Working Day will be considered as the Record Date.
Redemption Amount	As specified in the relevant Tranche Prospectus.
Redemption Date	The date on which our Company is liable to redeem the NCDs in full as specified in the relevant Tranche Prospectus.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made (excluding all Application Amounts received from ASBA Applicants).
Refund Banks	As specified in the relevant Tranche Prospectus.
Register of Debentureholders	The Register of Debentureholders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and as more particularly detailed in the section titled “ <i>Terms of the Issue – Register of Debentureholders</i> ” on page 193 of this Draft Shelf Prospectus.
Registrar to the Issue/ Registrar	Karvy Computershare Private Limited
Registrar Agreement	Agreement dated March 11, 2016 entered into between our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Shelf Limit	The aggregate limit of the Issue, being ₹ 1,00,000 lacs to be issued under this Draft Shelf Prospectus, Shelf Prospectus through one or more Tranche Issues.
Shelf Prospectus	The Shelf Prospectus dated [●] shall be filed by our Company with the SEBI, BSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations.
Simplified Listing Agreement	The Listing Agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of the debt and equity securities of our Company.
Stock Exchange	BSE Limited
Subordinated Debt	Subordinated Debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument shall be subjected to discounting as provided hereunder: Remaining maturity of the instruments and rate of discount (a) up to one year 100% (b) more than one year but up to two years 80% (c) more than two years but up to three years 60% (d) more than three years but up to four years 40% (e) more than four years but up to five years 20% to the extent such discounted value does not exceed fifty per cent of Tier I capital.
Syndicate	Collectively, the Consortium Members, brokers and sub-brokers

Term	Description
	appointed in relation to the Issue
Syndicate ASBA Application Locations	ASBA Applications through the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange only in the Specified Cities.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Tier I capital	Tier I capital means, owned fund as reduced by investment in shares of other NBFCs 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 percent of the owned fund.
Tier II capital	Tier-II capital includes the following: <ul style="list-style-type: none"> (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier-I capital.
Tenor	Tenor shall mean the tenor of the NCDs as specified in the relevant Tranche Prospectus.
Transaction Registration Slip or TRS	The acknowledgement slip or document issued by any of the Members of the Consortium, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs.
Trading Members	Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by the Stock Exchange
Tranche Issue	Issue of the NCDs pursuant to the respective Tranche Prospectus.
Tranche Prospectus	The Tranche Prospectus(es) containing the details of NCDs including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection, in respect of the relevant Tranche Issue.
Tripartite Agreements	Tripartite agreement dated December 5, 2005 among our Company, the Registrar and CDSL and tripartite agreement dated December 16, 2005 among our Company, the Registrar and NSDL.
Working Day(s)	Working Day shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding 2nd and 4th Saturdays of a month or Sundays or a holiday of commercial banks in Mumbai or a public holiday in India.

Conventional and general terms or abbreviation

Term/Abbreviation	Description/ Full Form
₹ or Rupees or ₹ or Indian Rupees or INR	The lawful currency of India.
ACH	Automated Clearing House.
AGM	Annual General Meeting.
AS	Accounting Standards issued by Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount.
CDSL	Central Depository Services (India) Limited.
CEIC	Census Economic Information Centre
Companies Act/ Act	Companies Act, 1956, as amended.
Companies Act, 2013	The Companies Act, 2013 (18 of 2013), to the extent notified by the MCA and in force as on the date of this Draft Shelf Prospectus
CRAR	Capital to Risk-Weighted Assets Ratio.
CSR	Corporate Social Responsibility.
ECS	Electronic Clearing Scheme.
ESOP	Employee Stock Option Scheme
Depositories Act	Depositories Act, 1996.
Depository(ies)	CDSL and NSDL.
DIN	Director Identification Number.
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996.
DRR	Debenture Redemption Reserve.
FDI	Foreign Direct Investment.
FDI Policy	The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in our Company's sector of business as amended from time to time.
FEMA	Foreign Exchange Management Act, 1999.
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year.
FIR	First Information Report.
GDP	Gross Domestic Product.
GoI or Government	Government of India.
HNI	High Networth Individual.
HUF	Hindu Undivided Family.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
IMF	International Monetary Fund
Income Tax Act	Income Tax Act, 1961.
India	Republic of India.
Indian GAAP	Generally Accepted Accounting Principles followed in India.
IRDA	Insurance Regulatory and Development Authority.
IT	Information Technology.
LIBOR	London Inter-Bank Offered Rate.
MCA	Ministry of Corporate Affairs, GoI.
MoF	Ministry of Finance, GoI.
NBFC	Non Banking Financial Company, as defined under applicable RBI guidelines.
NECS	National Electronic Clearing System.
NEFT	National Electronic Fund Transfer.
NRI or "Non-Resident"	A person resident outside India, as defined under the FEMA.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
p.a.	Per annum.

Term/Abbreviation	Description/ Full Form
PAN	Permanent Account Number.
PAT	Profit After Tax.
PCG	Partial Credit Enhancement Guarantee.
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934 as amended.
RTGS	Real Time Gross Settlement.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended.
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Business/ Industry related terms

Term/Abbreviation	Description/ Full Form
ALCO	Asset Liability Management Committee.
AT&C	Aggregated Technical and Commercial.
ECBs	External Commercial Borrowing.
FCNR	Foreign Currency Non-Resident.
HFC	Housing Financing Company
IFC	Infrastructure Finance Company
IRDA	Insurance Regulatory and Development Authority
ISO	International Organization for Standardization.
LIC	Life Insurance Corporation of India
MICR	Magnetic Ink Character Recognition.
MoU	Memorandum of Understanding.
NHB	National Housing Board.
NPAs	Non-Performing Assets.
RBI	Reserve Bank of India.
UTI	Unit Trust of India
WCDL	Working Capital Demand Loan.
XIRR	Internal rate of return for irregular cash flows.
Yield	Ratio of interest income to the daily average of interest earning assets.

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled “*Capital Structure*”, “*Regulations and Policies*”, “*History, Main Objects and Key Agreements*”, “*Statement of Tax Benefits*”, “*Our Management*”, “*Financial Indebtedness*”, “*Outstanding Litigation and Defaults*” and “*Issue Procedure*” on pages 47, 111, 105, 72, 119, 154, 174 and 206 respectively will have the meanings ascribed to them in such sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Shelf Prospectus to “**India**” are to the Republic of India and its territories and possessions.

Presentation of Financial Information

Our Company publishes its financial statements in Rupees. Our Company’s financial statements for the year ended March 31, 2015 and March 31, 2014 have been prepared in accordance with Indian GAAP including the Accounting Standards notified under the Companies Act read with General Circular 8/2014 dated April 4, 2014 and for the years ended March 31, 2013, 2012 and 2011 are prepared in accordance with Indian GAAP including the Accounting Standards referred in section 133 of the Companies Act, 2013.

The Reformatted Standalone Financial Statements and the Reformatted Consolidated Financial Statements are included in this Draft Shelf Prospectus and collectively referred to hereinafter as the (“**Reformatted Financial Statements**”). The audited consolidated and standalone financial results for the six months period ended September 30, 2015 together with the annexure and notes thereto (collectively, the “**Audited Half Yearly Financial Results**”). The consolidated and standalone financial results for the quarter and nine months period ended December 31, 2015 together with the annexure and notes thereto, (collectively, the “**Unaudited Financial Statements**”). The examination reports on the Reformatted Financial Statements, Audited Half Yearly Financial Results and the Unaudited Financial Statements, as issued by our Company’s Statutory Auditors, M/s. B. K. Khare & Co., are included in this Draft Shelf Prospectus in the section titled “Financial Statements” beginning at page 153 of this Draft Shelf Prospectus.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless stated otherwise, macroeconomic and industry data used throughout this Draft Shelf Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Draft Shelf Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Draft Self Prospectus is meaningful depends on the readers’ familiarity with and understanding of methodologies used in compiling such data.

Currency and Unit of Presentation

In this Draft Shelf Prospectus, references to “₹”, “Indian Rupees”, “INR”, “₹” and “Rupees” are to the legal currency of India, references to “US\$”, “USD”, and “U.S. dollars” are to the legal currency of the United States of America, , as amended from time to time. Except as stated expressly, for the purposes of this Draft Shelf Prospectus, data will be given in ₹ in lacs.

Industry and Market Data

Any industry and market data used in this Draft Shelf Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including Society of Indian Auto Manufacturers, India Ratings and Research Reports, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Draft Shelf Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Shelf Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and

assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates (in ₹) of the USD as for last 5 years are provided below:

Currency	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
USD	62.59	60.10	54.39	51.16	44.65

The exchange rates (in ₹) of the USD as for last 6 months are provided below:

	Period end	Average ⁽¹⁾	High ⁽²⁾	Low ⁽³⁾
				(₹ Per US\$)
Month ended:				
	September 30, 2015	65.74	66.22	66.74
	October 31, 2015	65.22	65.06	65.55
	November 30, 2015	66.81	66.12	66.81
	December 31, 2015	66.33	66.60	67.04
	January 31, 2016	67.88	67.25	68.09
	February 29, 2016	68.62	68.24	68.78

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

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

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

(Source: RBI Reference Rate sourced from www.rbi.org.in)

* In case March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered

Further, in case of specific provision in the loan agreement for a rate other than the RBI rate, the rate has been taken as prescribed as in the respective loan agreement.

In this Draft Shelf Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Shelf Prospectus that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to manage our credit quality;
- interest rates and inflation in India;
- volatility in interest rates for our lending and investment operations as well as the rates at which our Company borrows from banks/financial institution;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition from our existing as well as new competitors;
- change in the government regulations;
- availability of adequate debt and equity financing at commercially acceptable terms;
- performance of the Indian debt and equity markets;
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in this Draft Shelf Prospectus, including under the section titled “*Risk Factors*” on page 12 of this Draft Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled “*Our Business*” and “*Outstanding Litigations and Defaults*” on pages 86 and 174 respectively of this Draft Shelf Prospectus. The forward-looking statements contained in this Draft Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable as of the date of this Draft Shelf Prospectus, our Company cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors and its officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Debt Regulations, our Company, the Lead Managers will ensure that investors in India are informed of material developments between the date of filing the Draft Shelf Prospectus with the ROC and the date of the Allotment.

SECTION II-RISK FACTORS

Prospective investors should carefully consider all the information in this Draft Shelf Prospectus, including the risks and uncertainties described below, and under the section titled “Our Business” on page 86 and under “Financial Statements” on page 153 of this Draft Shelf Prospectus, before making an investment in the NCDs. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business prospects, results of operations and financial condition. If any of the following or any other risks actually occur, our business prospects, results of operations and financial condition could be adversely affected and the price of and the value of your investment in the NCDs could decline and you may lose all or part of your redemption amounts and/ or interest amounts.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in the below risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.

In this section, unless the context otherwise requires, a reference to “our Company”, is a reference to Mahindra & Mahindra Financial Services Limited on a standalone basis and references to “we”, “us”, and “our” are to our Company, Subsidiaries and Joint Venture on consolidated basis. Unless otherwise specifically stated in this section, financial information included in this section have been derived from our Reformatted Financial Statements, Audited Half Yearly Financial Results and Unaudited Financial Results.

INTERNAL RISKS

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

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including shareholder funding, assigned and securitized receivables, and secured and unsecured loans, including rupee-denominated term loans and cash credit facilities from banks and financial institutions, non-convertible debentures, unsecured debentures, commercial paper, fixed deposits and inter-corporate deposits. For further details, see “Financial Indebtedness”. Our business thus depends and will continue to depend on our ability to access a variety of funding sources. Our ability to raise funds on acceptable terms and at competitive rates depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy and the perceptions of investors and lenders of the demand for debt and equity securities of non-banking financial companies (“NBFCs”). For example, regulatory developments in the past have affected NBFCs’ access to select funding sources, and have affected their costs of borrowings including through funding from banks and the assignment and securitization transactions. See “Risk Factors—Priority sector lending requirements adhered to by banks may increase our cost of funding and adversely affect our business, results of operations and financial condition”.

Further, our ability to raise funds by issuing debt securities from mutual funds has also been restricted, pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“SEBI Circular 2016”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval. This may limit our ability to raise funds from mutual funds.

Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

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

We are primarily engaged in providing financing for new auto and utility vehicles, tractors, cars and commercial vehicles, and for pre-owned vehicles to customers in rural and semi-urban markets. On standalone basis, for the nine months period ended December 31, 2015, Fiscal 2015, Fiscal 2014, Fiscal 2013, Fiscal 2012 and Fiscal 2011, the estimated total value of assets financed was ₹ 19,89,560.00 lacs, ₹ 24,33,110.00 lacs, ₹ 25,40,002.00 lacs, ₹ 23,83,858.00 lacs, ₹ 19,50,433.00 lacs and ₹ 14,41,987.00 lacs, respectively, total income from operations was ₹ 4,18,106.22 lacs, ₹ 55,36,05.61 lacs, ₹ 4,92,163.21 lacs, ₹ 3,85,672.15 lacs, ₹ 2,76,811.05 lacs, and ₹ 1,96,530.23 lacs respectively and total profit after taxation was ₹ 30,232.60 lacs, ₹ 83,177.59 lacs, ₹ 88,722.75 lacs, ₹ 88,269.18 lacs, ₹ 62,011.67 lacs, and ₹ 46,310.92 lacs respectively. Our subsidiaries MRHFL and MIBL operate in the housing finance and insurance distribution industries, respectively. Our asset portfolios include, and will likely continue to include, a high concentration of financing arrangements for vehicles in rural and semi-urban markets. The success of our business thus depends on various factors that affect demand for such vehicles, including the demand for transportation services in India, the housing and the insurance market in India, changes in Indian regulations and policies affecting utility vehicles, tractors, commercial vehicles and cars, natural disasters, calamities, fuel prices and other macroeconomic conditions in India and globally. Moreover, demand for such vehicles from our customers who are individuals or small enterprises that typically have less financial wherewithal than corporate borrowers or fleet owners or demand for rural housing, is more likely to be adversely affected by these factors. This may result in a decline in the sales or value of new and pre-owned vehicles. The aforesaid factors may also affect the business of our customer which in turn will affect their ability to perform their obligations under the existing financing agreements. Any decline in sales of, or in demand for financing for, utility vehicles, tractors, cars or commercial vehicles or non-performance of the existing financing agreements could adversely affect our business and results of operations.

3. *Our inability to compete effectively in an increasingly competitive industry may adversely affect our net interest margins, income and market share.*

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

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost funding, and the interest rates at which we lend to our customers. Our ability to secure low-cost funding has been impacted by recent regulatory developments. See “*Risk Factors—Any disruption in our sources of funding could adversely affect our liquidity and financial condition*” and “*Risk Factors—Recent developments in the regulatory environment concerning assignment and securitization transactions with respect to receivables of our loan portfolio could adversely affect our ability to secure funding and our results of operations and financial condition.*” In light of this pressure, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Our ability to increase interest rates on the loans we extend, however, is limited by the increasing popularity of standardized and variable interest rate vehicle financing products, variable payment terms and lower processing fees. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business or increase in our NPAs.

There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive vehicle finance industry. Increasing competition may adversely affect our net interest margins, income and market share.

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

Pursuant to the RBI master circular dated July 1, 2015, scheduled commercial banks operating in India are required to maintain 40% of their adjusted net bank credit or credit equivalent of their off balance sheet exposure, whichever is higher, as priority sector advances. Foreign banks with 20 or more branches in India are required to achieve 40% priority sector lending within a maximum period of five years commencing from April 1, 2013 and ending on March 31, 2018 in a phased manner i.e. 32% by Fiscal 2016, 34% by Fiscal 2017, 36% by Fiscal 2018,

38% by Fiscal 2019 and 40% by Fiscal 2020. These include loans to the agriculture, micro and small enterprises, low-income housing projects, off-grid renewable energy, exports and similar sectors where the Government seeks to encourage the flow of credit to stimulate economic development in India. Commercial banks in the past have relied on specialized institutions, including microfinance institutions and other financing companies including NBFCs, to provide them with access to qualifying advances through lending programs and loan assignments, which may lead to more competition for us and may impact our business and results of operations adversely.

Any such changes in priority sector guidelines by RBI may adversely affect our business and operations. Pursuant to the RBI circular dated May 3, 2011, loans extended by commercial banks to NBFCs after April 1, 2011, will not be considered priority sector loans. While scheduled commercial banks may still choose to lend to NBFCs they may charge higher rates to do so because these loans no longer count towards their priority sector lending requirements. This may lead to an increase in the rates at which such loans have historically been offered to us, thus increasing our borrowing costs and adversely affecting our financial condition and results of operation.

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

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

A significant component of our income is the interest income we receive from the loans we disburse, which comprised ₹ 4,23,358.11 lacs of our total income ₹ 4,69,264.20 lacs for the nine months ended December 31, 2015 and ₹ 5,39,440.61 lacs of our total income of ₹ 6,06,090.56 lacs for the Fiscal 2015.

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

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

Further, pursuant to our loan agreements with customers, we may lend money on a long-term, fixed interest rate basis, typically without including a provision that interest rates due under our loan agreements will increase if interest rates in the market increase. Any increase in interest rates over the duration of such loans may result in our losing interest income. Such increase will also affect the maturity period of the loan and may lead to increase in the amount of monthly installments due from borrowers and hence increasing the chances of default by the borrowers. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

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

We are one of the leading NBFCs in the rural and semi-urban markets of India and cater primarily to customers without formal credit histories and which typically have less financial wherewithal and may be particularly susceptible to adverse economic conditions. In addition, our customer portfolio principally consists of farmers, car-owners, transport agencies, small businessmen and home-owners with underdeveloped banking habits, and individual borrowers generally are less financially resilient than large corporate borrowers, and as a result, they

can be more adversely affected by declining economics. Our total assets, as on December 31, 2015 amounts to ₹ 43,83,800.52 lacs. We expect that the size of our loan assets will grow as a result of our expansion strategy in existing as well as new products, which will expose us to an increased risk of defaults. This may also increase our NPAs. Our Company's gross NPAs were ₹ 3,98,513.37 lacs, or 10.1% of our total assets as of December 31, 2015, as compared to ₹ 2,49,913.66 lacs, or 7.1% of our total assets as of December 31, 2014 and ₹ 2,09,972.20 lacs, or 5.9% of our total assets as of March 31, 2015. Our Company's provision (including income reversals) on NPAs was ₹ 2,28,354.64 lacs as of December 31, 2015, as compared to ₹ 1,35,648.22 lacs as of December 31, 2014 and ₹ 1,28,151.56 lacs as of March 31, 2015.

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

Although we follow certain procedures to evaluate the credit profiles of our customers at the time of sanctioning a loan, we typically rely on a system of referrals from the local community and the value of the vehicle provided as underlying collateral rather than focusing solely on the credit profile of our customers. In addition, we have also advanced unsecured loans to customers, which aggregated ₹ 1,68,636.91 lacs as of December 31, 2015. Non-payment or default by borrowers could adversely affect our financial condition and results of operations.

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

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

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

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

We adhere to provisioning requirements related to our loan portfolio pursuant to the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended (the "Prudential Norms"). These provisioning requirements may be less onerous than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may moreover require subjective judgments of our management. Our Company's gross NPAs were ₹ 3,98,513.37 lacs, or 10.1% of our total assets

as of December 31, 2015, as compared to ₹ 2,49,913.66 lacs, or 7.1% of our total assets as of December 31, 2014 and ₹ 2,09,972.20 lacs, or 5.9% of our total assets as of March 31, 2015. Our Company's provision (including income reversals) on NPAs was ₹ 2,28,354.64 lacs as of December 31, 2015, as compared to ₹ 1,35,648.22 lacs as of December 31, 2014 and ₹ 1,28,151.56 lacs as of March 31, 2015. We cannot be sure that we will be able to improve our collections and recoveries in relation to our NPAs, or otherwise adequately control our level of NPAs in future. Moreover, as our loan portfolio matures, we may experience greater defaults in principle and /or interest repayments.

Though our own existing provisioning norms are more stringent than prescribed by the RBI, our provisioning requirements may be inadequate to cover increases in non-performing loans. The Prudential Norms require the NBFCs to make a provision of 0.25% of the outstanding in respect of standard assets which shall not be reckoned for arriving at net NPAs as well. The provisioning for standard assets is required to be 0.30 % as on March 31, 2016; 0.35 % as on March 31, 2017; and 0.40 % as on March 31, 2018 and thereafter. In addition, the Prudential Norms presently specify that loans be classified as non-performing after being six months overdue. Further, pursuant to the Prudential Norms the period of six months or more shall be reduced to five months or more with effect for the Fiscal 2016 and further reduced to four months or more for the Fiscal 2017 and three months or more for the Fiscal 2018 and thereafter.

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

9. We may be unsuccessful in expanding into new lines of business and implement our new business strategies, and such new strategies may not achieve desired result which could adversely affect our growth and business.

We are currently pursuing opportunities to expand into new lines of business. For example, to complement our existing mutual fund distribution business, we have incorporated asset management company and recently obtained certificate of registration bearing code no. 069/16/01 as registered mutual fund from SEBI. These growth strategies may strain our resources and may require new regulatory approvals. Moreover, neither we, nor our Promoter have significant operational experience in the mutual fund or the banking sectors. Pursuing these business opportunities, including setting up of the asset management company and investment in mutual fund business will require significant capital, which we may not be able to raise in a timely manner, or at all. There can be no assurance that we will be successful in expanding these new lines of business, which could adversely affect our business, operations and profitability.

We may intend to pursue new business strategies in the future, including, among others, increasing our national presence, opening new offices, increasing our presence in rural centers etc. We will continue to introduce new products and services, such as loans to small and medium enterprises in our existing lines of business. Pursuing these strategies involves inherent business risks, such as making incorrect judgments or assumptions as to target customer or customer acceptance of any of these strategies. In addition, we may need to make additional investments for advertisement to build brand awareness among our target customers for any certain new business areas that we may want to venture into. There is no assurance that we will be successful in implementing any or all of these strategies. In the event that any of these business strategies fail, our overall financial performance may be adversely affected.

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

45.4% and 47.9% of our estimated total value of assets financed were provided to purchasers of M&M vehicles, including tractors, for the nine months ended December 31, 2015 and the Fiscal 2015, respectively. We also finance the purchase of construction equipment manufactured by M&M. Accordingly, our business depends on the success of the distribution and marketing network and brand equity of M&M, particularly in rural and semi-urban markets. Customers may also delay or default on their payments due to us on account of technical failures of their vehicles or equipments because they associate these failures with M&M and, in turn, with us. M&M's inability to maintain and expand its own distribution network; increase its sales; continue to anticipate and respond effectively to challenges posed by the Indian vehicle industry, particularly in rural and semi-urban markets, or any decline in sale of rural models in M&M portfolio could adversely affect our business.

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

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

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

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

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

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

Our business is also susceptible to fraud by dealers, distributors and other agents with whom we deal on account of forgery of documents, multiple financing on same vehicle, customer identification and unauthorized collection of instalments on behalf of our Company.

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

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

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. For example, our credit ratings may depend on the financial performance and business prospects of M&M and its majority shareholding in our Company. CRISIL has assigned an AA+ rating, India Ratings and Research Private Limited (“India Ratings”) has assigned an AAA(IND) rating, CARE has assigned ‘CAREAAA’ Rating and

Brickwork has assigned an AAA rating to our long-term and subordinated debt. India Ratings and CRISIL have rated our short term debt as IND A1+ and A1+ respectively, which is the highest rating for short term debt instruments. CRISIL has rated our fixed deposit program FAAA For further details, see “*Our Business – Our Credit Ratings*”.

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

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

In past years, we have experienced significant growth. Our growth strategy includes increasing the number of loans we extend, diversifying our product portfolio and expanding our customer base. There can be no assurance that our growth strategy will continue to be successful or that we will be able to continue to expand further or diversify our product portfolio. If we increase the number of loans we extend too quickly or fail to properly assess credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which may adversely affect the quality of our assets and our results of operations and financial condition.

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

Further, our growth is also dependent on the changes in product mix by the original equipment manufacturers (“OEMs”) and changes in composition of cash and credit sales by OEMs.

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

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

We have in the past assigned / securitized a portion of the receivables from our loan portfolio to banks. During the nine months ended December 31, 2015 and Fiscal 2015, our Company has entered into securitization transactions amounting to ₹ 62,923.83 lacs and ₹ 72,229.92 lacs. On August 21, 2012, RBI issued a circular through the policy of income recognition on assignment and securitization transaction was changed. Any change in statutory and/or regulatory requirements in relation to assignments or securitization by financial institutions, including the requirements prescribed by the RBI, could have an adverse impact on our assignment or securitization transactions.

The commercial viability of assignment and securitization transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

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

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

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

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

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

As of December 31, 2015, we employed 20,914 permanent employees. Though we believe that we maintain good relationship with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and result operations.

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

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

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

18. A decline in our Company’s capital adequacy ratio could restrict our future business growth.

Pursuant to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, as amended, we are required to maintain a capital adequacy ratio of at least 15.0% of our aggregate risk-weighted assets of our balance sheet (on-balance sheet and of risk adjusted value of off balance sheet items)

consisting of Tier I and Tier II capital on an ongoing basis. The total Tier I capital, at any point is required to be at least 8.5% by March 31, 2016 and 10.0% by March 31, 2017. Our Company's capital adequacy ratio was 17.8% as of December 31, 2015, with Tier I capital comprising 15.0%. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business.

19. Any failure, inadequacy and security breach in our computer systems and servers may adversely affect our business.

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

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

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

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

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

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

22. *There is outstanding litigation pending against us, our directors, our Promoter, our Subsidiaries and group companies which, if determined adversely, could affect our business, results of operations and financial condition.*

Our Company, our directors, our Promoter, our Subsidiaries and group companies are party to various legal proceedings arising in the ordinary course of our business. Please see “Outstanding Litigations and Defaults” on page 174 of this Draft Shelf Prospectus. These legal proceedings in the nature of tax, employment related, civil, criminal are pending at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined against us, could adversely affect our business, results of operations and financial condition. We can give no assurance that these legal proceedings will be decided in our favour or that any further liability may arise from these claims in the future. Any adverse decision could adversely affect our results of operations.

The amounts claimed in these proceedings have been disclosed in our consolidated financial statements to the extent ascertainable. Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities, which could adversely affect our results of operations.

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

Our Promoter beneficially owned approximately 51.20% of our outstanding Equity Shares. See “*Capital Structure*”. Our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board of Directors, the adoption of amendments to our articles of association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoter. The interests of our Promoter as our controlling shareholder could conflict with our interests or the interests of our other shareholders. We cannot be sure that our Promoter will act to resolve any conflicts of interest in our favor or in the favor of other shareholders.

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

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

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

25. *We have entered into, and will continue to enter into, related party transactions and there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties.*

We have entered into transactions with several related parties, including our Promoter, Directors and companies in the Mahindra group. We can give no assurance that we could not have achieved more favorable terms had such transactions been entered into with parties that were not related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in

the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. For more information, see “*Financial Statements*” on page 153 of this Draft Shelf Prospectus.

26. Fluctuations in the market values of our investment and other asset portfolio could adversely affect our financial condition.

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

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

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

We established the ESOP Scheme 2010 in October 2010, wherein we are authorised to issue options convertible into up to 969,005 Equity Shares at an exercise price of ₹ 10. As of December 31, 2015, we had granted 32,47,007 options under the ESOP Scheme 2010. As a result of future grants of options under ESOP Scheme 2010, we will have to charge the difference between exercise price and the market price at the time of grant to our profit and our loss statement, which may have an adverse impact on our net income. This will be amortized over the vesting period of the options, being five years from the date of grant of the options. For the nine months ended December 31, 2015 and the Fiscal 2015, the employee stock compensation cost on account of ESOPs was ₹ 1,064.02 lacs and ₹ 1,065.33 lacs, respectively.

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

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

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

In addition, our various offices, meeting centers and customer care centers are required to be registered under the relevant shops and establishments laws of the states and also require a trade license in certain states. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. A court, arbitration panel or regulatory authority may in the future find that we have not complied with applicable legal or regulatory requirements. For example, as of December 31, 2015, certain of the shop and establishment approvals for our offices are due for renewal. We may also be subject to lawsuits or arbitration claims by customers, employees or other third parties in the different state jurisdictions in India in which we conduct our business. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

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

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

The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. Pursuant to two notifications dated December 6, 2006, (Notifications No. DNBS. 189 / CGM (PK)-2006 and DNBS.190 / CGM (PK)- 2006), the RBI amended the NBFC Acceptance of Public Deposits Directions, 1998, reclassifying deposit taking NBFCs, such as us. We are also subject to the requirements of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended.

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

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

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

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

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

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any category of NBFCs;
- banks accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

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

31. *Our insurance coverage may not adequately protect us against losses.*

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

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

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

We use trademarks such as “Mahindra Finance”, “Mahindra Home Finance “Ghar Ki Baat Hai” in the course of our business operations. However, these trademarks are owned by M&M. While our Company has entered into a trademark license agreement with M&M for use of the “Mahindra” trademark and logo and the “Mahindra & Mahindra” trademark, we have not entered into any license agreement with M&M for use the other aforesaid trademarks we use in our business operations. Thus, we enjoy limited legal protection and ability for use of these trademarks. Our inability to use of these trademarks and any unauthorized usage could result in the dilution of the trademarks recognised with our Company and loss of reputation, which may result in adverse effects to our business and results of operations.

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

As of December 31, 2015, 1176 of our 1179 offices are housed on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

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

34. *We have incurred significant indebtedness and may incur additional debt. The conditions and restrictions imposed by our financing agreements could adversely impede our flexibility in conducting our business.*

As of December 31, 2015, we had ₹ 18,49,091.54 lacs and ₹ 10,39,286.81 lacs in principal amount of secured loans and unsecured loans, respectively, on a standalone basis. For further details, see “*Financial Indebtedness*”. Our level of indebtedness has important consequences to us, such as:

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

Most of our financing arrangements are secured by our movable and immovable assets. We may seek, and may be unable to obtain, lenders’ consents to incur additional debt, increase or modify our capital expenditure plans, create additional charges on or further encumber our assets or merge with or acquire other companies, whether or not there is any failure by us to comply with the other terms of such agreements. Further, our financing arrangements also contain other restrictive covenants, including, but not limited to:

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

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

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

As of March 31, 2015, we had certain contingent liabilities not provided for, amounting to ₹ 47,987.86 lacs on a consolidated basis determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. Further, the contingent liability of amounts disclosed in our audited financial statements represents estimates and assumptions of our management based on advice received. In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected.

For further information on such contingent liabilities, see “*Financial Statements*”. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

36. *Inaccurate appraisal of credit may adversely impact our business.*

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

37. *Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries*

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

38. *We have not independently verified certain data in this Draft Shelf Prospectus.*

We and the Lead Managers have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, the Indian economy, as well as NBFCs, the automobile industry, insurance industry and mutual funds industry that are included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and

may be incomplete, inaccurate or unreliable. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

39. *This Draft Shelf Prospectus includes certain Unaudited Financial Results, which have been subjected to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.*

This Draft Shelf Prospectus includes certain unaudited financial results in relation to our Company, Subsidiaries and Joint Venture, for the nine month period ended December 31, 2015 in respect of which the Statutory Auditors of our Company have issued their Limited Review Report dated January 21, 2016. As this financial information has been subject only to limited review as required clause 29 of the erstwhile Debt Listing Agreement and by Regulation 52 (2) (a) of the Listing Regulations, and also as described in the Standard on Review Engagements (“SRE”) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India, and not to an audit, any reliance by prospective investors on such unaudited financial information should accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the nine month period ended December 31, 2015, may not be directly comparable with our financial results for any full fiscal or for any other fiscal quarter or period. Accordingly, prospective investors to the Issue are advised to read such unaudited financial information in conjunction with the audited financial information provided elsewhere in this Draft Shelf Prospectus.

Risks Relating to the Utilization of Issue Proceeds

40. *The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.*

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including lending and investments, subject to applicable statutory and/or regulatory requirements, to repay our existing indebtedness, long term working capital requirements and general corporate purposes. For details refer section titled “*Terms of the Issue*” on page 193 of this Draft Shelf Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for this Issue.

Risks Relating to the NCDs

41. *There has been no prior public market for the NCDs and it may not develop in the future, and the price of the NCDs may be volatile.*

The NCDs have no established trading market. There can be no assurance that an active public market for the NCDs will develop or be sustained. The liquidity and market prices of the NCDs can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of NCDs. Such fluctuations may significantly affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs.

42. *There is no guarantee that the NCDs issued pursuant to this Issue will be listed on BSE in a timely manner, or at all.*

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of NCDs to be submitted. There could be a failure or delay in listing the NCDs on BSE.

43. *You may not be able to recover, on a timely basis or recover at all, the full value of the outstanding amounts and/ or the interest accrued thereon, in connection with the NCDs.*

Our ability to pay interest accrued on the NCDs and/ or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the

general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/ or the interest accrued thereon in a timely manner, or repay at all.

44. A debenture redemption reserve will be created, only up to an extent of 25% for the NCDs and in the absence of profits, we may not be able to transfer adequate amounts to the DRR.

The Company (Share Capital and Debentures) Rules, 2014 has prescribed that adequacy of DRR will be 25% of the value of debentures issued through public issue. Therefore, our Company will maintain a DRR only to the extent of 25% of the NCDs or such a percentage as may be required under applicable regulation as amended from time to time issued and the Debentureholders may find it difficult to enforce their interests in the event of or to the extent of a default in excess of such reserve.

The amount to be credited as DRR will be carved out of the profits of our Company only and there is no obligation on the part of our Company to create DRR if there is no profit or no adequate profit for the year to pay dividends for the particular year. Accordingly, if we are unable to generate adequate profits, the DRR created by us may not be adequate to meet the 25% of the value of the debentures issued.

45. Any downgrading in credit rating of our NCDs may affect the trading price of our NCDs and our ability to raise funds.

CRISIL, CARE, India Ratings and Brickwork have assigned rating of 'CRISIL AA+', 'CARE AAA', 'IND AAA' and 'BWR AAA', respectively, to the long term and subordinated debt of our Company. CRISIL has rated our fixed deposit programme as 'FAAA'. CRISIL, and India Ratings assigned rating of 'CRISIL A1+' and 'IND A1+', respectively, to the short term debt and commercial paper of our Company. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the NCDs and may also affect our ability to raise further debt.

46. Payments made on the NCDs will be subordinated to payments to secured and unsecured creditors and certain tax and other liabilities preferred by law.

The NCDs will be unsecured and will be subordinated to all secured and unsecured creditors of our Company as well as certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the NCDs. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the NCDs. The issue of any such debt securities may reduce the amount recoverable by investors in the NCDs on our bankruptcy, winding-up or liquidation.

47. Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the NCDs are legal investments for it, (ii) the NCDs can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the NCDs.

48. The NCDs are subject to the risk of change in law.

The terms and conditions of the NCDs are based on Indian law in effect as of the date of issue of the relevant NCDs. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the relevant NCDs and any such change could materially and adversely impact the value of any NCDs affected by it.

EXTERNAL RISKS

Risk Factors Related to India

49. A slowdown in economic growth in India and other countries in which we operate could cause our business to suffer.

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in the financial markets, particularly in India, and the condition, including the uneven recovery, of the global economy. We are particularly susceptible to conditions in the financial markets in India, which could directly and adversely affect demand for vehicles and vehicle financing and our ability to secure additional financing.

Since August 2008, India's economy has been affected by the current global economic uncertainties, including periods of volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture and other factors. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes on our business. While the current Government has encouraged private participation in various sectors, any adverse change in, or failure to successfully implement, policies could further adversely affect the Indian economy.

Emerging and developing economies have faced risks to macroeconomic and financial stability due to the influx of short-term capital, excessive currency movements and pressures on general and asset price inflation. These have necessitated further policy tightening, introduction of liquidity management measures and imposition of some forms of capital controls.

The resulting economic pressure on the economies in which we operate, a general lack of confidence in the financial markets and fears of a further worsening of the economy have affected and may continue to affect the economic conditions in such countries. We cannot assure you that the markets in which we operate will undergo a full, timely and sustainable recovery. The economic turmoil may continue or take place in the future, adversely affect our business, results of operations and financial condition.

50. Political instability, changes in the Government or natural calamities may adversely affect economic conditions in India, which may impact our business, financial results and results of operations.

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our NCDs may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian Governments have pursued policies of economic liberalisation and financial sector reforms. Various factors could trigger significant changes in India's economic liberalization and deregulation policies, disrupt business and economic conditions in India generally and our business in particular. Our financial performance and the market price of our shares may be adversely affected by changes in inflation, exchange rates and controls, interest rates, Government, social stability or other political, economic or diplomatic developments affecting India in the future.

India has experienced and may continue to experience natural calamities such as earthquakes, floods and drought. The extent and severity of these natural disasters determines their effect on the Indian economy. Such natural calamities could have a negative effect on the Indian economy, adversely affecting our business.

51. Economic developments and volatility in securities markets in other countries may negatively affect the Indian economy.

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The collapse of the sub-prime mortgage loan market in the United States that began in September 2008 led to increased liquidity and credit concerns and volatility in the global credit and financial markets in following Fiscal years. The European sovereign debt crisis has led to renewed concerns for global financial stability and increased volatility in debt and equity markets. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and

Renminbi (Chinese Yuan) devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and global credit and financial markets.

In the event that the current difficult conditions in the global financial markets continue or if there are any significant financial disruptions, this could have an adverse effect on our Company's cost of funding, loan portfolio, business, future financial performance and the trading price of any NCDs issued under the Issue. Negative economic developments, such as rising Fiscal or trade deficits, or a default on national debt in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

52. Terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which our NCDs trade and also adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and adversely affect our business, financial condition and results of operations. In addition, any deterioration in relations between India and its neighboring countries might result in investor concern about stability in the region, which may adversely affect the price of our NCDs.

India has also witnessed civil unrest including communal disturbances and riots in recent years. If such events recur, our operational and marketing activities may be adversely affected, resulting in a decline in our income. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on the price of our NCDs.

53. Any downgrade of credit ratings of India may adversely affect our ability to raise debt financing.

India's sovereign ratings reflect an assessment of the Indian government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

No assurance can be given that any statistical rating organisation will not downgrade the credit ratings of India. Any such downgrade could adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance.

54. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totalled USD 35,08,639 lacs as on March 04, 2016 (*Source: RBI Website as on March 04, 2016*). Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial performance and the market price of the NCDs.

55. Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India, which includes a surcharge on the tax and an education cess on the tax and the surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

56. Our ability to raise foreign capital may be constrained by Indian law.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

57. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have an adverse effect on our business and results of operations.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative effect on the economies, financial markets and business activities in the countries in which our end markets are located, which could have an adverse effect on our business. We can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have an adverse effect on our business.

58. Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS.

Our financial statements are prepared in accordance with Indian GAAP, which differs in significant respects from U.S. GAAP and IFRS. As a result, our financial statements and reported earnings could be significantly different from those which would be reported under U.S. GAAP or IFRS, which may be material to your consideration of the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Shelf Prospectus. You should rely on your own examination of our Company, the terms of the Issue and the financial information contained in this Draft Shelf Prospectus.

SECTION III-INTRODUCTION

THE ISSUE

The following is a summary of terms of the NCDs, to be issued for an amount not exceeding the Shelf Limit. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “*Terms of the Issue*” on page 193 of this Draft Shelf Prospectus.

COMMON TERMS FOR ALL SERIES OF THE NCDs

Issuer	Mahindra & Mahindra Financial Services Limited
Type of instrument/ Name of the security/ Seniority	Unsecured Subordinated Redeemable Non-Convertible Debentures
Nature of the instrument	Unsecured Subordinated Redeemable Non-Convertible Debenture
Mode of the issue	Public issue
Lead Managers	ICICI Securities Limited, Edelweiss Financial Services Limited, A. K. Capital Services Limited, SBI Capital Markets Limited, JM Financial Institutional Securities Limited, Trust Investment Advisors Private Limited and Yes Securities (India) Limited
Debenture Trustee	Axis Trustee Services Limited
Depositories	NSDL and CDSL
Registrar	Karvy Computershare Private Limited
Base Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue
Option to retain Oversubscription Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Eligible investors	See the section titled “ <i>Issue Procedure – Who can apply?</i> ” on page 206 of this Draft Shelf Prospectus
Objects of the Issue	Please see “ <i>Objects of the Issue</i> ” on page 70 of this Draft Shelf Prospectus
Details of utilization of the proceeds	See the section titled “ <i>Objects of the Issue</i> ” on page 70 of this Draft Shelf Prospectus
Interest rate	As specified in the relevant Tranche Prospectus for each Tranche Issue
Step up/ Step down interest rates	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest type	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issuance mode of the instrument	Physical and demat
Frequency of interest payment	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest payment date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Day count basis	Actual/ Actual
Interest on application money	As specified in the relevant Tranche Prospectus for each Tranche Issue
Default interest rate	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Amount	The principal amount on the NCDs along with interest accrued on them as on the Redemption Date
Redemption premium/ discount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issue Price (in ₹)	₹ 1,000 per NCD
Discount at which security is issued and the effective yield as a result of such discount.	As specified in the relevant Tranche Prospectus for each Tranche Issue

Put option date	Not applicable
Put option price	Not applicable
Call option date	Not applicable
Call option price	Not applicable
Put notification time.	Not applicable
Call notification time	Not applicable
Face value	₹ 1,000 per NCD
Minimum Application size and in multiples of NCD thereafter	As specified in the relevant Tranche Prospectus for each Tranche Issue
Market Lot/ Trading Lot	One
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit ratings	The NCDs proposed to be issued under this Issue have been rated ‘CARE AAA (Triple A)’ for an amount of ₹ 1,00,000 lacs, by CARE vide their letter no. CARE/HO/RL/2015-16/3596 dated February 18, 2016 and “IND AAA” for an amount of ₹ 1,00,000 lacs, by India Ratings vide their letter dated March 3, 2016. The rating of NCDs by CARE and India Ratings vide their letter dated February 18, 2016 and March 3, 2016 respectively indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rationale for these ratings, see Annexure A & B of this Draft Shelf Prospectus.
Listing	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within 12 Working Days from the date of Issue Closure. For more information, see “ Other Regulatory And Statutory Disclosures ” on page 181 of this Draft Shelf Prospectus.
Issue size	As specified in the respective Tranche Prospectuses
Modes of payment	Please see the section titled “ Issue Procedure – Payment Instructions ” on page 206 of this Draft Shelf Prospectus.
Trading	In dematerialised form only
Issue opening date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issue closing date**	As specified in the relevant Tranche Prospectus for each Tranche Issue <i>**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or Debenture Public Issue Committee thereof. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the [•].</i>
Record date	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. In the event the Record Date falls on second Saturday or fourth Saturday or Sunday or a public holiday in India, the succeeding Working Day will be considered as the Record Date.
Issue documents	This Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Escrow Agreement, the Registrar Agreement, the Agreement with the Lead Managers and the Consortium Agreement. For further details please refer to “ Material Contracts and Documents for Inspection ” on page 239 of this Draft Shelf Prospectus
Conditions precedent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.

Events of default / cross default	See the section titled “ <i>Terms of the Issue – Events of Default</i> ” on page 193 of this Draft Shelf Prospectus
Deemed date of Allotment	The date on which the Board of Directors/or duly authorised committee thereof approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ or duly authorised committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debentureholders from the Deemed Date of Allotment
Roles and responsibilities of the Debenture Trustee	See the section titled “ <i>Terms of the Issue – Debenture Trustee</i> ” on page 193 of this Draft Shelf Prospectus
Governing law and jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively
Working day convention	If any Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately succeeding Working Day along with interest for such additional period. Such additional interest will be deducted from the interest payable on the next date of payment of interest. If the Redemption Date of any series of the NCDs falls on a day that is not a Working Day, the redemption/maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment

** In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. However, in terms of section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will fulfil such request. However, trading in NCDs shall be compulsorily in dematerialized form.*

*** The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board dated October 21, 2015. In the event of such early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE.*

SUMMARY OF BUSINESS

In this section only, any reference to “we”, “us”, “our” or “our Company” refers to Mahindra & Mahindra Financial Services Limited. Unless stated otherwise, the financial data in this section is as per our Reformatted Financial Statements, Audited Half Yearly Financial Results and Unaudited Financial Results prepared in accordance with Indian GAAP set forth elsewhere in this Draft Shelf Prospectus.

The following information should be read together with the more detailed financial and other information included in this Draft Shelf Prospectus, including the information contained in the chapter titled “Risk Factors” beginning on page 12 of this Draft Shelf Prospectus.

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

Our Company was incorporated in 1991 and commenced operations as a finance company in 1993. Our Company was registered as a deposit-taking NBFC in 1998 and have since established a pan-India presence, spanning 25 states and 5 union territories through 1,179 offices as of December 31, 2015. Our Company caters to the financing needs of retail customers and small and medium-sized enterprises. Our Company primarily focusses on providing financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipments and pre-owed vehicles and others which accounted for 31%, 16%, 23%, 10% and 20% of estimated total value of the assets financed, respectively, for the nine months ended December 31, 2015. We benefit from our close relationships with dealers and our long-standing relationships with OEMs, which allow us to provide on-site financing at dealerships.

On standalone basis, for the nine months period ended December 31, 2015, Fiscal 2015, Fiscal 2014, Fiscal 2013, Fiscal 2012 and Fiscal 2011, the estimated total value of assets financed was ₹ 19,89,560.00 lacs, ₹ 24,33,110.00 lacs, ₹ 25,40,002.00 lacs, ₹ 23,83,858.00 lacs, ₹ 19,50,433.00 lacs and ₹ 14,41,987.00 lacs, respectively, total income from operations was ₹ 4,18,106.22 lacs, ₹ 55,36,05.61 lacs, ₹ 4,92,163.21 lacs, ₹ 3,85,672.15 lacs, ₹ 2,76,811.05 lacs, and ₹ 1,96,530.23 lacs respectively and total profit after taxation was ₹ 30,232.60 lacs, ₹ 83,177.59 lacs, ₹ 88,722.75 lacs, ₹ 88,269.18 lacs, ₹ 62,011.67 lacs, and ₹ 46,310.92 lacs respectively.

On standalone basis, as of December 31, 2015, we maintained a NPA coverage ratio of 57.3%, net NPA of 4.6% of total assets, capital adequacy ratio of 17.8%, total loans and advances outstanding of ₹ 36,55,856.74 lacs and total assets of ₹ 38,91,992.48 lacs, and as of March 31, 2015, we maintained a NPA coverage ratio of 61.0%, net NPA of 2.4% of total assets, capital adequacy ratio of 18.3%, total loans and advances outstanding of ₹ 32,92,975.58 lacs and total assets of ₹ 35,07,414.54 lacs, compared to, as of December 31, 2014, we maintained a NPA coverage ratio of 54.3%, net NPA of 3.4% of total assets, capital adequacy ratio of 18.1%, total loans and advances outstanding of ₹ 32,89,731.18 lacs and total assets of ₹ 34,82,486.16 lacs and as of March 31, 2014, an NPA coverage ratio of 59.0%, net NPA of 1.9% of total assets, capital adequacy ratio of 18.0%, total loans and advances outstanding of ₹ 29,61,697.84 lacs and total assets of ₹ 31,66,572.28 lacs.

As a supplement to our lending business we started an insurance broking business through our subsidiary, MIBL. We provide insurance broking solutions to individuals and corporates through, MIBL. MIBL has a “composite broking license” from the IRDA, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers. During Fiscal 2015, MIBL earned an income of ₹ 12,619.57 lacs and achieved a profit after tax of ₹ 4,293.58 lacs.

In October 2007, we commenced our housing finance business through our subsidiary MRHFL. We provide housing loans to individuals through, MRHFL, a registered housing finance company, in which NHB presently owns a 12.5% equity share capital of MRHFL. We grant housing loans for purchase, construction, extension and renovation of house property. During Fiscal 2015, MRHFL disbursed loans worth ₹ 98,960.00 lacs and achieved PAT of ₹ 4,417.34 lacs.

On September 27, 2010, our Company entered into an agreement with De Lage Landen Financial Services Inc., which is wholly-owned by the Rabobank group, to form a joint venture company in the United States, Mahindra Finance USA LLC. Mahindra Finance USA LLC was formed to provide, among other services, wholesale inventory financing to U.S. based dealers purchasing products of the Mahindra group and retail financing to customers for financing the purchase of the Mahindra group products. Our Company owns a 49.0% interest in Mahindra Finance USA LLC with the balance owned by De Lage Landen Financial Services Inc.

Key Operational and Financial Parameters (on consolidated basis)

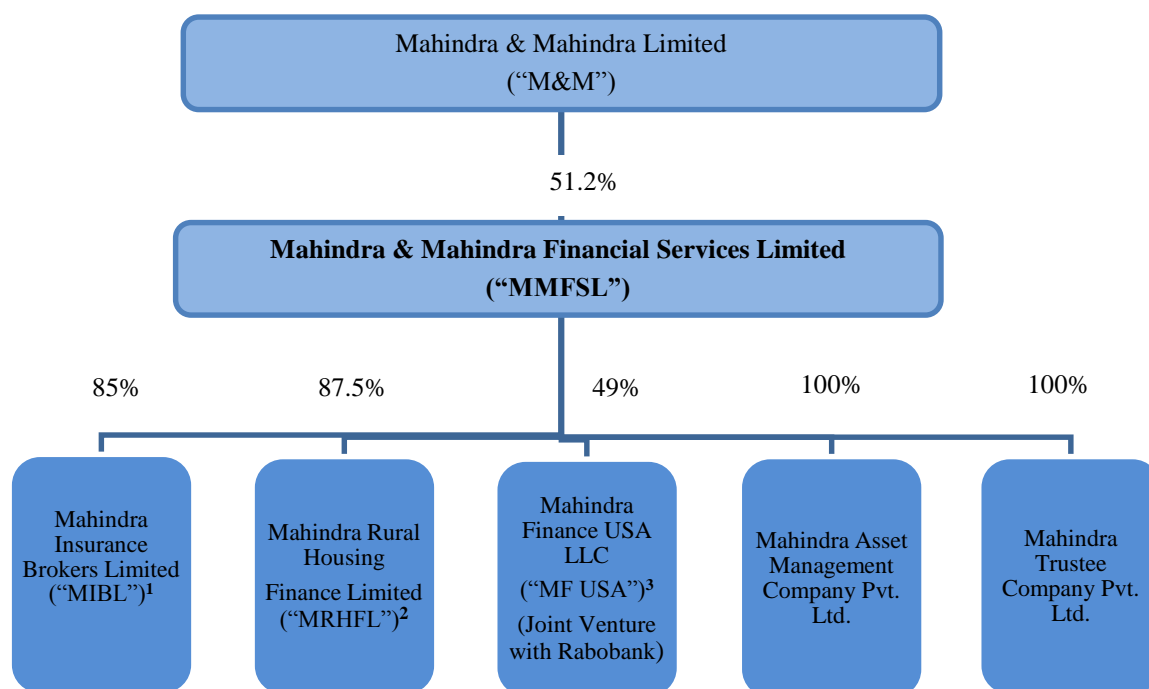
(₹ in lacs)

Parameters	Six months ended September 30, 2015	Fiscal 2015	Fiscal 2014	Fiscal 2013
For Financial Entities				
Net worth	6,22,281.02	5,94,271.69	5,29,369.52	4,57,955.55
Total Debt	31,56,406.91	29,23,169.82	25,89,292.80	20,15,249.40
of which – Non Current Maturities of Long Term Borrowing	20,02,340.53	16,86,524.66	18,25,376.57	13,81,540.40
- Short Term Borrowing	5,25,828.62	5,25,861.91	1,51,027.60	1,58,191.25
- Current Maturities of Long Term Borrowing	6,28,237.76	7,10,783.25	6,12,888.63	4,75,517.75
Net Fixed Assets	11,834.93	11,917.57	12,871.35	11,367.78
Non Current Assets	22,07,923.27	21,10,182.68	18,57,068.48	14,82,119.79
Cash and Cash Equivalents	41,428.36	49,364.02	57,043.28	36,796.59
Current Investments	19,167.46	9,449.80	34,289.13	21,585.34
Current Assets	18,71,906.44	16,82,399.95	14,44,477.22	11,55,209.61
Current Liabilities	1,66,855.10	1,56,988.00	1,30,312.01	1,08,752.75
Assets Under Management	42,94,030.00	40,31,364.00	36,52,483.00	29,49,151.00
Off Balance Sheet Assets	1,41,770.00	1,68,050.00	2,46,733.00	2,42,072.00
Interest Income	2,77,693.11	5,39,440.61	4,72,054.51	3,58,538.54
Interest Expense	1,39,042.48	2,61,899.78	2,25,990.70	1,65,207.20
Provisioning & Write-offs	62,941.41	84,912.26	51,898.42	28,815.02
PAT	26,453.27	91,290.54	95,442.14	92,703.54
Gross NPA (%)*	9.4%	5.9%	4.4%	3.0%
Net NPA (%)*	4.6%	2.4%	1.9%	1.0%
Tier I Capital Adequacy Ratio (%)*	15.5%	15.5%	15.5%	17.0%
Tier II Capital Adequacy Ratio (%)*	2.7%	2.8%	2.5%	2.7%

* All ratios on standalone basis

Corporate Structure

The following chart outlines our corporate structure:



¹ MIBL is engaged in the business of direct insurance broking in the life and non-life insurance businesses. Inclusion resources Pvt. Ltd., a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore, holds 15% of equity shares of MIBL.

² MRHFL is engaged in the business of extending loans to customers for housing needs. The National Housing Bank holds 12.5% of the equity shares of MRHFL.

³ MF USA is engaged in the business of providing wholesale inventory-financing to dealers and retail-financing to customers in the United States for purchase of Mahindra group products.

Our Competitive Strengths

Our competitive strengths are as follows:

Knowledge of rural and semi-urban markets

We have over 20 years of operating experience primarily in rural and semi-urban markets, which has led to a significant understanding of local characteristics of these markets and has allowed us to address the unique needs of our customers. Of our Company's 1179 offices spanning across 25 states and 5 union territories, as of December 31, 2015, majority cater to customers located in rural and semi-urban markets. We have adapted to markets that are affected by limitations of rural infrastructure and have developed a diversified customer base of farmers, car-owners, transport agencies, small businessmen and home-owners. For origination and collection, we hire employees with knowledge of the local markets and have also implemented a de-centralized process to approve loans that meet pre-determined criteria. Further, our field executives use hand-held general packet radio service ("GPRS") devices to record data while collecting loan payments at the customer's home or business location. This leads to face-to-face interaction that improves our understanding of the needs of our customers and enables us to be more responsive to local market demand. We believe that our knowledge of the rural and semi-urban markets is a key strength that has enabled us to become one of India's leading NBFCs.

We were early entrants into the rural and semi-urban markets, initially providing financing solely for products of M&M which has been selling its products in those markets for over 6 decades. Credit in these markets was

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

Extensive network of offices

We operate an extensive network of our 1179 offices spanning across 25 states and 5 union territories, as of December 31, 2015. The reach of our offices allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees. Our widespread office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts. In addition, our extensive office network benefits from a de-centralized approval system, which allows each office to grow its business organically as well as leverage its customer relationships by offering distribution of insurance products and mutual funds. We service multiple products through each of our offices, which reduces operating costs and improves total sales. We believe that the challenges inherent in developing an effective office network in rural and semi-urban areas provide us with a significant first mover advantage over our competitors in these areas.

Streamlined Approval and Administrative Procedures and Effective Use of Technology

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

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

History of strong customer and dealer relationships

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

Brand recall and synergies with the Mahindra group

M&M, our Promoter and the flagship company of the Mahindra group. M&M has been selling automotive and farm equipment in semi-urban and rural markets for over 6 decades. The Mahindra group is one of the largest business conglomerates in India and has a strong presence in utility vehicles, tractors, information technology, financial services, aerospace, real estate, hospitality and logistics sectors. We believe that our relationship with the Mahindra group provides brand recall and we will continue to derive significant marketing and operational benefits.

Access to cost-effective funding

We believe that we are able to access cost-effective debt financing due to our strong brand equity, stable credit history, superior credit ratings and conservative risk management policies. Historically, we have secured cost-effective funding from a variety of sources. Our Company maintains borrowing relationships with several banks, mutual funds and insurance companies. We adhere to write-off and provisioning standards that are stricter than norms prescribed by RBI. Our long-term and subordinated debt is presently rated IND AAA, BWR AAA, CARE AAA and CRISIL AA+ by India Ratings & Research Private Limited, Brickwork Ratings India Private Limited, Credit Analysis & Research Limited and CRISIL respectively. India Ratings & Research Private Limited and CRISIL has rated our short-term debt as Ind A1+ and A1+ respectively, which is the highest rating for short-term debt instruments, and CRISIL has rated our fixed deposit programs FAAA. For the nine month period ended December 31, 2015 and Fiscal 2015, our average annualized interest cost of borrowed funds was 9.4% and 9.9%, respectively.

Experienced management team

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

Our Strategies

Our business strategies are as follows:

Focus on the rural and semi-urban markets to grow our market share

We plan to continue to expand our office network and increase the market share of our existing products and services in the rural and semi-urban markets of India. We intend to grow our market share by expanding our customer base and strengthening our relationships with dealers. Our Company has a network of 1179 offices as of December 31, 2015. In opening each office site, we analyze the local market and proximity to target customers. We believe our customers appreciate this convenience and that well-placed office sites allow us to attract new customers. In addition to our offices and region-based organisational structure, we have also formed a separate vertical for each of our key products, which works with our employees across offices to customize our products based on customers feed-back.

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

Focus on effective use of technology

As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology to support our growth and improve the quality of our services. We intend to increase the number of offices connected to the centralized data centre in Mumbai. We also intend to expand our use of hand-held GPRS devices, which collect data used to monitor our operations and risk exposure. We have also rolled out an advanced version of the GPRS devices, which functions as a “mobile office” and is equipped with portable camera, scanning, voice recording and biometric features that allows our employees to originate loans, issue receipts and conduct know-your-customer checks at a customer’s home or business location. We believe that as we develop and integrate such programs into our business, we can further capitalize on the reach of our offices and increase our market share. Our use of technology will also allow us to continue providing streamlined approval and documentation procedures and reduce incidence of error.

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

Diversify product portfolio

We also intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers and increase the share of income derived from sale of financial products. We intend to improve the diversity of our product portfolio both within our vehicle financing business as well as through the introduction and growth of other financial products. We intend to grow the share of our disbursements to pre-owned vehicles and light and heavy commercial vehicles to capture market share in what we believe is a growth area and improve the diversity of our loan exposure. We also intend to leverage our OEM relationships and our existing office network to diversify and expand our product portfolio.

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

Continue to attract and retain talented employees

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

GENERAL INFORMATION

Our Company was incorporated on January 1, 1991, as Maxi Motors Financial Services Limited as a public limited company under the provisions of the Companies Act, as amended and was granted a certificate of incorporation by the RoC. The name of our Company was changed to Mahindra & Mahindra Financial Services Limited and a fresh certificate of incorporation consequent upon change of name was granted by the RoC on November 3, 1992.

Registered Office:

Gateway Building, Apollo Bunder, Mumbai, – 400 001, Maharashtra, India.
Tel: +91 22 6652 6000; Fax: +91 222 2287 5485
E-mail: investorhelpline_mmfs@ mahindra.com;
Website: www.mahindrafinance.com

Corporate Office:

Mahindra Towers, 4th Floor,
Dr. G M. Bhosale Marg,
P K. Kurne Chowk, Worli,
Mumbai - 400 018, Maharashtra, India.
Tel: +91 22 6652 6000; Fax: +91 2495 3608
E-mail: investorhelpline_mmfs@ mahindra.com;
Website: www.mahindrafinance.com

Registration:

Corporate Identification Number: L65921MH1991PLC059642 issued by the RoC.

Our Company holds a certificate of registration dated September 4, 1998 bearing number 13.00996 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934 which has been renewed on March 21, 2007.

Chief Financial Officer:

Mr. Ravi Venkatraman (V Ravi)
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor, Dr. G M. Bhosale Marg,
P K. Kurne Chowk, Worli, Mumbai –400 018
Tel: +91 22 66526000
Fax: +91 22 24984170/71
Email: ravi.v@mahindra.com

Compliance Officer and Company Secretary:

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Ms. Arnavaz M. Pardiwalla
Company Secretary
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor, Dr. G M. Bhosale Marg,
P K. Kurne Chowk, Worli, Mumbai –400 018
Tel: +91 22 66526035 (Direct), +91 22 66526000 (Board)
Fax: +91 22 24984170/71
Email: pardiwala.arnavaz@mahindra.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, non-receipt of Debenture Certificates, transfers, or interest on application money etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Consortium where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchanges Mechanism or through Trading Members may be addressed directly to the respective Stock Exchanges

Lead Managers:

ICICI Securities Limited

ICICI Center,
H. T. Parekh Marg,
Churchgate, Mumbai – 400 020
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580
E-mail: mmfsl.ncd@icicisecurities.com
Investor Grievance Email: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Rupesh Khant
Compliance Officer: Subir Saha
Email (Compliance Officer): subir.saha@icicisecurities.com
Tel (Compliance Officer): +91 22 6637 7178
SEBI Registration No: INM000011179

A. K. Capital Services Limited

30-39, Free Press House, 3rd Floor,
Free Press Journal Marg,
215, Nariman Point,
Mumbai – 400 021
Tel: +91 22 6754 6500/ 6634 9300
Fax: + 91 22 6610 0594
Email: mmfsl.pi.ncds1@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akcapindia.com
Contact Person: Ms. Shilpa Pandey/Mr. Malay Shah
Compliance Officer: Ms. Kanchan Singh
Email (Compliance Officer): investor.grievance@akgroup.co.in
Tel (Compliance Officer): +91 22 6754 6500/ 6634 9300
SEBI Registration No.: INM000010411

Edelweiss Financial Services Limited

Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Tel: +91 22 4086 3535
Fax: +91 22 -4086 3610
Email: mmfslncd@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Mandeep Singh / Mr. Lokesh Singhi
Compliance Officer: Mr B. Renganathan
Email (Compliance Officer): customerservice.mb@edelweissfin.com
Tel (Compliance Officer): +91 22 4086 3535
SEBI Registration No.: INM0000010650

JM Financial Institutional Securities Limited

7th Floor, Cnergy,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
Email: mmfsl.ncd@jmfl.com
Investor Grievance Email: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Ms. Lakshmi Lakshmanan
Compliance Officer: Mr. Chintal Sakaria
Email (Compliance Officer): chintal.sakaria@jmfl.com
Tel (Compliance Officer): +91 22 6630 3030
SEBI Registration No.: INM000010361

SBI Capital Markets Limited

202, Maker Tower E
Cuffe Parade, Mumbai – 400 005,
Maharashtra, India
Tel: +9122 2217 8300
Fax: +91 22 2218 8332
E-mail:mmfsl.ncd@sbicaps.com
Investor Grievance Email: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Aditya Deshpande
SEBI Registration No : INM000003531
Compliance Officer: Mr. Bhaskar Chakraborty
Email (Compliance Officer): bhaskar.chakraborty@sbicaps.com
Tel (Compliance Officer): +9122 2217 8300
SEBI Registration No : INM000003531

Trust Investment Advisors Private Ltd.

109/110, Balarama, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Tel: +91 22 4084 5000
Fax: +91 22 4084 5007
Email: mbd.trust@trustgroup.co.in
Investor Grievance customercare@trustgroup.co.in
Website: www.trustgroup.co.in
Contact Person: Mr. Balkrishna Shah
Compliance Officer: Mr. Balkrishna Shah
Email (Compliance Officer): balkrishna.shah@trustgroup.co.in
Tel (Compliance Officer): +91-22-40845060
SEBI Registration No: INM000011120

YES Securities (India) Limited

YES BANK Tower,
IFC 2, 19th Floor,
Senapati Bapat Marg,
Elphinstone (W), Mumbai – 400 013
Tel.: +91 22 3347 9688
Fax: +91 22 2421 4511
E-mail: mahindrafinancencd@yessecuritiesltd.in
Investor Grievance Email: igc@yessecuritiesltd.in
Website: www.yesinvest.in
Contact Person: Mr. Dhruvin Mehta
Compliance Officer: Mr. Dhanraj Uchil
Email (Compliance Officer): dhanraj.uchil@yessecuritiesltd.in
Tel (Compliance Officer): +91 22 3347 9688
SEBI Registration No : MB/INM000012227

Debenture Trustee:

Axis Trustee Services Limited

2nd Floor, E wing, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli Mumbai 400 025
Tel:+91-22- 2425 5218
Fax:+91- 22- 2425 4200
Email: debenturetrustee@axistrustee.com
Investor Grievance Email: debenturetrustee@axistrustee.com
Website: www.axistrustee.com
Contact Person: Mr. Makarand Kulkarni
SEBI Registration Number: IND000000494
CIN:U74999MH2008PLC182264

Registrar:**Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda, Gachibowli,
Hyderabad – 500 032
Tel: 040-67162222
Fax: 040-23001153
Email: einward.ris@karvy.com
Investor Grievance Email: kosammattam.ncdipo6@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U74140TG2003PTC041636

Statutory Auditor**B K Khare & Co.**

Chartered Accountants
706-708, Sharda Chambers,
New Marine Lines,
Mumbai – 400 020.
Tel: +91 22 22006360/7318, +91 22 66315835
Email: info@bkkhareco.com
Firm registration number: 105102W

Date of appointment as Statutory Auditor: July 24, 2015

Credit Rating Agencies**Credit Analysis and Research Limited**

4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (E), Mumbai 22,
Maharashtra, India
Tel: +91 6754 3456
Fax: +91 6754 3457
Email: vijay.agrawal@careratings.com
Website: www.careratings.com
Contact Person: Mr. Vijay Agrawal

India Ratings & Research Private Limited

Workhardt Tower, Level 4,
West Wing,
Bandra Kurla Complex,
Bandra (E), Mumbai 400 051,
Maharashtra, India
Tel: +91 22 4000 1700
Fax: +91 22 4000 1701
Email: shrikant.dev@indiaratings.co.in
Website: www.indiaratings.com
Contact Person: Srikant Dev

Legal Advisor to the Issue:

Khaitan & Co
One Indiabulls Centre,
13th Floor, Tower 1,
841 Senapati Bapat Marg
Mumbai- 400 013
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Bankers to the Issue:

As specified in relevant Tranche Prospectus

Self Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to ASBA Applications submitted to the Lead Managers or the Trading Members of the Stock Exchange only in the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of ASBA Applications from such Lead Managers or the Trading Members of the Stock Exchange is provided on <http://www.sebi.gov.in/> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Lead Managers or the Trading Members of the Stock Exchange only in the Specified Cities, see the above mentioned web-link.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013”.

Underwriting:

Our Company may enter into an underwriting prior to filing of the Tranche Prospectus with RoC. Details of underwriting will be specified in the relevant Tranche Prospectus.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75 % of the Base Issue, prior to the Issue Closing Date the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay, by our Company in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Credit Rating and Rationale

The NCDs proposed to be issued under this Issue have been rated 'CARE AAA (Triple A)' for an amount of ₹ 1,000,000 lacs, by CARE and "IND AAA" for an amount of ₹ 1,00,000 lacs, by India Ratings. The rating of NCDs by CARE and India Ratings indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agencies and should be evaluated independently of any other ratings.

The rationale for the aforementioned rating issued by CARE are as follows:

The ratings factor in the majority ownership of MMFSL by Mahindra & Mahindra Ltd. (M&M, rated CARE AAA), strategic importance of MMFSL for M&M and common brand name. The ratings also take into account the expected support from M&M, good operational linkages with M&M, strong management, long track record of operations, comfortable capitalization and liquidity profile, diversified asset mix, well-diversified funding profile and good profitability. The ratings also factor in the stressed asset quality due to the seasonal nature of income of its customers in rural and semi-urban areas and current slowdown in the overall economy. Credit profile of the parent (M&M), strategic importance of MMFSL for M&M, asset quality and profitability are the key rating sensitivities.

The rationale for the aforementioned rating issued by CARE are as follows:

The ratings factor in the majority ownership of MMFSL by Mahindra & Mahindra Ltd. (M&M, rated CARE AAA), strategic importance of MMFSL for M&M and common brand name. The ratings also take into account the expected support from M&M, good operational linkages with M&M, strong management, long track record of operations, comfortable capitalization and liquidity profile, diversified asset mix, well-diversified funding profile and good profitability. The ratings also factor in the stressed asset quality due to the seasonal nature of income of its customers in rural and semi-urban areas and current slowdown in the overall economy. Credit profile of the parent (M&M), strategic importance of MMFSL for M&M, asset quality and profitability are the key rating sensitivities.

The rationale for the aforementioned rating issued by India Ratings are as follows:

MMFSL's long-term ratings continue to reflect the credit strength of its parent - Mahindra & Mahindra Limited (M&M; 'IND AAA'/Stable; 51.2% stake), and Ind-Ra's expectation of strong, timely financial support to MMFSL from M&M, if required. Ind-Ra considers MMFSL to be a core subsidiary of M&M due to its high importance to M&M. MMFSL finances about one-fourth of M&M's total sales in rural and semi-urban regions and Ind-Ra considers MMFSL vital for M&M's strategy in rural geographies. MMFSL shares its parent's brand name and has strong operational linkages with it. In FYE15, M&M's liquid investments were sufficient to cover the debt obligations of both M&M and MMFSL payable over a quarter.

Utilisation of Issue proceeds

For details on utilization of Issue proceeds please see "Objects of the Issue" on page 70 of this Draft Shelf Prospectus.

Issue Programme

ISSUE PROGRAMME***ISSUE OPENS ON** [●]

ISSUE CLOSES ON [●]

Applications Forms for the Issue will be accepted only between 10 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange, as the case maybe, at the centres mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centres of the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange, as the case maybe, only at the selected cities. On the Issue Closing Date Application Forms will be accepted only between 10 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis.

**The Issue may close on such earlier date or extended date as may be decided at the discretion of the duly authorised committee of Directors of our Company subject to necessary approvals, if any. In the event of such early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors, on or before such early date of closure or the Issue Closing Date, as the case may be, through advertisement/s in a leading national daily newspaper.*

CAPITAL STRUCTURE

Details of Share Capital and Securities Premium account

The following table lays down details of our authorised, issued, subscribed and paid up Share capital and securities premium account as of the date of this Draft Shelf Prospectus:

(₹ in lacs)	
Authorised share capital	Aggregate value
70,00,00,000 Equity Shares	14,000.00
50,00,00,000 Redeemable Preference Shares	5,000.00
Total Authorised Share Capital	19,000.00
Issued, subscribed and paid up Equity Share capital	
56,87,64,960 Equity Shares	11,375.30
Paid up equity share capital after the Issue	
56,87,64,960 Equity Shares	11,375.30
Securities premium account	
Existing Securities Premium Account	2,03,075.54
Securities Premium Account after the Issue	2,03,075.54

Details of change in Authorized share capital of our company as on the date of this Draft Shelf Prospectus for last five years:

Date of AGM/EGM	Alteration
January 3, 2011	The Authorised Share Capital of our Company was increased from ₹ 16,000 lacs divided into 11,00,00,000 Equity Shares of ₹ 10 each and 50,00,00,000 Redeemable Preference Shares of ₹ 100 each to ₹ 19,000 lacs divided into 14,00,00,000 Equity Shares of ₹ 10 each and 50,00,00,000 Redeemable Preference Shares of ₹ 100 each, <i>vide</i> a resolution passed by the shareholders of our Company, by way of postal ballot.
February 5, 2013	The Authorised Share Capital of our Company was re-organised upon sub-division from 14,00,00,000 Equity Shares of ₹ 10 each and 50,00,00,000 Redeemable Preference Shares of ₹ 100 each to 70,00,00,000 Equity Shares of ₹ 2 each and 50,00,00,000 Redeemable Preference Shares of ₹ 100 each, <i>vide</i> a resolution passed by the shareholders of our Company, by way of postal ballot.

1. Equity Share capital of our Company

The following is the history of the paid up Equity Share capital of our Company for the last five years ended December 31, 2015:

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Consideration in cash/ Other than cash	Cumulative			Nature of allotment
					No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
February 3, 2011	9,69,005	10	10	Cash	9,78,69,530	97,86,95,300	7,64,66,03,904	Allotment to ESOP Trust ⁽¹⁾
February 22, 2011	61,33,205	10	695	Cash	10,40,02,735	1,04,00,27,350	11,84,78,49,329	Allotment of shares through qualified institutional placement (“QIP”) ⁽²⁾

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Consideration in cash/ Other than cash	Cumulative			Nature of allotment
					No. of Equity Shares	Equity Share capital (₹)	Share premium account (₹)	
November 16, 2012	97,50,257	10	889	Cash	11,37,52,992	1,13,75,29,920	20,41,83,25,232	Allotment of shares through QIP ⁽³⁾
February 5, 2013	56,87,64,960	2	-	-	56,87,64,960	1,13,75,29,920	20,41,83,25,232	Sub division of equity shares

Notes

- (1) 9,69,005 Equity Shares were allotted to the ESOP Trust pursuant to Board Resolution dated July 23, 2008
- (2) 61,33,205 Equity Shares were allotted pursuant to QIP vide resolution of QIP Committee dated February 22, 2011
- (3) 97,50,257 Equity Shares were allotted pursuant to QIP vide resolution of QIP Committee dated November 16, 2012.

2. Details of Promoter's shareholding in our Company's subsidiaries as on December 31, 2015:

Nil

3. Shareholding of Directors in our Company

The Articles of Association do not require the Directors to hold any qualification Equity Shares. The shareholding of the Directors in our Company as of December 31, 2015 is mentioned below:

S. No.	Name of Director	No. of Equity Shares
1.	Mr. Ramesh Iyer	6,36,380
2.	Mr. V Ravi	4,78,850
3.	Mr. Dhnanjay Mungale	50,000
4.	Mr. Manohar G Bhide	50,000
5.	Mr. Piyush Mankad	50,000
6.	Mrs. Rama Bijapurkar	50,000
7.	Mr. V. S. Parthasarathy	250

None of our Independent Directors hold any ESOPs.

4. Shareholding of Directors in our Subsidiaries and Joint Venture

None of our Directors hold equity shares in our Subsidiaries and Joint Venture in their personal capacity.

5. Shareholding pattern of our Company

The following is the shareholding pattern of our Company, as of December 31, 2015:

Table I - Summary Statement of holding of specified securities

Category	Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (Including Warrants)	Share holding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form			
								No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)		(X)	(XI)	(XII)	(XIII)	(XIV)				
(A)	Promoter & Promoter Group	2	295566593	0	0	295566593	51.97	295566593	0	295566593	51.97	0	51.97	0	0.00	0	0.00	295566593
(B)	Public	55146	273198367	0	0	273198367	48.03	273198367	0	273198367	48.03	0	48.03	0	0.00	NA	NA	272235307
(C)	Non Promoter-Non Public																	
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0

Category	Category of Shareholder	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting Rights			Total as a % of (A+B+C)		No.	As a % of total Shares held	No.	As a % of total Shares held		
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)					
(C2)	Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	N/A	0
Total:		55148	568764960	0	0	568764960	100.00	568764960	0	568764960	100.00	0	100.00	0	0.00			567801900

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the Shareholders	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No of Shares Held (VII =IV+V+VI)	Shareholding % calculate as per SCRR, 1957 as a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form			
								No. of Voting Rights	Total as a % of Total Voting rights	No.			As a % of total Shares held	No.			As a % of total Shares held		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	Class X	Class Y	Total	(X)	(XI)	(XII)	(XIII)	(XIV)				
(1) Indian																			
(a) Individual s/Hindu undivided Family																			
(b) Central Government/State Government(s)			0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0
(c) Financial Institutions/Banks			0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0
(d) Any Other			2	295566593	0	0	295566593	51.97	295566593	0	295566593	51.97	0	51.97	0	0.00	0	0.00	295566593
MAHINDRA & RA	AAACM3025E	1	291207660	0	0	291207660	51.20	291207660	0	291207660	51.20	0	51.20	0	0.00	0	0.00	291207660	

Category & Name of the Shareholders	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No of Shares Held (VII =IV+V+VI)	Shareholding % calculate as per SCRR, 1957 as a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								No. of Voting Rights	Total as a % of Total Voting rights				No.	As a % of total Shares held				
								Class X	Class Y	Total			No.	As a % of total Shares held	No.	As a % of total Shares held		
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)		(X)	(XI)	(XII)	(XIII)	(XIV)				
MAHINDRA LIMITED																		
MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED EMPLOYEES' STOCK OPTION TRUST	AABTM7192E	1	4358933	0	0	4358933	0.77	4358933	0	4358933	0.77	0	0.77	0	0.00	0	0.00	4358933

Category & Name of the Shareholders	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No of Shares Held (VII =IV+V+VI)	Shareholding % calculate as per SCRR, 1957 as a % of (A+B+C 2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No. of Voting Rights	Total as a % of Total Voting rights	No.	As a % of total Shares held			No.	As a % of total Shares held			
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)					(XIV)
Sub-Total (A)(1)		2	295566593	0	0	295566593	51.97	295566593	0	295566593	51.97	0	51.97	0	0.00	0	0.00	295566593
(2) Foreign																		
(a) Individuals (Non-Resident Individuals/Foreign Individuals)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b) Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c) Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d) Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e) Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0

Category & Name of the Shareholders	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No of Shares Held (VII =IV+V+VI)	Shareholding % calculate as per SCRR, 1957 as a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
								No. of Voting Rights	Total as a % of Total Voting rights				No.	As a % of total Shares held	No.	As a % of total Shares held		
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)		(X)	(XI)	(XII)	(XIII)	(XIV)				
Sub-Total (A)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		2	295566593	0	0	295566593	51.97	295566593	0	295566593	51.97	0	51.97	0	0.00	0	0.00	295566593

Table III - Statement showing shareholding pattern of the Public Shareholder

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form			
								Class X	Class Y	Total			No.	As a % of total Shares held			No.	As a % of total Shares held	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)				
(1) Institutions																			
(a) Mutual Funds			82	44770161	0	0	44770161	7.87	44770161	0	44770161	7.87	0	7.87	0	0.00	NA	NA	44770161
ICICI PRUDENTIAL LONG TERM EQUITY	AAAAI0038F		10	13028867	0	0	13028867	2.29	13028867	0	13028867	2.29	0	2.29	0	0.00	NA	NA	13028867

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								Class X	Class Y	Total			No.	As a % of total Shares held			No.	As a % of total Shares held
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
FUND (TAX SAVING)																		
UTI - TOP 100 FUND	AAATU1088L	12	17444343	0	0	17444343	3.07	17444343	0	17444343	3.07	0	3.07	0	0.00	NA	NA	17444343
SBI EMERGING BUSINESSES FUND	AABTS6407Q	8	6307206	0	0	6307206	1.11	6307206	0	6307206	1.11	0	1.11	0	0.00	NA	NA	6307206
(b) Venture Capital Funds		1	1855000	0	0	1855000	0.33	1855000	0	1855000	0.33	0	0.33	0	0.00	NA	NA	1855000

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								Class X	Class Y	Total			No.	As a % of total Shares held				
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
(c) Alternate Investment Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d) Foreign Venture Capital Investors		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e) Foreign Portfolio Investors		339	191751055	0	0	191751055	33.71	191751055	0	191751055	33.71	0	33.71	0	0.00	NA	NA	191751055

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form			
								No. of Voting Rights	Total as a % of Total Voting rights	No.	As a % of total Shares held	As a % of total Shares held						
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)					
ABU DHABI INVESTMENT AUTHORITY - BGO-EM	AAACA4380N	5	8466140	0	0	8466140	1.49	8466140	0	8466140	1.49	0	1.49	0	0.00	NA	NA	8466140
JPMORGAN SICAV INVESTMENT COMPANY (MAURITIUS) LIMITED	AAACF1225B	1	6365923	0	0	6365923	1.12	6365923	0	6365923	1.12	0	1.12	0	0.00	NA	NA	6365923

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								Class X	Class Y	Total			No.	As a % of total Shares held			No.	As a % of total Shares held
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
FRANKLIN TEMPLETON INVESTMENT FUNDS	AABCT5310J	1	15471054	0	0	15471054	2.72	15471054	0	15471054	2.72	0	2.72	0	0.00	NA	NA	15471054
ARANDA INVESTMENTS (MAURITIUS) PTE LTD	AAFCA0250J	1	14159390	0	0	14159390	2.49	14159390	0	14159390	2.49	0	2.49	0	0.00	NA	NA	14159390
AMANSA HOLDINGS	AAKCA7237L	1	15524146	0	0	15524146	2.73	15524146	0	15524146	2.73	0	2.73	0	0.00	NA	NA	15524146

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								Class X	Class Y	Total			No.	As a % of total Shares held			No.	As a % of total Shares held
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
PRIVATE LIMITED																		
(f) Financial Institutions/Banks		9	6661394	0	0	6661394	1.17	6661394	0	6661394	1.17	0	1.17	0	0.00	NA	NA	6661394
LIFE INSURANCE CORPORATION OF INDIA	AAACL0582H	2	6160553	0	0	6160553	1.08	6160553	0	6160553	1.08	0	1.08	0	0.00	NA	NA	6160553
(g) Insurance Companies		2	2028260	0	0	2028260	0.36	2028260	0	2028260	0.36	0	0.36	0	0.00	NA	NA	2028260

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								Class X	Class Y	Total			No.	As a % of total Shares held			No.	As a % of total Shares held
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
(h) Provident Funds/Pension Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(i) Any Other																		
Sub Total (B)(1)		433	247065870	0	0	247065870	43.44	247065870	0	247065870	43.44	0	43.44	0	0.00	NA	NA	247065870
(2) Central Government/State Government(s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculate as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								Class X	Class Y	Total			No.	As a % of total Shares held			No.	As a % of total Shares held
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
/President of India																		
Sub Total (B)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(3) Non-Institutions																		
(a) i. Individual shareholders holding nominal share		52769	15878167	0	0	15878167	2.79	15878167	0	15878167	2.79	0	2.79	0.00	NA	NA	15373307	

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form	
								Class X	Class Y	Total			No.	As a % of total Shares held			No.
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)		
capital up to ₹2 lakhs																	
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 Lakhs		17	4717115	0	0	4717115	0.83	4717115	0	4717115	0.83	0	0.83	0.00	NA	N A	4431405

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								Class X	Class Y	Total			No.	As a % of total Shares held			No.	As a % of total Shares held
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)	(XIII)	(XIV)			
(b) NBFCs Registered with RBI		7	11457	0	0	11457	0.00	11457	0	11457	0.00	0	0.00	0	0.00	NA	NA	11457
(c) Employee Trusts		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d) Overseas Depositories (Holding DRs)(Balancing figure)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e) Any Other		1920	5525758	0	0	5525758	0.97	5525758	0	5525758	0.97	0	0.97	0	0			5353268

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form		
								No. of Voting Rights	Total as a % of Total Voting rights	No. As a % of total Shares held			No. As a % of total Shares held					
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)					
TRUSTS		6	868457	0	0	868457	0.15	868457	0	868457	0.15	0	0.15	0	0.00	NA	NA	868457
NON RESIDENT INDIANS		1000	953019	0	0	953019	0.17	953019	0	953019	0.17	0	0.17	0	0.00	NA	NA	953019
CLEARING MEMBERS		108	517359	0	0	517359	0.09	517359	0	517359	0.09	0	0.09	0	0.00	NA	NA	517359
BODIES CORPORATE S		806	3186923	0	0	3186923	0.56	3186923	0	3186923	0.56	0	0.56	0	0.00	NA	NA	3014433

Category & Name of the Shareholder	PAN	No. of Shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of Shares Underlying Depository Receipts	Total No. of Shares Held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in Shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialized form	
								No. of Voting Rights			Total as a % of Total Voting rights	No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total						
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)			
Sub Total		54713	26132497	0	0	26132497	4.59	26132497	0	26132497	4.59	0	4.59	0	0.00	25169437
(B)(3)																
Total Public Shareholding		55146	273198367	0	0	273198367	48.03	273198367	0	273198367	48.03	0	48.03	0	0.00	272235307
(B)	=															
(B)(1)+(B)(2)+(B)(3)																

6. Details of the top 10 Equity shareholders of our Company

Given below are details of the top 10 Equity shareholders of our Company as of December 31, 2015:

Sr. No.	Name	No. of Equity Shares	No. of Equity Shares held in dematerialised form	As % of total number of shares
1.	Mahindra & Mahindra Limited	29,12,07,660	29,12,07,660	51.20
2.	Amansa Holdings Private Limited	1,55,24,146	1,55,24,146	2.73
3.	Franklin Templeton Investment Funds	1,54,71,054	1,54,71,054	2.72
4.	Aranda Investments (Mauritius) Pte Ltd	1,41,59,390	1,41,59,390	2.49
5.	JP Morgan Sicav Investment Company (Mauritius) Limited	63,65,923	63,65,923	1.12
6.	Life Insurance Corporation of India	60,01,482	60,01,482	1.08
7.	Bank Muscat S A O G A/C Bankmuscat India Fund	53,80,135	53,80,135	0.95
8.	FIL Investments (Mauritius) Limited	52,23,616	52,23,616	0.92
9.	JP Morgan India Fund	49,94,009	49,94,009	0.88
10.	Stichting Depository APG Emerging Markets Equity Pool	49,11,156	49,11,156	0.86
TOTAL		36,92,38,571	36,92,38,571	64.92

7. Top 10 debenture holders (secured and unsecured) of our Company

Given below are details of the top 10 debenture holders (secured and unsecured) of our Company as of December 31, 2015:

Sr. No.	Name of Debenture Holders	Amount
1.	Wipro Limited	68,920.00
2.	Reliance Capital Trustee Co Ltd/C-Reliance Money Manager Fund	50,000.00
3.	Punjab National Bank	47,500.00
4.	IDFC Bank Limited	44,000.00
5.	Kotak Mahindra Bank Ltd	30,000.00
6.	Citicorp Investment Bank (Singapore) Limited	27,500.00
7.	Postal Life Insurance Fund A/C Uti Amc	27,500.00
8.	CBT EPF-05-A-DM	27,000.00
9.	Life Insurance Corporation of India P and Gs Fund	24,550.00
10.	Postal Life Insurance Fund A/C SBIFMPL	24,000.00
Total		3,70,970.00

8. Long term debt to equity ratio.

Particulars	(In ₹ lacs)	
	Prior to the Issue (as of December 31, 2015)	Post-Issue*
Debt		
Short term debt – Current	5,61,968.06	5,61,968.06
Long term debt – Non current	16,72,474.93	17,72,474.93
Current debt	6,53,935.36	6,53,935.36
Total debt	28,88,378.35	29,88,378.35
Capital		
Share capital	11,288.12	11,288.12
Reserves and surplus	5,87,177.75	5,87,177.75

Particulars	Prior to the Issue (as of December 31, 2015)	Post-Issue*
Net worth (Equity)	5,98,465.87	5,98,465.87
Long term debt/ Equity	3.89:1	4.05:1
Total debt/ Equity	4.83:1	4.99:1

*Any change in total debt and net worth after December 31, 2015 has not been considered.

9. Statement of the aggregate number of securities of our Company and its Subsidiaries purchased or sold by our Promoter and the directors of our Promoter, our Directors and/or their relatives within six months immediately preceding the date of filing this Draft Shelf Prospectus:

Except as disclosed, this Draft Shelf Prospectus, none of the Directors of our Company, the directors of our Promoter including their relatives as defined under Section 2(77) of the Companies Act, 2013 and the Promoter of our Company and its subsidiaries have undertaken purchase and/or sale of the Equity Shares of our Company during the preceding 6 (six) months from the date of this Draft Shelf Prospectus.

10. None of the Equity Shares are pledged or otherwise encumbered by the Promoter.

11. There has been no change in the promoter holding in our Company during the last financial year beyond 26% (as prescribed by RBI)

12. Details of any acquisition or amalgamation in the last one year:

Mahindra Business & Consulting Services Private Limited (“MBCSPL”), a wholly-owned subsidiary of our Company was engaged in the business of providing staffing services to the Mahindra group companies and had no business operations as on the date of announcement of the Scheme of Amalgamation of MBCSPL with our Company and their shareholders and creditors. In order to have a simplified corporate structure, rationalisation of administrative, operative and marketing costs and to enable cost saving and optimum utilization of valuable resources leading to higher operational efficiency, a Scheme of Amalgamation of MBCSPL with our Company and their shareholders and creditors (“Scheme”) was announced. The Scheme was approved by the public shareholders by means of a postal ballot voting process (including e-voting) on January 13, 2015. The Scheme has been approved by the Honourable High Court of Judicature at Bombay on March 20, 2015 and the same has been made effective from April 18, 2015, by filing the certified copy of the Order with the RoC. The appointed date of the Scheme was April 1, 2014.

13. Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of this Draft Shelf Prospectus.

14. For details of the outstanding borrowing of our Company, please see the section titled “*Financial Indebtedness*” on page 154 of this Draft Shelf Prospectus.

15. Employee Stock Option Scheme:

Our Company has formulated two employee stock option schemes titled “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme-2005” (“**ESOS-2005**”) and Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme-2010” (“**ESOS-2010**”). Both the schemes in accordance with the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended (the “**SEBI ESOP Guidelines**”). The ESOS-2005 was authorized pursuant to a special resolution passed by the shareholders of our Company and Board Resolution dated October 24, 2005 while the ESOS-2010 has been authorized *vide*, Board resolution dated October 22, 2010 and resolution passed by Shareholders of our Company by means of postal ballot dated September 18, 2010.

The purpose of the ESOS-2005 is to provide the employees with an additional incentive in the form of options to receive the equity shares of our Company at a future date. The ESOS-2005 is aimed at further motivating, and retaining the employees and thereby increasing the profitability of our Company. During the FY 2015-16, no options have been granted nor exercised under ESOS-2005.

The purpose of the ESOS-2010 is not merely to have another kind of remuneration. The objective is also to use the scheme as a business strategy to enhance our Company's profitability by providing equity linked incentive to employees, so that the employees keep exploring possibilities of increasing the revenue, saving costs and enhancing the profits our Company. The details are as follows:

Particulars	Sch 2005	Sch 2010
Options Outstanding on April 1, 2015	NIL	21,22,955
Add: Options Granted during the period / year	NIL	57,920
Less: Options forfeited / lapsed during the period / year	NIL	5,995
Less: Options exercised during the period/year	NIL	2,65,356
Options Outstanding as on December 31, 2015	NIL	19,09,524
Less: Options vested but not exercised on December 31, 2015	NIL	1,96,442
Options Unvested	NIL	17,13,082

OBJECTS OF THE ISSUE

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company (“**Net Proceeds**”), estimated to be approximately ₹ [•] lacs, towards funding the following objects (collectively, referred to herein as the “**Objects**”):

1. For the purpose of onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital; and
2. General corporate purposes;

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the Proceeds of the Issue are set forth in the following table:

(₹ in lacs)		
Sr. No.	Description	Amount
1.	Gross Proceeds of the Issue	[•]
2.	Issue Related Expenses	[•]
3.	Net Proceeds	[•]

Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

Sr. No.	Objects of the Fresh Issue	Percentage of amount proposed to be financed from Issue Proceeds
1.	Onward lending, financing, refinancing the existing indebtedness of our Company, long-term working capital	At least 75%
2.	General Corporate Purposes*	up to 25%
Total		100%

**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

The NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II capital and accordingly will be utilised in accordance with statutory and regulatory requirements including requirements of RBI.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Interim Use of Proceeds

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board shall monitor the utilization of the proceeds of the Issue. For the relevant Financial Years commencing from Financial Year 2016-17, our Company will disclose in our financial statements, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Other Confirmation

In accordance with the SEBI Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company and our subsidiaries.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter.

The Issue Proceeds from NCDs allotted to Banks will not be utilized for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, the acquisition of any immovable property or acquisition of securities of any other body corporate.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Mahindra & Mahindra Financial Services Limited

Dear Sirs,

Statement of Possible Tax Benefits available to the debenture holders of Mahindra & Mahindra Financial Services Limited

We, B. K. Khare & Co., Chartered Accountants, hereby report that the enclosed statement states the possible tax benefits available to the debenture holders of Mahindra & Mahindra Financial Services Limited ('the Company') under the Income-tax Act, 1961 (amended by The Finance Act, 2015, including amendment proposed by the Finance Bill, 2016) and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which based on business imperatives it faces in the future, it may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

- i) the debenture holders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Yours faithfully

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration Number: 105102W

Naresh Kumar Kataria
Partner
Membership Number: 037825
Mumbai
March 16, 2016

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

Under the current tax laws, the following tax benefits, inter-alia, will be available to the Debenture Holders. The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Debenture Holder is advised to consider in his own case the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')

I. To the Resident Debenture Holder

1. Interest on NCD received by resident Debenture Holders would be subject to tax at the normal rates of tax in accordance with & subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:

- a. In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF') Debenture Holder does not or is not likely to exceed Rs. 5,000 in the aggregate during the financial year and the interest is paid by an account payee cheque.
- b. In case of payment of interest on any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- c. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
- d. (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax.

To illustrate, the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs. 2,50,000; in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is Rs. 3,00,000; and in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs. 5,00,000 for Financial Year 2015-16. Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs. 5,000 whichever is less to a resident individual whose total income does not exceed Rs. 500,000

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to

deduct surcharge, education cess and secondary and higher education cess.

3. Under section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debentures from the sale consideration.

However as per the third proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gains arising on transfer of listed debentures would be subject to tax at the rate of 10 % computed without indexation.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

4. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at para 3 above would also apply to such short term capital gains.

5. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation and hold such gains/income as interest income in the hands of such Debenture Holder(s).

II. To the Non Resident Debenture Holder

1. A non-resident Indian has an option to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

- a. Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
- b. Under section 115F of the I.T. Act, if long term capital gains arise to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange and if the net consideration from such transfer is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act, then the long-term capital gains arising from transfer of such debentures will be exempt from capital gain tax in accordance with and subject to the provisions contained therein.

However, if the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.

- c. Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the

provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.

- d. Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange assets (other than on shares in an Indian Company) in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

2. In accordance with and subject to the provisions of section 115I of the I.T. Act, a Non-Resident Indian may opt not to be governed by the provisions of Chapter XII-A of the I.T. Act and if he does so the provisions of Chapter XII-A shall not apply to him for that assessment year. In that case

- a. Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation
- b. Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source for non-resident Indians is 20% on investment income and 10% on any long-term capital gains as per section 115E, and at 30% for Short Term Capital Gains if the payee Debenture Holder is a Non Resident in India.

4. The income tax deducted shall be increased by a surcharge as under:

(i) In the case of non-resident Indians surcharge at the rate of 15% of such tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs.1,00,00,000/-.

(ii) In the case of non domestic companies, at the rate of 2% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to deduction exceeds Rs.1,00,00,000/- but does not exceed Rs.10,00,00,000/-.

(iii) In the case of non-domestic company, at the rate of 5% of such income tax where the income or the aggregate of such income paid or likely to be paid and subject to the deduction exceeds Rs.10,00,00,000/-.

2% education cess and 1% secondary & higher education cess on the total income tax (including surcharge) is also required to be deducted at source under section 195 of the I.T. Act.

5. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of tax residency certificate, is a mandatory condition for availing benefits under any DTAA. If the tax residency certificate does not contain the prescribed particulars, a self-declaration in Form 10F would need to be provided by the assessee.

6. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 197(1) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.

Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation and hold such gains/income as interest income in the hands of such Debenture Holder(s)

III. To the Foreign Institutional Investors (FIIs)

1. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs are taxable at 10% (plus applicable surcharge and education and secondary and higher education cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and education and secondary and higher education cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.

2. Income other than capital gains arising out of debentures is taxable at 20% in accordance with and subject to the provisions of Section 115AD.

3. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs.

5. The provisions at para II (4 and 5) above would also apply to FIIs.

IV. To the Other Eligible Institutions

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein.

V. Exemption under Sections 54EC and 54F of the I.T. Act

1. Under section 54EC of the I.T. Act, long term capital gains arising to the resident debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of Rs 50 Lakhs during any financial year in the notified bonds. Where the benefit of section 54EC of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a Debenture Holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

This exemption is available, subject to the condition that the Debenture Holder does not own more than one residential house (other than the new residential house) at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Debenture Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

VI. Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) requires every person from whose income tax has been deducted at source under chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deduction of tax at source.

2. Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIII ('deductee') to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

(i) at the rate specified in the relevant provision of the I.T. Act; or

(ii) at the rate or rates in force; or

(iii) at the rate of twenty per cent.

b. A declaration under Section 197A(1) or 197A(1A) 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.

c. No certificate under section 197 would be granted unless the application made under that section contains the PAN of the applicant.

d. Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply

VII. Taxability of Gifts received for nil or inadequate consideration

As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'. However, the said section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957

Wealth-tax is not levied on investment in debentures under section 2(ea) of the Wealth-tax Act, 1957. The Finance Act, 2015 has abolished Wealth Tax Act, 1957 with effect from 1 April 2016 which shall then apply in relation to FY 2015-16 and subsequent years.

Notes

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.

2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and Wealth Tax Act, 1957 (collectively referred to as 'direct tax laws') and does not cover benefits under any other law.

3. The above statement of possible tax benefits are as per the direct tax laws as in force. Investors are advised to keep in touch with changes, if any, made in tax laws. Several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.

4. This statement is intended only to provide general information to the Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.

5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the nonresident has fiscal domicile.

7. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty.

8. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A / 195 of the I.T. Act

9. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views

are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV-ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from publicly-available documents, including officially-prepared materials from the Government of India and its various ministries, trade, industry or general publications and other third-party sources, including Society of Indian Auto Manufacturers, India Ratings and Research as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, or the Lead Managers or any of its advisors, and should not be relied on as if it had been so verified.

Overview of the Indian Economy

GDP and Disposable Income

The Indian economy is one of the largest economies in the world, with a GDP¹ of an estimated ₹106.44 trillion for Fiscal 2015. (Source: Ministry of Statistics and Programme Implementation, Provisional Estimates of Annual National Income, 2014-15 and Quarterly Estimates of Gross Domestic Product for the Fourth Quarter (Q4) 2014-15, dated May 29, 2015) Despite the sluggish global economy in Fiscal 2015, India has continued to be one of the fastest-growing major economies in the world. According to the IMF's World Economic Outlook Update of July 2015, India's GDP growth improved to 7.3% in Fiscal following 2014 from 6.9% in Fiscal 2013 and is projected to grow at 7.5% in each of Fiscal 2015 and Fiscal 2016. The table presents India's economic growth in comparison to certain other economies.

Growth in GDP (%)⁽¹⁾	2013	2014	2015⁽²⁾	2016⁽²⁾
World	3.4	3.4	3.3	3.8
ASEAN 5 ⁽³⁾	5.1	4.6	4.7	5.1
Brazil	2.7	0.1	(1.5)	0.7
China	7.7	7.4	6.8	6.3
India	6.9	7.3	7.5	7.5
Japan	1.6	(0.1)	0.8	1.2
United Kingdom	1.7	2.9	2.4	2.2
United States	2.2	2.4	2.5	3.0

Source: International Monetary Fund, World Economic Outlook Update of July 2015.

(1) Annual percentage change in GDP at constant prices and on a calendar year basis; *provided, however*, for India, data and forecasts are presented on a fiscal year basis and GDP figures are based on market prices with Fiscal 2012 as base year.

(2) Projected.

(3) Indonesia, Malaysia, Philippines, Thailand and Vietnam.

The improvement in GDP in Fiscal 2015 was driven mainly by private consumption and supported by fixed investment, even as government consumption and net exports declined considerably. (Source: Reserve Bank of India, Reserve Bank of India Annual Report 2014-2015 ("RBI's Annual Report, 2014-2015"))

India is the second most populous nation in the world with an estimated population of 1.25 billion as at July 2015, according to the CIA World Factbook, and approximately 67.3% and 32.7% of India's population lived in rural and urban areas, respectively, in 2015.

¹ At constant (Fiscal 2012) prices.

India's per capita GDP¹ has grown from around ₹27,273 for Fiscal 1991, at the time of liberalization, to an estimated ₹89,523 for Fiscal 2015 (Source: *International Monetary Fund, World Economic Outlook Database of April 2015*).

India's net annual disposable income has been on the rise in recent years. India's net disposable income grew from ₹150.13 billion to ₹659.00 billion from 2010-2011 to 2014-2015. (Source: *RBI's Annual Report, 2014-2015*)

The Reserve Bank of India believes that the outlook for growth in the Indian economy is improving gradually due to a number of factors, including robust business confidence and an expected boost in infrastructure investment from initiatives announced by the Union Budget, which should crowd in private investment and revive consumer sentiment, particularly as inflation ebbs. (Source: *RBI's Annual Report, 2014-2015*) Favourable real income effects could accrue from weaker commodity prices, in particular crude oil, and a possible step-up in agricultural activity if monsoon conditions continue to improve. (Source: *Reserve Bank of India, Third Bi-monthly Monetary Policy Statement, 2015-16*) This moderately positive outlook for India's long-term growth is due to a young population and corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. (Source: *CIA Factbook – India, Economy Overview*)

NBFC

A NBFC is a company registered under the Companies Act, 1956/2013 and is engaged in the business of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by Government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, sale/purchase/construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a non-banking financial company (Residuary non-banking company). It is mandatory that every NBFC should be registered with RBI to commence or carry on any business of non-banking financial institution as defined in clause (a) of Section 45 I of the RBI Act, 1934. All NBFCs are not entitled to accept public deposits. Only those NBFCs holding a valid Certificate of Registration with authorisation to accept public deposits can accept/hold public deposits. NBFCs authorised to accept/hold public deposits besides having minimum stipulated net owned fund should also comply with the directions such as investing part of the funds in liquid assets, maintain reserves, rating etc. issued by the Bank (Source: *RBI*). As of December 1, 2015, there were 208 NBFCs in India registered to accept public deposits (Source: http://www.rbi.org.in/scripts/NBFC_Pub_lic.aspx). Further, as of January 1, 2016, there were 11,541 NBFCs in India that do not accept public deposits (Source: http://www.rbi.org.in/scripts/bs_nbfclist.aspx)

Types of NBFCs

NBFCs are categorized a) in terms of the type of liabilities into Deposit and Non-Deposit accepting NBFCs, b) non deposit taking NBFCs by their size into systemically important and other non-deposit holding companies (NBFC-NDSI and NBFC-ND) and c) by the kind of activity they conduct. Within this broad categorization the different types of NBFCs are as follows:

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

II. Investment Company (IC): IC means any company which is a financial institution carrying on as its principal business the acquisition of securities,

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

IV. Infrastructure Finance Company (IFC): IFC is a non-banking finance company a) which deploys at least 75 per cent of its total assets in infrastructure loans, b) has a minimum Net Owned Funds of ₹ 300 crore, c) has a minimum credit rating of 'A 'or equivalent d) and a CRAR of 15%.

V. Systemically Important Core Investment Company (CIC-ND-SI): CIC-ND-SI is an NBFC carrying on the business of acquisition of shares and securities which satisfies the following conditions:-

- (a) it holds not less than 90% of its Total Assets in the form of investment in equity shares, preference shares, debt or loans in group companies;
- (b) its investments in the equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies constitutes not less than 60% of its Total Assets;
- (c) it does not trade in its investments in shares, debt or loans in group companies except through block sale for the purpose of dilution or disinvestment;
- (d) it does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI act, 1934 except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
- (e) Its asset size is Rs 100 crore or above and
- (f) It accepts public funds

VI. Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC) : IDF-NBFC is a company registered as NBFC to facilitate the flow of long term debt into infrastructure projects. IDF-NBFC raise resources through issue of Rupee or Dollar denominated bonds of minimum 5 year maturity. Only Infrastructure Finance Companies (IFC) can sponsor IDF-NBFCs.

VII. Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI): NBFC-MFI is a non-deposit taking NBFC having not less than 85% of its assets in the nature of qualifying assets which satisfy the following criteria:

- a. loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹ 1,00,000 or urban and semi-urban household income not exceeding ₹ 1,60,000;
- b. loan amount does not exceed ₹ 50,000 in the first cycle and ₹ 1,00,000 in subsequent cycles;
- c. total indebtedness of the borrower does not exceed ₹ 1,00,000;
- d. tenure of the loan not to be less than 24 months for loan amount in excess of ₹ 15,000 with prepayment without penalty;
- e. loan to be extended without collateral;
- f. aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs;
- g. loan is repayable on weekly, fortnightly or monthly instalments at the choice of the borrower

VIII. Non-Banking Financial Company – Factors (NBFC-Factors): NBFC-Factor is a non-deposit taking NBFC engaged in the principal business of factoring. The financial assets in the factoring business should constitute at least 50 percent of its total assets and its income derived from factoring business should not be less than 50 percent of its gross income.

IX. Mortgage Guarantee Companies (MGC) - MGC are financial institutions for which at least 90% of the business turnover is mortgage guarantee business or at least 90% of the gross income is from mortgage guarantee business and net owned fund is ₹100 crore.

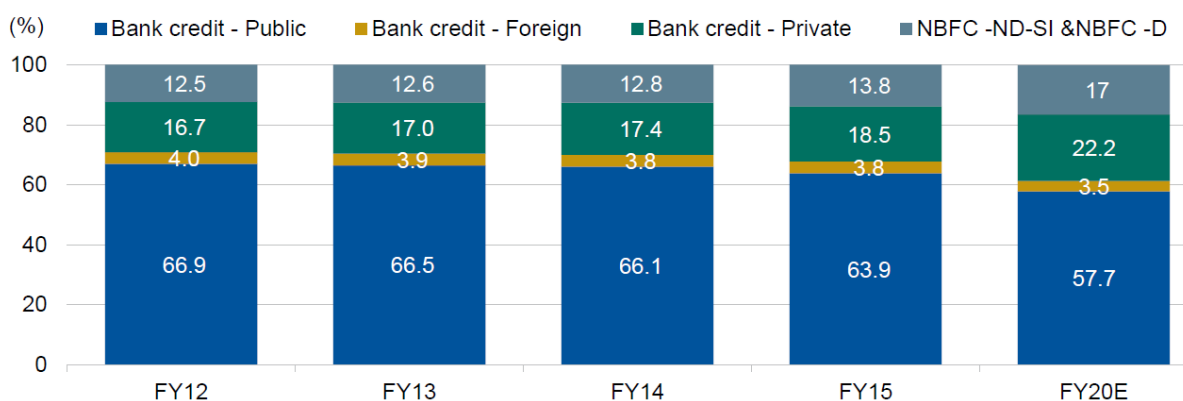
X. NBFC- Non-Operative Financial Holding Company (NOFHC) is financial institution through which promoter / promoter groups will be permitted to set up a new bank .It's a wholly-owned Non-Operative Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies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

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

Capitalising on the void left by banks

NBFCs focus on wholesale financing stand to benefit from the decline in banks' exposure to the corporate sector. As the large exposure regime of Basel-III kicks in, additional space will be vacated, as banks attempt to reduce their single name concentrations. (Source: *India Ratings & Research Report*)

Bank to Non-Bank Credit as a Proportion of Total Loans



(Source: *India Ratings & Research Report*)

NBFCs to Gain Loan Market Share

The GDP growth revival will entail large credit demand from the system. However, most public sector banks, which control about 70% of the system, have limited ability to provide the required credit in view of their capital constraints (increased capital provision needs under Basel III). The credit market share, especially where NBFCs have niche (small & medium enterprises, commercial assets), is expected to move to them. (Source: *India Ratings & Research Report*)

Auto Industry

Auto industry performance in the Financial Year 2014-15:

Production

The industry produced a total of 23,366,246 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in April-March 2015 as against 21,500,165 in April-March 2014, registering a growth of 8.68 percent over the same period last year. (Source: *Society of Indian Automobile Manufacturers*)

Domestic Sales

The sales of Passenger Vehicles grew by 3.90 percent in April-March 2015 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars and Utility Vehicles grew by 4.99 percent and 5.30 percent respectively, while Vans declined by (-) 10.19 percent in April-March 2015 over the same period last year. (Source: *Society of Indian Automobile Manufacturers*)

The overall Commercial Vehicles segment registered a de-growth of (-) 2.83 percent in April-March 2015 as compared to same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 16.02 percent and Light Commercial Vehicles declined by (-) 11.57 percent. (Source: *Society of Indian Automobile*)

Manufacturers)

Three Wheelers sales grew by 10.80 percent in April-March 2015 over the same period last year. Passenger Carriers and Goods Carriers grew by 12.16 percent and 5.27 percent respectively in April-March 2015 over April-March 2014. (Source: Society of Indian Automobile Manufacturers)

Two Wheelers sales registered growth of 8.09 percent in April-March 2015 over April-March 2014. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 25.06 percent, 2.50 percent and 4.51 percent respectively in April-March 2015 over April-March 2014. (Source: Society of Indian Automobile Manufacturers)

Automobile Domestic Sales Trends

Category	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Passenger Vehicles	19,51,333	25,01,542	26,29,839	26,65,015	25,03,509	26,01,111
Commercial Vehicles	5,32,721	6,84,905	8,09,499	7,93,211	6,32,851	6,14,961
Three Wheelers	4,40,392	5,26,024	5,13,281	5,38,290	4,80,085	5,31,927
Two Wheelers	93,70,951	1,17,68,910	1,34,09,150	1,37,97,185	1,48,06,778	1,60,04,581
Grand Total	1,22,95,397	1,54,81,381	1,73,61,769	1,77,93,701	1,84,23,223	1,97,52,580

(Source: Society of Indian Automobile Manufacturers)

The passenger vehicle segment is likely to post a year on year volume growth of 2% to 5% in Financial Year 2015-16 supported by the car (3% to 5% year on year volume growth expected) and the utility vehicle segments (4% to 7%). The commercial vehicle segment's volumes in Financial Year 2015-16 will be driven by medium and heavy commercial vehicles, with the volumes of light commercial vehicles growing marginally. (Source: India Ratings & Research Report)

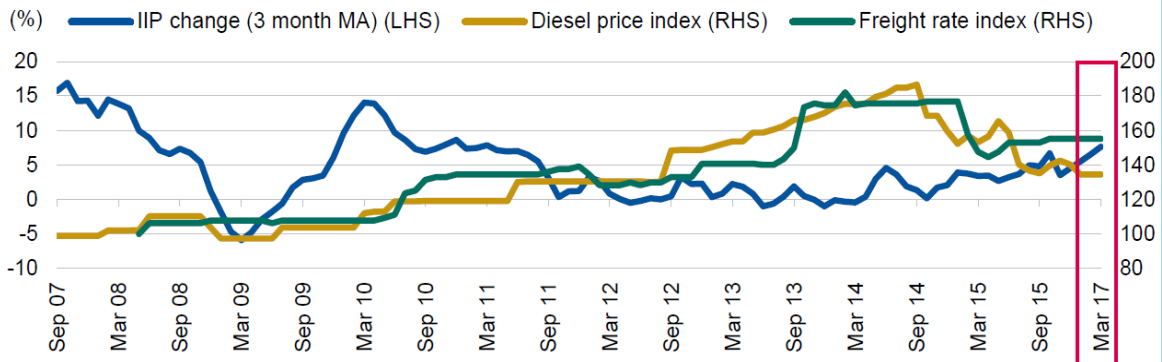
Exports

In April-March 2015, overall automobile exports grew by 14.89 percent over the same period last year. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 4.42 percent, 11.33 percent, 15.44 percent and 17.93 percent respectively during April-March 2015 over the same period last year. (Source: Society of Indian Automobile Manufacturers)

Improving Operator Economies to Contain Credit Losses

It is expected that the revival in industrial and infrastructure activity will reflect in the higher utilisation of commercial vehicles in 2016. The likelihood of a normal monsoon in 2016 will also improve the economies of rural assets in second half of Fiscal 2017. Moreover, an improvement in operator cash flows is expected by virtue of a benign interest rate scenario, a fall in fuel price, and stable freight rates over the last nine months. Rationalising of manufacturers discounts on new vehicles is expected to boost the resale value of vehicles, which should minimise the credit losses on repossessed assets. (Source: India Ratings & Research Report)

CV Loan Delinquency Factors: IIP Growth, Freight Rates and Fuel Prices



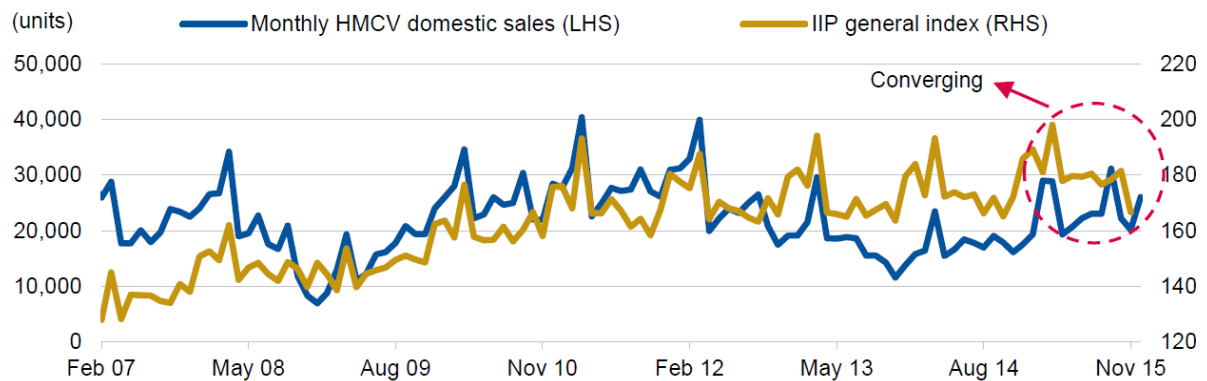
(Source: India Ratings & Research Report)

The revival, however, is not likely to be uniform across sectors, with NBFCs with a higher exposure towards rural assets likely to see a delayed recovery. (Source: India Ratings & Research Report)

Medium and Heavy Commercial Vehicles (“MHCVs”)

A large part of the revival in MHCV sales in 2015 was led by advance purchases by large fleet operators in anticipation of an economic recovery and as manufacturers’ discounts came down. Capacity utilisation remained modest at 50%-55%, though this is likely to increase as industrial production (as reflected by the Index of Industrial Production (“IIP”)) improves on a sustained basis. This, in addition to a 12% fall in diesel price and a stable freight rate during nine months period of Fiscal 2016, will improve operator cash flows and the credit quality of MHCV loan portfolios of NBFCs. (Source: India Ratings & Research Report)

Relationship Between IIP and HMCV Sales

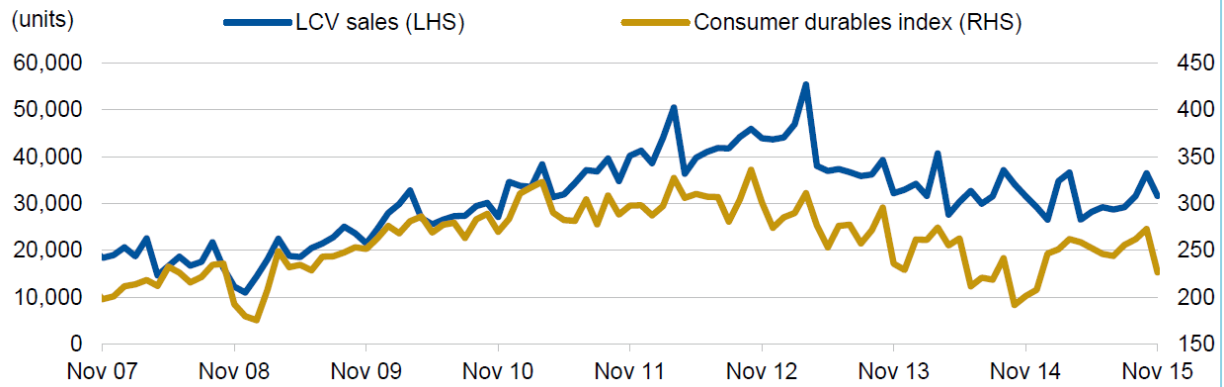


(Source: India Ratings & Research Report)

Light Commercial Vehicles (“LCVs”)

A large part of LCVs’ usage is derived from consumer demand, for last-mile connectivity, intra- city mass transport, and short distance transportation of consumer goods. New LCV sales have consequently shown a high positive correlation (0.8) with the Index of Consumer Durables. A sustained revival in consumer discretionary spending could support a recovery in LCV sales. (Source: India Ratings & Research Report)

Index of Consumer Durables and LCV Sales



(Source: India Ratings & Research Report)

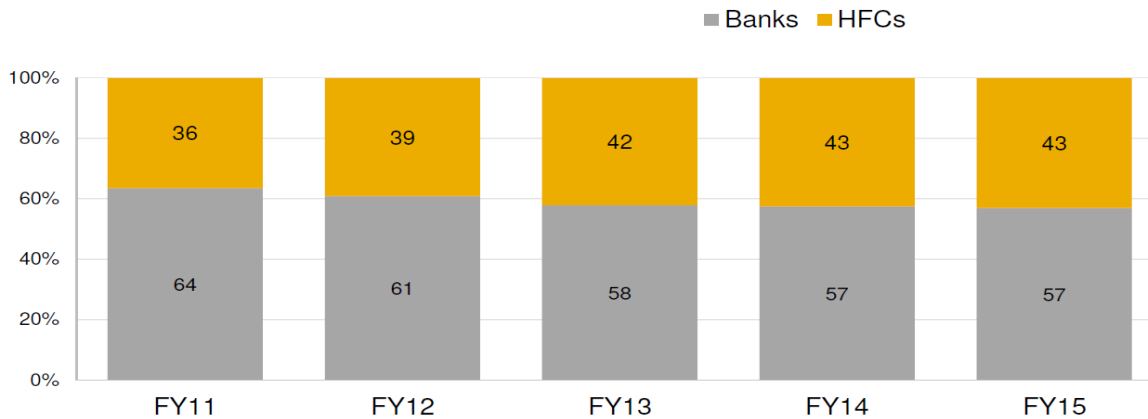
Housing finance landscape

Competition between banks and housing finance companies (“HFCs”) is intensifying in the housing finance landscape in the low ticket loan segment of ₹ 10 lacs to ₹ 25 lacs. The very low ticket loan segment of less than ₹ 10 lacs have been vacated by banks, thereby opening up space of HFCs. HFCs such penetration would drive growth, help control operational expenses and credit cost. (Source: India Ratings & Research Report)

However, HFCs with their reach and/or specialisation will continue to safeguard their market share despite increased competition from banks. It is expected that HFCs will grow at 13%-15% while mid-sized and regional HFCs will continue to grow at 8%-10%, higher than the system average. (Source: India Ratings & Research Report)

HFCs are gaining mortgage market share

HFCs gaining mortgages market share



(Source: India Ratings & Research Report)

OUR BUSINESS

In this section only, any reference to “we”, “us”, “our” or “our Company” refers to Mahindra & Mahindra Financial Services Limited. Unless stated otherwise, the financial data in this section is as per our Reformatted Financial Statements, Audited Half Yearly Financial Results and Unaudited Financial Results prepared in accordance with Indian GAAP set forth elsewhere in this Draft Shelf Prospectus.

The following information should be read together with the more detailed financial and other information included in this Draft Shelf Prospectus, including the information contained in the chapter titled “Risk Factors” beginning on page 12 of this Draft Shelf Prospectus.

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

Our Company was incorporated in 1991 and commenced operations as a finance company in 1993. Our Company was registered as a deposit-taking NBFC in 1998 and have since established a pan-India presence, spanning 25 states and 5 union territories through 1179 offices as of December 31, 2015. Our Company caters to the financing needs of retail customers and small and medium-sized enterprises. Our Company primarily focusses on providing financing for purchases of auto and utility vehicles, tractors, cars, commercial vehicles and construction equipments and pre-owned vehicles and others which accounted for 31%, 16%, 23%, 10% and 20% of estimated total value of the assets financed, respectively, for the nine months ended December 31, 2015. We benefit from our close relationships with dealers and our long-standing relationships with original equipment manufacturers (“OEMs”), which allow us to provide on-site financing at dealerships.

On standalone basis, for the nine months period ended December 31, 2015, Fiscal 2015, Fiscal 2014, Fiscal 2013, Fiscal 2012 and Fiscal 2011, the estimated total value of assets financed was ₹ 19,89,560 lacs, ₹ 24,33,110 lacs, ₹ 25,40,002 lacs, ₹ 23,83,858 lacs, ₹ 19,50,433 lacs and ₹ 14,41,987 lacs, respectively, total income from operations was ₹ 4,18,106.22 lacs, ₹ 55,36,05.61 lacs, ₹ 4,92,163.21 lacs, ₹ 3,85,672.15 lacs, ₹ 2,76,811.05 lacs, and ₹ 1,96,530.23 lacs respectively and total profit after taxation was ₹ 30,232.60 lacs, ₹ 83,177.59 lacs, ₹ 88,722.75 lacs, ₹ 88,269.18 lacs, ₹ 62,011.67 lacs, and ₹ 46,310.92 lacs respectively.

On standalone basis, as of December 31, 2015, we maintained a NPA coverage ratio of 57.3%, net NPA of 4.6% of total assets, capital adequacy ratio of 17.8%, total loans and advances outstanding of ₹ 36,55,856.74 lacs and total assets of ₹ 38,91,992.48 lacs, and as of March 31, 2015, we maintained a NPA coverage ratio of 61.0%, net NPA of 2.4% of total assets, capital adequacy ratio of 18.3%, total loans and advances outstanding of ₹ 32,92,975.58 lacs and total assets of ₹ 35,07,414.54 lacs, compared to, as of December 31, 2014, we maintained a NPA coverage ratio of 54.3%, net NPA of 3.4% of total assets, capital adequacy ratio of 18.1%, total loans and advances outstanding of ₹ 32,89,731.18 lacs and total assets of ₹ 34,82,486.16 lacs and as of March 31, 2014, an NPA coverage ratio of 59.0%, net NPA of 1.9% of total assets, capital adequacy ratio of 18.0%, total loans and advances outstanding of ₹ 29,61,697.84 lacs and total assets of ₹ 31,66,572.28 lacs.

As a supplement to our lending business we started an insurance broking business through our subsidiary, MIBL. We provide insurance broking solutions to individuals and corporates through, MIBL. MIBL has a “composite broking license” from the IRDA, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers. During Fiscal 2015, MIBL earned an income of ₹ 12,619.57 lacs and achieved a profit after tax of ₹ 4,293.58 lacs.

In October 2007, we commenced our housing finance business through our subsidiary MRHFL. We provide housing loans to individuals through, MRHFL, a registered housing finance company, in which NHB presently owns a 12.5% equity share capital of MRHFL. We grant housing loans for purchase, construction, extension and renovation of house property. During Fiscal 2015, MRHFL disbursed loans worth ₹ 98,960 lacs and achieved PAT of ₹ 4,417.34 lacs.

On September 27, 2010, our Company entered into an agreement with De Lage Landen Financial Services Inc., which is wholly-owned by the Rabobank group, to form a joint venture company in the United States, Mahindra Finance USA LLC. Mahindra Finance USA LLC was formed to provide, among other services, wholesale inventory financing to U.S. based dealers purchasing products of the Mahindra group and retail financing to customers for financing the purchase of the Mahindra group products. Our Company owns a 49.0% interest in Mahindra Finance USA LLC with the balance owned by De Lage Landen Financial Services Inc.

Key Operational and Financial Parameters (on consolidated basis)

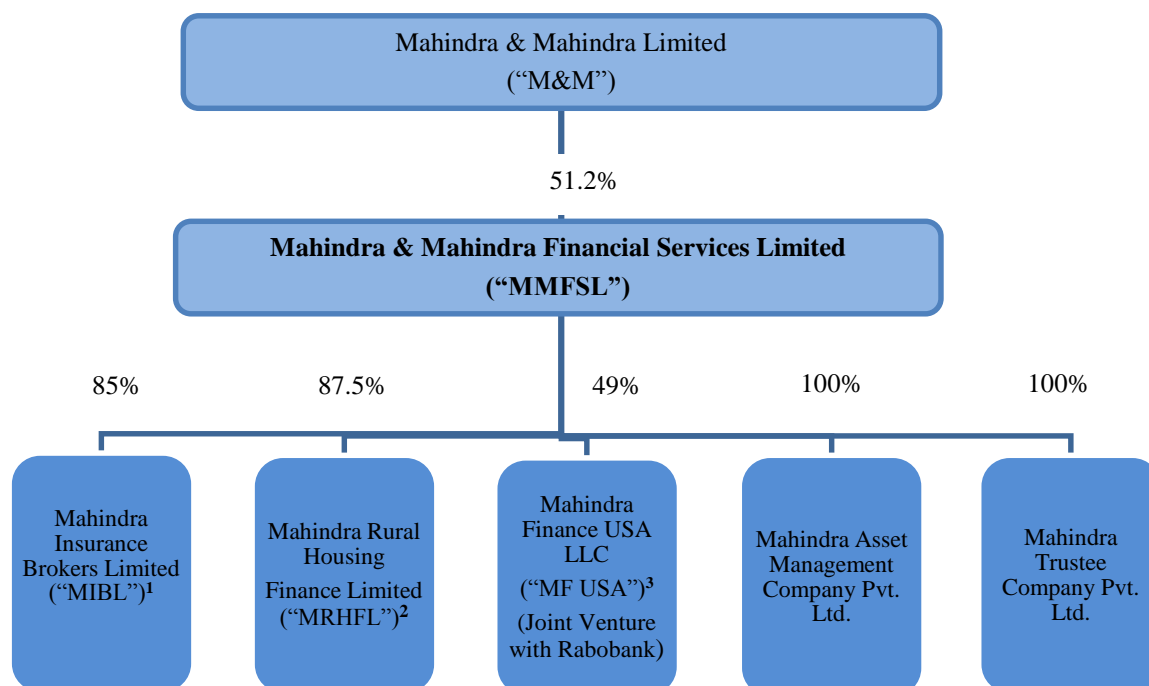
(₹ in lacs)

Parameters	Six months ended September 30, 2015	Fiscal 2015	Fiscal 2014	Fiscal 2013
For Financial Entities				
Net worth	6,22,281.02	5,94,271.69	5,29,369.52	4,57,955.55
Total Debt	31,56,406.91	29,23,169.82	25,89,292.80	20,15,249.40
of which – Non Current Maturities of Long Term Borrowing	20,02,340.53	16,86,524.66	18,25,376.57	13,81,540.40
- Short Term Borrowing	5,25,828.62	5,25,861.91	1,51,027.60	1,58,191.25
- Current Maturities of Long Term Borrowing	6,28,237.76	7,10,783.25	6,12,888.63	4,75,517.75
Net Fixed Assets	11,834.93	11,917.57	12,871.35	11,367.78
Non Current Assets	22,07,923.27	21,10,182.68	18,57,068.48	14,82,119.79
Cash and Cash Equivalents	41,428.36	49,364.02	57,043.28	36,796.59
Current Investments	19,167.46	9,449.80	34,289.13	21,585.34
Current Assets	18,71,906.44	16,82,399.95	14,44,477.22	11,55,209.61
Current Liabilities	1,66,855.10	1,56,988.00	1,30,312.01	1,08,752.75
Assets Under Management	42,94,030.00	40,31,364.00	36,52,483.00	29,49,151.00
Off Balance Sheet Assets	1,41,770.00	1,68,050.00	2,46,733.00	2,42,072.00
Interest Income	2,77,693.11	5,39,440.61	4,72,054.51	3,58,538.54
Interest Expense	1,39,042.48	2,61,899.78	2,25,990.70	1,65,207.20
Provisioning & Write-offs	62,941.41	84,912.26	51,898.42	28,815.02
PAT	26,453.27	91,290.54	95,442.14	92,703.54
Gross NPA (%)*	9.4%	5.9%	4.4%	3.0%
Net NPA (%)*	4.6%	2.4%	1.9%	1.0%
Tier I Capital Adequacy Ratio (%)*	15.5%	15.5%	15.5%	17.0%
Tier II Capital Adequacy Ratio (%)*	2.7%	2.8%	2.5%	2.7%

* All ratios on standalone basis

Corporate Structure

The following chart outlines our corporate structure:



⁴ MIBL is engaged in the business of direct insurance broking in the life and non-life insurance businesses. Inclusion resources Pvt. Ltd., a subsidiary of Leapfrog Financial Inclusion Fund, incorporated in Singapore, holds 15% of equity shares of MIBL.

⁵ MRHFL is engaged in the business of extending loans to customers for housing needs. The National Housing Bank holds 12.5% of the equity shares of MRHFL.

⁶ MF USA is engaged in the business of providing wholesale inventory-financing to dealers and retail-financing to customers in the United States for purchase of Mahindra group products.

Our Competitive Strengths

Our competitive strengths are as follows:

Knowledge of rural and semi-urban markets

We have over 20 years of operating experience primarily in rural and semi-urban markets, which has led to a significant understanding of local characteristics of these markets and has allowed us to address the unique needs of our customers. Of our Company's 1179 offices spanning across 25 states and 5 union territories, as of December 31, 2015, majority cater to customers located in rural and semi-urban markets. We have adapted to markets that are affected by limitations of rural infrastructure and have developed a diversified customer base of farmers, car-owners, transport agencies, small businessmen and home-owners. For origination and collection, we hire employees with knowledge of the local markets and have also implemented a de-centralized process to approve loans that meet pre-determined criteria. Further, our field executives use hand-held general packet radio service ("GPRS") devices to record data while collecting loan payments at the customer's home or business location. This leads to face-to-face interaction that improves our understanding of the needs of our customers and enables us to be more responsive to local market demand. We believe that our knowledge of the rural and semi-urban markets is a key strength that has enabled us to become one of India's leading NBFCs.

We were early entrants into the rural and semi-urban markets, initially providing financing solely for products

of M&M which has been selling its products in those markets for over 6 decades. Credit in these markets was principally provided by banks from the organised finance sector or by the local money lenders. There was a large section of the rural population which did not have access to credit largely due to their inability to meet the lending covenants of the banks or because they could not service the high rates of the money lenders. We identified this opportunity and positioned ourselves to service this population. We adopted simple and prompt loan approval and documentation procedures and set our offer rates between those of the banks and the money lenders. In addition, the markets we serve are largely cash driven and we understand the challenges and limitations of rural infrastructure and have created processes/systems to overcome such limitations and challenges. For example, our field executives collect cash at the customer's premises saving them the need to travel to one of our offices or a bank. These visits also enable us to develop our customer relationships and importantly allow us to understand their businesses. This understanding enables us to be proactive and develop future products for our customers. Our nationwide network, locally recruited employees, regular visits and our close relationship with the dealers enables us to understand the needs of our customers. We believe that due to our early entry, our client relationships and our relationship with OEMs, we have built a recognisable brand in the rural and semi-urban markets of India.

Extensive network of offices

We operate an extensive network of our 1179 offices spanning across 25 states and 5 union territories, as of December 31, 2015. The reach of our offices allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees. Our widespread office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts. In addition, our extensive office network benefits from a de-centralized approval system, which allows each office to grow its business organically as well as leverage its customer relationships by offering distribution of insurance products and mutual funds. We service multiple products through each of our offices, which reduces operating costs and improves total sales. We believe that the challenges inherent in developing an effective office network in rural and semi-urban areas provide us with a significant first mover advantage over our competitors in these areas.

Streamlined Approval and Administrative Procedures and Effective Use of Technology

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

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

History of strong customer and dealer relationships

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

help us develop and maintain strong customer relationships.

Brand recall and synergies with the Mahindra group

M&M, our Promoter and the flagship company of the Mahindra group. M&M has been selling automotive and farm equipment in semi-urban and rural markets for over 6 decades. The Mahindra group is one of the largest business conglomerates in India and has a strong presence in utility vehicles, tractors, information technology, financial services, aerospace, real estate, hospitality and logistics sectors. We believe that our relationship with the Mahindra group provides brand recall and we will continue to derive significant marketing and operational benefits.

Access to cost-effective funding

We believe that we are able to access cost-effective debt financing due to our strong brand equity, stable credit history, superior credit ratings and conservative risk management policies. Historically, we have secured cost-effective funding from a variety of sources. Our Company maintains borrowing relationships with several banks, mutual funds and insurance companies. We adhere to write-off and provisioning standards that are stricter than norms prescribed by RBI. Our long-term and subordinated debt is presently rated IND AAA, BWR AAA, CARE AAA and CRISIL AA+ by India Ratings & Research Private Limited, Brickwork Ratings India Private Limited, Credit Analysis & Research Limited and CRISIL respectively. India Ratings & Research Private Limited and CRISIL has rated our short-term debt as Ind A1+ and A1+ respectively, which is the highest rating for short-term debt instruments, and CRISIL has rated our fixed deposit programs FAAA. For the nine month period ended December 31, 2015 and Fiscal 2015, our average annualized interest cost of borrowed funds was 9.4% and 9.9%, respectively.

Experienced management team

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

Our Strategies

Our business strategies are as follows:

Focus on the rural and semi-urban markets to grow our market share

We plan to continue to expand our office network and increase the market share of our existing products and services in the rural and semi-urban markets of India. We intend to grow our market share by expanding our customer base and strengthening our relationships with dealers. Our Company has a network of 1179 offices as of December 31, 2015. In opening each office site, we analyze the local market and proximity to target customers. We believe our customers appreciate this convenience and that well-placed office sites allow us to attract new customers. In addition to our offices and region-based organisational structure, we have also formed a separate vertical for each of our key products, which works with our employees across offices to customize our products based on customers feed-back.

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

Focus on effective use of technology

As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology to support our growth and improve the quality of our services. We intend to increase the number of offices connected to the centralized data centre in Mumbai. We also intend to expand our use of hand-held GPRS devices, which collect data used to monitor our operations and risk exposure. We have also rolled out an advanced version of the GPRS devices, which functions as a “mobile office” and is equipped with portable camera, scanning, voice recording and biometric features that allows our employees to originate loans, issue receipts and conduct know-your-customer checks at a customer’s home or business location. We believe that as we develop and integrate such programs into our business, we can further capitalize on the reach of our offices and increase our market share. Our use of technology will also allow us to continue providing streamlined approval and documentation procedures and reduce incidence of error.

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

Diversify product portfolio

We also intend to further improve the diversity of our product portfolio to cater to the various financial needs of our customers and increase the share of income derived from sale of financial products. We intend to improve the diversity of our product portfolio both within our vehicle financing business as well as through the introduction and growth of other financial products. We intend to grow the share of our disbursements to pre-owned vehicles and light and heavy commercial vehicles to capture market share in what we believe is a growth area and improve the diversity of our loan exposure. We also intend to leverage our OEM relationships and our existing office network to diversify and expand our product portfolio.

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

Continue to attract and retain talented employees

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

Our Vehicle Financing Business

We are primarily engaged in asset financing of vehicles, which we divide into five categories: (a) auto and utility vehicles; (b) tractors; (c) cars; (d) commercial vehicles and construction equipment; and (e) pre-owned vehicles and others. Our customers include various transport operators, small businesses and self-employed and salaried individuals.

Vehicle Financing by Segment

- *Auto and Utility Vehicles.* We finance the purchase of new auto and utility vehicles, which are typically used to transport passengers and goods. The auto and utility business comprised 30.7% of the estimated total value of assets financed for the nine months ended December 31, 2015.
- *Tractors.* We finance the purchase of new tractors, which are used as farm equipment and to carry and to pull goods. The tractors business comprised 15.6% of the estimated total value of assets financed for the nine months ended December 31, 2015.
- *Cars.* We finance the purchase of new cars which are used for personal or commercial purposes. The cars business comprised 23.2% of estimated total value of assets financed for the six months ended December 31, 2015.
- *Commercial Vehicles and Construction Equipment.* We finance the purchase of new commercial vehicles, including light commercial vehicles (“LCVs”), which carry goods and passengers, and heavy commercial vehicles (“HCVs”), which carry goods, and construction equipment. For LCVs, our customers are typically medium and small fleet operators. For HCVs, our customers are typically transport operators and small businesses. The commercial vehicles and construction equipment business comprised 10.4% of estimated total value of assets financed for the nine months ended and as of December 31, 2015.
- *Pre-Owned Vehicles and Others.* We finance the purchase of pre-owned vehicles, primarily cars and multi-utility vehicles and other vehicles, which include two-wheelers and three-wheelers. We also provide finance to SME, gold loans and personal loans. The pre-owned vehicles and other business comprised 20.1% of estimated total value of assets financed for the nine months ended and as of December 31, 2015.

On standalone basis, estimated total value of assets financed in each of our vehicle financing businesses is set forth below:

	Nine Months Ended December 31, 2015	Fiscal				
		2015	2014	2013	2012	2011
Auto and Utility	30.7%	33.6%	31.9%	30.7%	26.2%	29.5%
Tractors	15.6%	17.7%	19.9%	19.0%	20.0%	22.4%
Cars	23.2%	22.0%	22.3%	23.9%	26.5%	28.4%
Commercial Vehicles and Construction Equipment	10.4%	8.7%	10.6%	14.1%	16.8%	10.6%
Pre-owned Vehicles and others	20.1%	18.0%	15.3%	12.2%	10.5%	9.1%

Origination

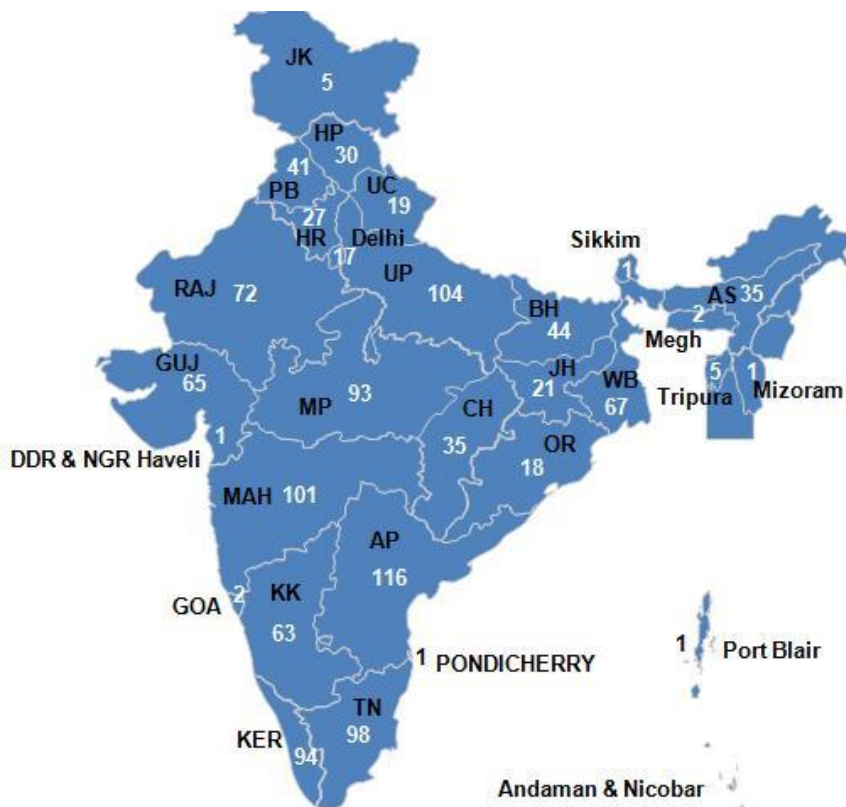
Customer Base

Our customers are predominantly small entrepreneurs and self-employed individuals in rural and semi-urban areas, such as transport operators, taxi operators and farmers. We secure our loans through the hypothecation of each asset financed.

Office Network

As of December 31, 2015, our Company had 1179 offices located in 25 states and 5 union territories in India. Our offices are authorized to approve loans within prescribed guidelines and have appropriate staffing to process and monitor the loans made. Office employees report to their respective regional offices, which, in turn, report to their zone office and the head office in Mumbai.

The distribution of offices across India by state as of December 31, 2015 is set out in the map below:



Relationships with Dealers

We initially provided financing to M&M dealers and have since developed close relationships with other dealers across India. Our Company has entered into a memorandum of understanding with OEMs through which we have an opportunity to provide financing to customers and cooperate in promotional activities across their dealership network in India.

As part of our lending operations, we provide trade advances to dealers, which allow their customers to enter into direct contracts with us. These arrangements speed up financing and help us maintain close relationships with dealers. From time to time, we also organize dealer conferences and sales meetings, through which dealers provide us with feedback on customer requirements and market trends. As part of our marketing efforts, we also organize “loan fairs” with dealers.

Dealer Council

We have formed a “Dealer Council” in 2009, which includes select mix of OEM dealers. The Dealer Council is mandated to discuss ways to strengthen our relationships with the dealers and develop a framework to address the various financial requirements of the dealers and provide structured feedback on the market trends and customer preferences. Further, we expect that the Dealer Council will help us to undertake process improvement initiatives based on the feedback from dealers and customers, which we believe will help us in becoming more customer centric.

Our Operations – Lending policy

Initial Evaluation

Once we identify a customer and complete his application, a field executive obtains information from the customer, including proof of identification and residence, background, potential of servicing the loan, other outstanding loans, loan type sought and the proposed use of the vehicle being financed. We also require that the customer provide a guarantor, typically another vehicle owner and preferably an existing or former customer of ours.

For a customer seeking to finance a pre-owned vehicle, our field executive prepares a vehicle inspection and

evaluation report to determine the registration details, condition and market value of the vehicle. The field executive also prepares a field investigation report, which includes details of various movable and immovable properties of the applicant and guarantor. For an existing customer, the field executive also evaluates the customer's track record of payments.

The field executive then recommends whether the loan should be approved based on our prescribed guidelines and forwards a recommendation to the office manager for disbursement.

Approval Process

Our office managers evaluate proposals received from field executives. Office managers primarily evaluate a customer's ability to repay, which includes permanency of residence, record of past repayment, income from other sources, entrepreneurial attitude, physical verification and operational viability of the proposed business, if applicable. To minimize the time required for approvals, we conduct know-your-customer procedures as required by the RBI in-house, use decentralized approval authority and standardized documentation and procedures across our offices. We typically approve loans within two days of receiving a complete application together with relevant supporting documents.

For the trade advances that we provide to authorized dealers, particularly for utility vehicles, tractors and cars, we also undertake background checks with the vehicle manufacturer, credit history, business volumes and seasonality. Our head office sets and communicates limits on trade advances for dealers.

Disbursement

After confirming completion of the initial evaluation and approval process, our disbursing officers meet the customers to execute the loan documentation, ensuring that we gain security over the collateral. The disbursing officer verifies the know-your-customer checklist with the customer and verifies the completed checklist with information in our file. The disbursing officer explains the contents of the loan documents and based on customer's request, provides copies of the executed loan documents to the customer. In certain cases, we also require the customer to submit post-dated cheques typically covering the first 12 installments prior to any loan disbursement. For pre-owned vehicles, we also require endorsement of the registration certificate and an insurance policy. We aim to appraise customers and complete disbursement within the shortest amount of time while adhering to our internal standards and regulatory requirements.

Loan Administration and Monitoring

At the outset of loan disbursement, we give our customers an option to pay using one of five methods—cash, cheque, demand drafts, ECS or ACH—at a frequency that is fixed after determining the customer's expected cash flow. Our field executives visit customers to collect installments as they become due. We track loan repayment schedules on a monthly basis through our central MIS department, which monitors installments due and loan defaults. We ensure that all customer accounts are reviewed by an office manager at regular intervals, with customers who have larger exposures or missed payments reviewed more frequently.

Collection and Recovery

Our field executives are responsible for collecting installments, with each field executive typically having responsibility for specified number of borrowers, depending on the volume of loan disbursements in the area. We consider opening a new office to handle additional customers in the region in an effort to ensure that each office can closely monitor its risks and collections.

We believe that our loan recovery procedure is well-suited to rural and semi-urban markets. The entire collection process is administered in-house. If a customer misses installment payments, our field executives identify the reasons for default and initiate action pursuant to our internal guidelines.

In the event of default under a loan agreement, we may initiate the process for re-possessing collateral. We typically use external agencies to re-possess collateral. Where appropriate, our loan asset re-construction department coordinates with our legal team and external lawyers to initiate and monitor legal proceedings.

Asset Quality

We maintain our asset quality by adhering to credit evaluation standards, limiting customer and vehicle exposure

and interacting with customers directly and regularly. We ensure that prudent LTV ratios are adhered to while lending. We ensure prompt collection and proper storage of post-disbursement documents. We periodically inspect, either by ourselves or by internal auditors, our customers and the assets financed on a random basis. Our office accountants conduct tele-verification of the customers' key details and close follow-up is undertaken to ensure timely collection and control overdues.

Asset Classification

The Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended (the "Prudential Norms") provide standards for asset classification, treatment of NPAs and provisioning against NPAs for deposit-taking NBFCs in India. Our Company, like other deposit-taking NBFCs, is required to classify lease and hire purchase assets, loans, advances and other forms of credit into various classes.

The relevant RBI guidelines for asset classification are set forth below:

- *Standard Asset* - an asset in respect of which, no default in repayment of principal or payment of interest is perceived and which has no disclosed problems and does not carry a risk higher than is normally associated with the business;
- *Sub-standard Asset* - an asset that has been an NPA for a period not exceeding 18 months. Provided that the period 'not exceeding 18 months' shall be 'not exceeding 16 months' for the financial year ending March 31, 2016; 'not exceeding 14 months' for the financial year ending March 31, 2017 and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter. An asset shall be sub-standard where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms;
- *Doubtful Asset* - an asset which remains a sub-standard asset for a period exceeding 18 months. Provided that the period 'not exceeding 18 months' shall be 'not exceeding 16 months' for the financial year ending March 31, 2016; 'not exceeding 14 months' for the financial year ending March 31, 2017 and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter; and
- *Loss Asset* - an asset that (a) has been identified as loss asset by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent that it is not written off by the NBFC; and (b) is adversely affected by a potential threat of non-recoverability due to either erosion in the value or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

The Prudential Norms require NBFCs to make provisions against sub-standard assets, doubtful assets and loss assets, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of the security and the erosion over time in the value of security charged.

Loans Advances and Other Credit Facilities including Bills Purchased and Discounted

The provisioning requirement in respect of loans advances and other credit facilities including bills purchased and discounted is:

- **Standard Assets:** A general provision of 0.25% of the total standard assets is required to be made. This provision shall not be reckoned for arriving at net NPAs. The provision towards standard assets need not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. The provision for standard assets shall be 0.30 percent as on March 31, 2016; 0.35 percent as on March 31, 2017; 0.40 percent as on March 31, 2018 and thereafter;
- **Sub-standard Assets:** A general provision of 10.0% of the total outstanding is required to be made;
- **Doubtful Assets:** (a) 100.0% provision to the extent to which the advance is not covered by the realizable value of the security to which the NBFC has a valid recourse is required to be made; (b) and, depending on the period for which the asset has remained doubtful, provision to the extent of 20.0% to 50.0% of the secured portion (i.e. estimated realisable value of the outstanding amount) is required to be made as follows: (i) if the

asset has been considered doubtful for up to one year, provision to the extent of 20.0% of the secured portion is required to be made; (ii) if the asset has been considered doubtful for one to three years, provision to the extent of 30.0% of the secured portion is required to be made; and (iii) if the asset has been considered doubtful for more than three years, provision to the extent of 50.0% of the secured portion is required to be made; and

- **Loss Assets:** The entire asset is required to be written off. If the asset is permitted to remain in the books for any reason, 100.0% of the outstanding amount should be provided for.

Lease and Hire Purchase Assets

The provisioning requirement in respect of hire purchase assets is the total dues (overdues and future installments, collectively) as reduced by (a) the finance charges not credited to the profit and loss account and carried forward as non-matured finance charges; and (b) the depreciated value of the underlying asset.

For this purpose i) the depreciated values of the asset is notionally computed as the original cost of the asset to be reduced by depreciation at the rate of 20.0% per annum on a straight line method; and ii) in the case of second hand assets, the original cost is the actual cost incurred for acquisition of the second hand asset.

In respect of leased and hire purchase asset, following additional provisions are required to be made;

- where the amount of hire charges or lease rentals is overdue for less than 12 months, no provision is required to be made;
- sub-standard assets: where any amount of hire charges or lease rentals are overdue for 12 months to 24 months, 10.0% of the net book value should be provided for;
- doubtful assets: (i) where any amount of hire charges or lease rentals are overdue for more than 24 months but up to 36 months, 40.0% of the net book value; and (ii) where such amount of hire charges or lease rentals are overdue for more than 36 months but up to 48 months, 70.0% of the net book value should be provided for;
- loss assets: where any amount of hire charges or lease rentals are overdue for more than 48 months, 100.0% of the net book value should be provided for; and
- on expiry of a period of 12 months after the due date of the last installment of hire purchase/leased asset, the entire net book value is required to be fully provided for.

Our provisioning policy

Our Audit Committee has approved a more conservative policy for making provisions against loans in default than that prescribed by the RBI and we make further provisions if we identify a risk. We currently make provisions as follows:

Duration	Our Norms
More than 5 months but less than or equal to 11 months	10.0 %
More than 11 months but less than or equal to 24 months	50.0 %
More than 24 months	100.0 %

Further, from the Fiscal 2013, we follow a conservative provision on standard assets of 0.40% as against a provisioning of 0.25% as prescribed in the Prudential Norms. Effective from quarter ended September 30, 2015 our Company has decided to accelerate the recognition of NPAs in a phased manner so as to meet the revised norms of 4 months before March 31, 2017. Hence, the NPA recognition for 9 months ended December 31, 2015 is on the basis of 4.5 months past due instead of 5 months past due.

On a standalone basis, our write-offs were ₹ 19,565.05 lacs and ₹ 48,401.00 lacs as of December 31, 2015 and March 31, 2015, respectively. On a standalone basis, our Company made a total provision (including income reversals) of ₹ 2,28,354.64 lacs, which constituted 57.3% of our NPAs, as of December 31, 2015. Details of provisions and amounts written off, on a standalone basis, excluding our portfolio of assignment receivables, as of the specified dates are set out in the table below:

(₹ in lacs except %)

	Nine Months Ended December 31, 2015	Fiscal				
		2015	2014	2013	2012	2011
Gross NPAs	3,98,513.37	2,09,972.20	140569.12	76,295.53	55,433.65	54,877.96
Provisions	2,28,354.64	1,28,151.56	83004.95	50,302.66	43,237.58	47,434.32
Net NPAs	1,70,158.73	81,820.64	57564.17	25,992.87	12,196.07	7,443.64
Total Assets (including income reversal)	39,50,025.42	35,38,949.01	3186219.16	25,60,673.00	18,66,336.52	13,79,045.56
Gross NPA to Total Assets	10.1%	5.9%	4.4%	3.0%	3.0%	4.0%
Net NPA to Total Assets	4.6%	2.4%	1.9%	1.0%	0.7%	0.6%
NPA Coverage Ratio	57.3%	61.0%	59.0%	65.9%	78.0%	86.4%

Our Other Business Initiatives

Insurance Broking

We provide insurance broking solutions to individuals and corporates through our wholly-owned subsidiary, MIBL. MIBL has a “composite broking license” from the Insurance Regulatory and Development Authority (“IRDA”), which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2008 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers.

The life insurance products that customers can choose from include children’s plans, endowment, money back, retirement plans, term, unit linked and whole-life plans. Group policies include credit cover, employee term cover, gratuity and superannuation. Non-life insurance policies include personal, industrial, commercial, social and liability products to individuals and corporates. MIBL also offers customized insurance solutions, such as Mahindra Loan Suraksha, which provides group credit term cover to our retail loan customers, typically in rural and semi-urban markets and, in case of the death of a customer, allows the customer’s family to retain the financed asset without further loan repayment. MIBL also facilitates protection of the assets hypothecated to our Company by offering motor insurance policies to the customers.

Housing Finance

We provide housing finance to individuals through our subsidiary, MRHFL, a registered housing finance company, in which NHB owns a 12.5% equity capital. We grant housing loans for purchase, construction, extension and renovation of house property. Our housing finance business, which currently operates in ten states.

Mutual Fund Distribution

We provide mutual fund distribution and advisory under the brand “MAHINDRA FINANCE FINSMART”. Our mutual fund distribution and advisory business consists of professionals certified by the Association of Mutual Funds in India who advise our customers. We also offer our customers market update and allow customers to view a scheme-wise allocation of their investments.

Personal and Gold Loans

We provide secured and unsecured personal loans to customers including Mahindra group employees. Customers typically seek personal loans for weddings, children’s education, medical treatment or working capital for a small or medium-sized enterprise. These loans are typically repayable in monthly or quarterly installments. We also provide gold loans, which are typically small loans secured by the pledge of used gold jewellery.

SME Financing

We provide loans for varied purposes like project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to small and medium enterprises. We intend to leverage our existing customer base and the strengths of the Mahindra group to target the auto ancillary, engineering and food & agri-processing sectors through our SME business.

Mahindra Finance USA, LLC, United States

We among other services, provide wholesale inventory-financing to dealers and retail-financing to customers in

the United States for purchase of Mahindra group products through MF USA, our joint venture with De Lage Landen Financial Services, Inc., in which our Company holds 49% of the equity share capital.

Treasury Operations

Our treasury operations help us meet our funding requirements and manage short-term surpluses. Our fund requirements are predominantly sourced by way of term loans, debentures, commercial paper, fixed deposits and securitization of receivables. We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new loans at competitive rates.

Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirements for asset and liability management. Our objective is to ensure the smooth functioning of our business and at the same time avoid holding excessive cash. We actively manage our cash and funds flow using various cash management services provided by banks. As part of our treasury activities, we also invest our surplus fund in fixed deposits with banks, liquid debt-based mutual funds and government securities. All of our investments are made in accordance with the investment policy approved by our Board.

The principal components of our secured loans as of the dates indicated are set out below:

Secured Loans	As of December 31, 2015	As of March 31,				
		2015	2014	2013	2012	2011
<i>(₹ in lacs)</i>						
Long Term Borrowings						
Non-convertible Debentures	9,10,610.00	5,09,310.00	5,05,040.00	4,81,800.00	2,99,285.00	1,72,900.00
Term Loans From Banks	7,38,159.52	10,02,661.90	12,66,833.71	9,44,490.67	7,41,512.50	5,89,186.38
Foreign Currency Loan	71,270.05	54,544.47	52,288.51	37,952.07	19,800.00	10,000.00
Total (a)	17,20,039.57	15,66,516.37	18,24,162.22	14,64,242.74	10,60,597.50	7,72,086.38
Short Term Borrowings						
Term Loans from Banks	56,500.00	72,700.00	55,500.00	40,500.00	58,900.00	36,500.00
Cash Credit	72,551.97	59,105.33	57,232.21	75,027.03	57,101.31	21,478.89
Total (b)	1,29,051.97	1,31,805.33	1,12,732.21	1,15,527.03	1,16,001.31	57,978.89
Total (a+b)	18,49,091.54	16,98,321.70	19,36,894.43	15,79,769.77	11,76,598.81	8,30,065.27

The principal components of our unsecured loans as of the dates indicated are set out below:

Unsecured Loans	As of December 31, 2015	As of March 31,				
		2015	2014	2013	2012	2011
<i>(₹ in lacs)</i>						
Long Term Borrowings						
Fixed Deposits	4,77,235.72	4,61,080.33	3,54,288.65	2,29,430.81	1,36,102.19	78,359.26
Unsecured Bonds (Subordinate Debt)	1,18,410.00	1,00,910.00	79,410.00	62,510.00	54,150.00	49,100.00
Term Loans from Banks	10,000.00	10,000.00	10,000.00	0.00	0.00	0.00
Loans and advances from related parties (ICDs)	725.00	725.00	775.00	925.00	350.00	300.00
Total (a)	6,06,370.72	5,72,715.33	4,44,473.65	2,92,865.81	1,90,602.19	1,27,759.26
Short Term Borrowings						
Commercial Paper	3,55,000.00	3,47,500.00	0.00	5,000.00	3,000.00	2,500.00
Term Loans from Banks and Financial Institutions	63,635.48	0.00	2,200.00	2,019.79	22,500.00	0.00
Term Loans – Others						
Fixed Deposits	13,730.61	6,943.06	5,931.15	3,362.41	1,385.20	5,014.91

Unsecured Loans	As of December 31, 2015	As of March 31,				
		2015	2014	2013	2012	2011
Loans and advances from related parties (ICDs)	550.00	850.00	3,565.00	4,215.00	2,027.00	2,162.00
Total (b)	4,32,916.09	3,55,293.06	11,696.15	14,597.20	28,912.20	9,676.91
Total (a+b)	10,39,286.81	9,28,008.39	4,56,169.80	3,07,463.01	2,19,514.39	1,37,436.17

In our vehicle financing, SME Finance, housing finance, personal loans and gold loans businesses, we generate profit from the difference between the interest rates on our interest-earning assets, which are the loans we extend, and interest-bearing liabilities, which are our borrowings. The average cost of borrowings for the dates indicated is set out below:

	Nine Months Ended			Fiscal		
	December 31, 2015	2015	2014	2013	2012	2011
Our Company (MMFSL)	9.4%	9.9%	10.1%	9.8%	9.4%	8.0%

We believe that our established track record of timely debt repayment, strong brand equity, credit ratings and risk management have allowed us to secure attractive interest rates on our term loans. While we have gradually decreased our dependence on mutual funds in an effort to diversify our funding sources, pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“SEBI Circular 2016”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval. This shall restrict our ability to raise funds by issuance of debt securities to mutual funds.

Fixed Deposits

We accept fixed deposits, primarily from individuals, corporates and trusts as a source of financing our business. Our fixed deposits constituted 17.0%, 17.8%, 15.1%, 12.3%, 9.8% and 8.6% of our total borrowings as of December 31, 2015 and March 31, 2015, 2014, 2013 2012 and 2011, respectively. Our fixed deposit program is currently rated ‘FAAA’ by CRISIL. We offer cumulative and non-cumulative fixed deposits schemes to our customers. As of December 31, 2015, our non-cumulative schemes range from 12 to 60 months, offer quarterly or semi-annual distributions with present interest rates ranging between 7.90% and 8.45% per annum.

Assignment/Securitization of Portfolio against Financing Activities

We currently undertake non-recourse assignments/securitisation of receivables as a cost-effective source of funds and to increase our capital adequacy ratio. We sell a portion of the receivables generated from our financing businesses through assignment/securitisation transactions. In our assignment /securitisation transactions, we provide collateral, which can be in the form of undertakings or guarantees by our Company or bank deposits.

During the nine months ended December 31, 2015, Fiscal 2015, 2014, 2013, 2012 and 2011, we entered into securitisation/assignment transactions aggregating to ₹ 62,923.83 lacs, ₹ 72,229.92 lacs, ₹ 1,46,143.53 lacs, ₹ 1,43,361.38 lacs, ₹ 1,48,741.39 lacs, and ₹ 1,22,764.34 lacs, respectively.

Capital Adequacy Ratio

We are subject to capital adequacy requirements set out by the RBI for systemically important deposit-taking NBFCs, which currently require us to maintain a capital adequacy ratio consisting of Tier I and Tier II capital of not less than 15.0% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items. Our capital adequacy ratios were 17.8%, 18.3%, 18.0%, 19.7%, 18.0%, and 20.3% as of December 31, 2015 and March 31, 2015, 2014, 2013 2012 and 2011, respectively. Information related to our capital adequacy ratio on an unconsolidated basis, for the dates specified are set out below:

(₹ in lacs)

		As of	As of March 31,				
		December 31, 2015	2015	2014	2013	2012	2011
Eligible Capital	Tier I	5,30,664.86	5,07,749.50	4,63,988.34	4,18,997.15	2,73,889.52	2,18,791.03
Eligible Capital	Tier II	1,00,182.26	91,071.10	75,834.00	66,088.00	52,880.00	42,871.00
Total Capital		6,30,847.12	5,98,820.60	5,39,822.34	4,85,085.15	3,26,769.52	2,61,662.03
Total Risk-weighted Assets		35,35,699.23	32,72,499.97	29,95,296.09	24,57,839.56	18,15,418.10	12,85,829.89
Tier I Capital Ratio		15.0%	15.5%	15.5%	17.0%	15.1%	17.0%
Capital Adequacy Ratio		17.8%	18.3%	18.0%	19.7%	18.0%	20.3%

Risk Management

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to appreciate, measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes a team, headed by our Chief Financial Officer that identifies, assesses and monitors all of our principal risks. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset risk and foreign exchange risk. Our Board has also adopted foreign exchange and interest rate risk management policies. For further risks please see “Risk Factors” on page 12 of this Draft Shelf Prospectus.

Credit Risk

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

Interest Rate Risk

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

We maintain an asset liability management policy, which has been approved and adopted by our Asset Liability Committee. Assets and liabilities are categorized into various time buckets based on their maturities and re-pricing options. Efforts are made and action plans are drawn to ensure minimum mismatch in each of the time buckets in line with guidelines prescribed by the RBI.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralised loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and

compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. We attempt to minimize this risk through a mix of strategies, including assignment of receivables and short-term funding. We also monitor liquidity risk through our Asset Liability Committee and our operating committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through our asset and liability management policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by the RBI. See “Risk Factors”

We manage short-term mismatches between assets and liabilities by issuing commercial paper or obtaining funding from banks. A summary of our asset and liability maturity profile as of September 30, 2015 on a unconsolidated basis, which is based on certain estimates, assumptions and our prior experience of the performance of our assets, is set out below:

	(₹ in lacs)					
	Up to One Month	Between One Month and One Year	Between One and Three Years	Between Three and Five Years	Over Five Years	Total
Liabilities / Outflow						
Equity Capital	0.00	0.00	0.00	0.00	11,284.78	11,284.78
Preference Shares	0.00	0.00	0.00	0.00	0.00	0.00
Reserves and Surplus	0.00	0.00	0.00	0.00	5,80,021.17	5,80,021.17
Borrowings	1,64,753.56	7,71,691.78	14,05,793.90	1,96,650.32	2,43,030.00	27,81,919.56
Current Liabilities and Provisions	42,956.08	58,852.37	44,396.50	22,787.89	19,429.73	1,88,422.57
Total	2,07,709.65	8,30,544.15	14,50,190.40	2,19,438.21	8,53,765.68	35,61,648.08
Assets / Inflow						
Owned Assets	57.56	0.00	0.00	0.00	10,126.16	10,183.72
Investment	0.00	1,500.00	4,681.74	70,720.04	27,232.87	1,04,134.65
Cash and Bank Balance	16,621.26	14,628.00	28,180.00	3,205.50	11.50	62,646.26
Inflow from Loans and Advances	2,94,452.85	1,198,814.62	13,82,817.44	2,58,487.20	1,66,803.51	33,01,375.61
Other Assets	2,277.52	8,929.74	24,359.08	5.37	47,736.12	83,307.84
Unutilized Bank Lines	62,338.56	0.00	-62,338.56	0.00	0.00	0.00
Total	3,75,747.76	12,23,872.36	13,77,699.69	3,32,418.11	2,51,910.17	35,61,648.08
Surplus / (Deficit)	1,68,038.12	3,93,328.20	-72,490.71	1,12,979.90	-6,01,855.51	0.00
Cumulative Surplus (Deficit)	1,68,038.12	5,61,366.32	4,88,875.61	6,01,855.51	0.00	0.00

Assumptions:

1. Bank borrowings which are repayable on demand assumed to mature in the one to three year bucket as the same is normally renewed on maturity.
2. If in case of any borrowing, if there is an option to extend the maturity for a further period, it is assumed that the option is exercised.
3. Interest accrued but not due on fixed deposits are based on maturity profile of the fixed deposits.
4. The maturity of contingent liabilities has not been estimated as they may or may not crystallize.
5. Non-NPA debtors are assumed to be recovered equally within a period of six months.
6. Debtors pertaining to NPA are assumed to be spread equally over 24 months.
7. NPAs, net of NPA provisions to mature after five years.
8. Deferred tax assets to mature after five years.
9. Un-utilized bank lines can be accessed as and when required as to bridge excess of outflow over inflow, if any.
10. The unutilized limit with the banks as of September 30, 2015 is estimated at ₹62,300 lacs after considering cash credit balance as per bank statement.

Cash Management Risk

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

Asset risk

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

Foreign Exchange Risk

While substantially all our revenues is denominated in rupees, we have incurred and expect to incur indebtedness denominated in currencies other than rupees for our capital requirements. As of December 31, 2015, we had ₹ 71,270.05 lacs of fully hedged foreign currency FCNR(b) borrowings outstanding under term-loans.

Risk Management Architecture

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Audit Committee, the Asset Liability Committee and the Risk Management Committee.

- *Audit Committee.* Our Audit Committee acts as a link between the statutory and internal auditors and our Board. It is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. Our Audit Committee has access to all information it requires from our Company and can obtain external professional advice whenever required.
- *Asset Liability Committee.* Asset Liability Committee reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the RBI. Our Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.
- *Risk Management Committee.* Our Risk Management Committee manages the integrated risk, informs our Board about the progress made in implementing a risk management system and periodically reviews the risk management policy followed by our Company.

Centralized Management and Technology

Our information technology support systems aid us in performing the processes involved in a loan transaction. For example, at the pre-disbursement stage, we store know-your-customer details and other details of customer appraisal into the system for future reference. After disbursement, our system can generate the interest due on each loan at any given point and track each phase of the payment schedule up to maturity. We can control our information technology system from our head office in Mumbai, allowing senior management to receive operational data on a prompt basis. We are also able to track our liquidity position, which allows us to plan for shortfalls in advance. We have also rolled out an advanced version of the GPRS devices, which functions as a “mobile office” and is equipped with portable camera, scanning, voice recording and biometric features that enables our employees to originate loans, issue receipts and conduct know-your-customer checks at a customer’s home or business location.

Our production servers also allow us to conduct a daily automated backup. We currently have the technology and facilities in place to back up our systems and have established disaster recovery procedures in Mumbai.

Our Credit Ratings

Our present credit ratings are set forth below:

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

Agency	Instrument	Rating	Outlook
	Commercial paper	IND A1+	-
CARE	Long term and subordinated debt	CARE AAA	-
Brickwork	Long term and subordinated debt	BWR AAA	Stable

Insurance

We have taken a corporate cover policy including a fidelity policy, standard fire and special perils, burglary and earthquake cover in respect of our offices across India. We have a money insurance policy in respect of cash in safe and cash in transit. In addition, our directors are insured under directors' and officers' liability insurance policy for the Mahindra group.

Employees

As of December 31, 2015, the number of our employees in our Company and each Subsidiary are set out as of the dates below:

	As of December 31, 2015
Our Company	15,987
MIBL	789
MRHFL	4,125
Mahindra Asset Management Company Private Limited	13
Total	20,914

We have established training programs for our employees on a continuous basis and we intend to continue investing in recruiting, training and maintaining a rewarding work environment. In addition to ongoing on-the-job training, we provide employees with courses in specific areas as required. To create a sense of ownership among and as a long-term incentive to our employees, our Company has adopted two employee stock option schemes to issue options convertible into Equity Shares to select employees linked to their performance. We also use employee recognition programs, such as Dhruv Tara, Annual Convention Award and Achievement Box, to reward our employees for performance.

We launched the Mahindra Finance Academy in Mumbai on October 26, 2010, which currently provide training to our prospective and present employees at five locations. We conduct a five day induction programme for our new employees, which covers product knowledge, business processes and aptitude training.

Select employees also participate in the Mahindra group's "Talent Management and Retention" program. This program is developed to identify, assess and acquire talent for Mahindra group. We also run an assessment and development centre for our promising employees.

Competition

We believe that our relationships with dealers, our knowledge of the rural and semi-urban market, existing customer base and associated relationships, the continued expansion of our office network and our dealer relationships coupled with our proactive approach in providing flexible loan products and speedy service will enable us to remain competitive. Competition in our industry is expected to continue to increase. Our primary competitors are public sector banks, private banks (including foreign banks), co-operative banks, regional rural banks and NBFCs. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the retail vehicle financing in rural and semi-urban markets, which would result in greater competition and lower spreads on our loans, particularly because these banks have greater resources and access to cheaper funding than us. Increasing competition from banks in rural and semi-urban markets has already resulted in downward pressure on our interest margins.

Property

Our registered office is located at Gateway Building, Apollo Bunder, Mumbai 400 001, Maharashtra. We currently do not have an agreement with M&M for the use of this premise. Our corporate office is located at Mahindra

Towers, 4th floor, Dr. G.M. Bhosale Marg, P.K. Kune Chowk, Worli, Mumbai 400 018, Maharashtra and is leased by our Company.

Except three of our regional offices at Pune, Jaipur and Aurangabad, which are located in properties owned by us, our other offices and corporate office are located at premises leased or licensed by us. All of our owned properties are free from encumbrances and have clear title except our property at Aurangabad, which is under mortgage for secured non-convertible debentures issued by us.

Intellectual Property

Our Company entered into a trademark license agreement dated December 8, 2009 with M&M for the non-exclusive, non-assignable right to use the trademark 'Mahindra' logo and 'Mahindra & Mahindra' trademark as part of its corporate name and trading style, domain name and its products and services. The trademark license agreement shall remain valid unless terminated or once our Company ceases to be a subsidiary of M&M. M&M also holds the trademarks for 'Mahindra Finance', 'Mahindra Insource' and 'Mahindra Home Finance Ghar Ki Baat Hai'. We currently do not have a license agreement with M&M for the use of these trademarks.

Corporate Social Responsibility ("CSR")

The Corporate Social Responsibility Committee ('CSR Committee' Board level) of our Company 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 our 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. The FSS CSR Council is supported by the CSR secretariat made up of cross-functional team, zonal CSR secretariat at the zones and the regional CSR secretariat at regions, for implementation of the approved projects. For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee shall allocate for its annual CSR budget, 2% of the average net profits of our Company made during the three immediately preceding financial years, calculated in accordance with the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The thrust areas under CSR Policy are education, health, environment and others.

HISTORY, MAIN OBJECTS AND KEY AGREEMENTS

Brief background of our Company

Our Company was incorporated on January 1, 1991 under the name of Maxi Motors Financial Services Limited as a public limited company under the provisions of the Companies Act, 1956. Our Company commenced its operations, pursuant to a certificate of commencement of business dated February 19, 1991. Pursuant to a fresh certificate of incorporation dated November 3, 1992, consequent to change of name, our Company's name was changed to Mahindra & Mahindra Financial Services Limited. The registered office of our Company is Gateway Building, Apollo Bunder, Mumbai 400 001.

Our Company holds a certificate of registration dated September 4, 1998 bearing number 13.00996 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934 which has been renewed on March 21, 2007.

Change in registered office of our Company

There has been no change in the registered office of our Company.

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

- To carry on the business of buying, selling, leasing, lease broking, letting on hire, hire purchase or on easy payment system, motor vehicles, taxi cabs, mopeds, scooters, motor cycles, 3 wheelers, auto-rickshaws, automobiles, tractors, commercial vehicles, vans, pickups, earth moving equipment, material handling equipment, trailers, oil rigs, coaches, garages and all other vehicles drawn by motor, steam, oil, petroleum, electricity or any mechanical or other power or device, agricultural implements and machinery, airships, aeroplanes and helicopters, tools, plants, implements, utensils, apparatus and requisites and accessories, household and office furniture, wireless and television receivers, telephones, telex, tele printers, computers, tabulators, addressing machines and other sophisticated office machinery or other apparatus, ships, dredgers, barges and containers and to carry on the business of hire purchase of moveable properties of any kind including machinery, plant of all kinds, to buy, sell, alter, repair, exchange and deal in and finance the sale of furniture, apparatus, machinery, materials, goods, and articles, to hire out or sell any of the same on hire purchase system and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased be new and/or used, from India or from any part of the world.
- To carry on mutual fund activities in India or abroad, acting as a sponsor to a Mutual Fund, incorporating or causing the incorporation of and/or acquiring or holding shares in an asset management company and/or trustee company to a mutual fund and to engage in such other activities relating to the Mutual Fund business as permitted under the applicable laws, to set-up, create, issue, float, promote and manage assets, trusts or funds including mutual funds, growth funds, investment funds, income or capital funds, taxable or tax exempt funds, charitable funds, venture funds, risk funds, real estate funds, education funds, on shore funds, off shore funds, consortium funds, or organise or manage funds or investments on a discretionary or non-discretionary basis on behalf of any person or persons (whether individual, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise, trusts, pension funds, charities, other associations or other entities), whether in the private or public sector and to act as administrators, managers, portfolio managers; or trustees of funds and trusts, brokers, managers or agents to the issue, registrar to the issue, underwriters to the issue, financial advisors, trusteeship services, and wealth advisory services.

Key terms of our Material Agreements

- (1) **Shareholders Agreement dated November 30, 2012 ("Shareholders Agreement") among our Company, Inclusion Resources Private Limited ("Investor") and MIBL:**

Our Company has executed the Shareholders Agreement with the Investor and MIBL. The Investor is a subsidiary of LeapFrog Financial Inclusion Fund ("LeapFrog"), an investment fund focused on investing in companies engaged in providing high quality and affordable insurance and related financial services to people with low annual incomes.

The salient features of the Shareholder's Agreement are as follows:

(i) *Arrangement with LeapFrog Labs Limited ("LFL")*

Our Company shall work together with LeapFrog Labs Limited, a company registered under the laws of Scotland, whereby LFL will provide expertise to MIBL to facilitate research, development and technical assistance, and also provide monetary grants towards developing MIBL's insurance capabilities particularly with respect to rural and semi-urban low-income Indians. Towards this end, LFL shall, from its global experience, provide MIBL with insights and resources available to it, from time to time.

(ii) *Relationship with the Mahindra Group:*

Our Company shall provide full access to its branch networks and customer databases along with its subsidiaries to MIBL for the purpose of business. The said access shall be exclusive with respect to the business and our Company shall not provide to any other entity engaged the competing business. Our Company shall ensure that MIBL shall continue to exclusively manage the loan protection plans i.e. group credit plans for retail individual customers of our Company.

(iii) *Exit*

MIBL and our Company will make all reasonable endeavours to achieve an exit for Investor before the end of the 6th year of its investment, either in the form of an IPO, a private sale of equity or a sale of the business. In the event that the Investor does not fully exit by the end of the sixth year of the investment, our Company will purchase or arrange for another party to purchase Investor's shareholding in MIBL at the then fair market value. This will take place at the request of Investor any time between 6 and 8 years after the investment.

(2) **Subscription Agreement dated August 12, 2008 ("Subscription Agreement") between NHB and MRHFL:**

MRHFL and NHB have executed the Subscription Agreement to mobilise funds for providing long term finance for construction, purchase, renovation, extension of houses for residential purposes in India. Pursuant to the Subscription Agreement, NHB has subscribed to 57,50,000 equity shares of face value of Rs 10 each of MRHFL.

OUR SUBSIDIARIES

As on the date of this Draft Shelf Prospectus our Company has following four subsidiaries. Further, our wholly owned subsidiary MBCSPL has been amalgamated with our Company pursuant to Sections 391-394 of Companies Act, 1956.

Amalgamation of MBCSPL:

Pursuant to a scheme of amalgamation under Sections 391-394 of the Companies Act, 1956 as approved by the shareholders by means of a postal ballot voting process (including e-voting) on January 13, 2015 and approved by the Honourable High Court of Judicature at Bombay on March 20, 2015, effective from April 18, 2015, MBCSPL has been amalgamated with our Company. The certified copy of the order in respect of the scheme has been filed with the RoC. The appointed date of the scheme is April 1, 2014.

MBCSPL was engaged in the business of providing staffing services to the Mahindra group companies and had no business operations as on the date of announcement of the scheme of amalgamation of MBCSPL with our Company and their shareholders and creditors.

MIBL:

MIBL was incorporated pursuant to a certificate of incorporation dated February 18, 1987 issued by the RoC as an insurance broking business having its Registered Office situated at Mahindra Towers, Mumbai – 400018.

Shareholding pattern:

The Shareholding Pattern of MIBL as on date of this Draft Shelf Prospectus is as follows:

Sr.No.	Name of Shareholder	Address	No. of Equity Shares	Face Value (in ₹)	Amount (in ₹)
1.	MMFSL	Gateway Building, Apollo Bunder, Mumbai-400001	21,90,692	10	2,19,06,920
2.	Inclusion Resources Private Limited	c/o Lee & Lee, 50 Raffles Place, No 6-00 Singapore Land Tower, Singapore 048623	3,86,598	10	38,65,980
3.	MMFSL jointly with Mr. V Ravi	Gateway Building, Apollo Bunder, Mumbai-400001	5	10	50
4.	MMFSL jointly with Mr. Ramesh Iyer	Gateway Building, Apollo Bunder, Mumbai-400001	5	10	50
5.	MMFSL jointly with Mr. Rajeev Dubey	Gateway Building, Apollo Bunder, Mumbai-400001	5	10	50
6.	MMFSL jointly with Mr. Rajesh Vasudevan	Gateway Building, Apollo Bunder, Mumbai-400001	5	10	50
7.	MMFSL jointly with Dr. Jaideep Devare	Gateway Building, Apollo Bunder, Mumbai-400001	5	10	50
8.	MMFSL jointly with Mr. S. Durgashankar	Gateway Building, Apollo Bunder, Mumbai-400001	5	10	50
Total			25,77,320		2,57,73,200

Board of Directors:

The board of directors of MIBL comprises of the following persons:

1. Mr. Rajeev Dubey- Chairman;
2. Dr. Jaideep Devare- Managing Director;
3. Mr. Ramesh Iyer- Director;
4. Mr. V Ravi - Director;
5. Mr. Hemant Sikka- Director;
6. Mr. Nityanath P. Ghanekar - Independent Director; and
7. Ms. Anjali Raina- Independent Director

MRHFL:

MRHFL was incorporated pursuant to a certificate of incorporation dated April 9, 2007 issued by the Registrar of Companies, Mumbai and having its registered office situated at Mahindra Towers, Mumbai – 400018.

Shareholding pattern:

The Shareholding Pattern of MRHFL as on date of this Draft Shelf Prospectus is as follows:

Sr.No.	Name of Shareholder	Address	No. of Equity Shares	Face Value (in ₹)	Amount (in ₹)
1.	MMFSL	Gateway Building, Apollo Bunder, Mumbai-400001	5,75,19,991	10	57,51,99,910
2.	MMFSL jointly with Mr. Ramesh Iyer	Gateway Building, Apollo Bunder, Mumbai-400001	2	10	20
3.	MMFSL jointly with Mr. Rajesh Vasudevan	Gateway Building, Apollo Bunder, Mumbai-400001	2	10	20
4.	MMFSL jointly with Mr. V Ravi	Gateway Building, Apollo Bunder, Mumbai-400001	2	10	20
5.	MMFSL jointly with Mr. Ravi Kulkarni	Gateway Building, Apollo Bunder, Mumbai-400001	2	10	20
6.	MMFSL jointly with Mr. Dinesh Prajapati	Gateway Building, Apollo Bunder, Mumbai-400001	2	10	20
7.	National Housing Bank	Core 5-A, India Habitat Centre, Lodhi Road, New Delhi - 110003	82,17,134	10	8,21,71,340
8.	MMFSL jointly with Mr. Anuj Mehra	Gateway Building, Apollo Bunder, Mumbai-400001	2	10	20
Total			6,57,37,137		65,73,71,370

Board of Directors:

The board of directors of MRHFL comprises of the following persons:

1. Mr. Ramesh Iyer-Chairman;
2. Mr. Anuj Mehra – Managing Director;
3. Mr. K Chandrasekar- Director;
4. Mr. V Ravi - Director;
5. Mr. K. Chakravarthy- Nominee Director of NHB;
6. Mr. Nityanath P. Ghanekar - Independent Director;
7. Mr. Narendra Mairpady- Independent Director, and
8. Ms. Anjali Raina- Independent Director

MAMCPL:

MAMCPL was incorporated pursuant to a certificate of incorporation dated June 20, 2013 issued by the Registrar of Companies, Mumbai and having its registered office situated at Mahindra Towers, Mumbai – 400018. MAMCPL has been granted registration of its mutual fund, ‘Mahindra Mutual Fund’ under a certificate of registration bearing no. 069/16/01.

Shareholding pattern:

The Shareholding Pattern of MAMCPL as on date of this Draft Shelf Prospectus is as follows:

Sr.No.	Name of Shareholder	Address	No. of Equity Shares	Face Value (in ₹)	Amount (in ₹)
1.	MMFSL	Gateway Building, Apollo Bunder, Mumbai-400001	5,35,49,998	10	53,54,99,980
2.	MMFSL jointly with Mr. Ramesh Iyer	Gateway Building, Apollo Bunder, Mumbai-400001	1	10	10
3.	MMFSL jointly with Mr. V Ravi	Gateway Building, Apollo Bunder, Mumbai-400001	1	10	10
Total			5,35,50,000		53,55,00,000

Board of Directors:

The board of directors of MAMCPL comprises of the following persons:

1. Mr. V Ravi - Chairman
2. Mr. Ashutosh Bishnoi – Managing Director and Chief Executive Officer;
3. Mr. Sethu Gururajan-Independent Director; and
4. Mr. Gautam R. Divan- Independent Director

MTCPL:

MTCPL is a wholly-owned subsidiary of our Company, was registered on July 10, 2013 and having its registered office situated at Mahindra Towers, Mumbai – 400018.

Shareholding pattern:

The Shareholding Pattern of MTCPL as on date of this Draft Shelf Prospectus is as follows:

Sr.No.	Name of Shareholder	Address	No. of Equity Shares	Face Value (in ₹)	Amount (in ₹)
1.	MMFSL	Gateway Building, Apollo Bunder, Mumbai-400001	1,49,998	10	14,99,980
2.	MMFSL jointly with Mr. M.G. Bhide	Gateway Building, Apollo Bunder, Mumbai-400001	1	10	10
3.	MMFSL jointly with Mr. R.K. Kulkarni	Gateway Building, Apollo Bunder, Mumbai-400001	1	10	10
Total			1,50,000		15,00,000

Board of Directors:

The board of directors of MTCPL comprises of the following persons:

1. Mr. Manohar Gopal Bhide- Chairman;
2. Mr. Debabrata Bandyopadhyay- Independent Director;
3. Mr. Gautam G. Parekh- Independent Director
4. Mr. Narendra Mairpady - Independent Director

REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and is neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below. The following information is based on the current provisions of applicable Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financial activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the purchase or sale of any goods (other than securities) or the providing of any services or the sale/purchase/construction of immovable property.

Any company which carries on the business of a non-banking financial institution as its principal business is to be treated as an NBFC. Since the term ‘principal business’ has not been defined in law, the RBI has clarified through a press release (Ref. No. 1998-99/ 1269) in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC if its financial assets are more than 50% of its total assets (netted off by intangible assets) and income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

With effect from 1997, NBFCs were not permitted to commence or carry on the business of a non-banking financial institution without obtaining a Certificate of Registration (CoR). Further, with a view to imparting greater financial soundness and achieving the economies of scale in terms of efficiency of operations and higher managerial skills, the RBI has raised the requirement of minimum net owned fund from ₹ 25 lakhs to ₹ 200 lakhs for the NBFC which commences business on or after April 21, 1999 also it shall be mandatory for all NBFCs to attain a minimum Net Owned Fund (“NOF”) of ₹ 200 lakhs by the end of March 2017, as per the milestones given below:

- ₹ 100 lakhs by the end of March 2016; and
- ₹ 200 lakhs by the end of March 2017.

Further, every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalization of the balance sheet and in any case not later than December 30th of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a CoR.

1. Regulation of NBFCs registered with the RBI

NBFCs are primarily governed by the RBI Act, 1934 (“**RBI Act**”), the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, (“**Prudential Norms**”), the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, (“**Public Deposit Directions**”), the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Non-Systemically Important NBFC (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2015, and the Systemically Important NBFC (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2015 (“**Non-Deposit Accepting NBFC Directions**”). In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

2. Types of Activities that NBFCs are permitted to carry out

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important, key differences. The most important distinctions are:

- (i) an NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand;
- (ii) NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;
- (iii) deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositor of NBFCs; and

3. Types of NBFCs:

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC (“**NBFC-D**”) or as a non-deposit accepting NBFC (“**NBFC-ND**”).

NBFCs registered with RBI are further classified as:

- (i) asset financing companies;
- (ii) investment companies;
- (iii) loan companies;
- (iv) infrastructure finance companies;
- (v) systematically important core investment companies;
- (vi) infrastructure debt fund – NBFCs;
- (vii) NBFC- Factors;
- (viii) Mortgage guarantee Company;
- (ix) NBFC- Non operative financial holding company; and/or
- (x) NBFC – micro finance institutions.

Our Company has been classified as an NBFC-D and is further classified as an “asset finance company.” An asset finance company is an NBFC whose whole principal business is to finance physical assets supporting productive/economic activity, such as automobiles, tractors, lathe machines, generator sets, earth moving and material handling equipments, moving on own power and general purpose industrial machines. Principal business for this purpose is defined as aggregate of financing real/physical assets supporting economic activity and income arising therefrom is not less than 60% of its total assets and total income respectively.

4. Regulatory Requirements of an NBFC under the RBI Act

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakhs (Rupees Two Hundred Lakhs Only). For this purpose, the RBI Act has defined “net owned funds” to mean:

- (a) the aggregate of the paid-up equity capital, preference shares which are compulsorily convertible into equity and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of loss, (ii) deferred revenue expenditure, (iii) deferred tax assets (net); and (iv) other intangible assets; and
- (b) further reduced by amounts representing,
 - (1) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs, and

- (2) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group,

to the extent such amount exceeds 10% of (a) above.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI within 21 days from the date of such withdrawal.

Maintenance of liquid assets

The RBI through notification dated July 1, 2005, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the close of business on the last working day of the second preceding quarter.

5. Obligations of NBFC-D under the Public Deposit Directions

The RBI's Public Deposit Directions governs the manner in which NBFCs may accept and/or hold public deposits. The Public Deposit Directions places the following restrictions on NBFCs in connection with accepting public deposits:

1. Prohibition from accepting any demand deposits: NBFCs are prohibited from accepting or renewing any public deposit which is repayable on demand.
2. Ceiling on quantum of deposits: An asset finance company or a loan company or an investment company (a) having minimum NOF as stipulated by the Reserve Bank, and (b) complying with all the prudential norms, may accept or renew public deposit, together with the amounts remaining outstanding in the books of the company as on the date of acceptance or renewal of such deposit, not exceeding one and one-half times of its NOF. Provided that an asset finance company holding public deposits in excess of the limit of one and one-half times of its NOF shall not renew or accept fresh deposits till such time they reach the revised limit.
3. Downgrading of credit-rating: In the event that a credit rating issued by a credit rating agency recognised by RBI, for an asset finance company is downgraded below the minimum specified investment grade, with respect to the relevant credit rating agency, the NBFC, being an asset finance company or a loan company or an investment company, shall regularise the excess deposit as provided hereunder:
 - (a) forthwith stop accepting fresh public deposits and renewing existing deposits;
 - (b) all existing deposits should runoff to maturity; and
 - (c) report the position of the credit rating within fifteen working days, to the concerned Regional Office of the Reserve Bank of India where the NBFC is registered.
4. Ceiling on rate of interest: On and from April 24, 2007, NBFCs are prohibited from inviting or accepting or renewing public deposit at a rate of interest exceeding twelve and half per cent per annum. Interest may be paid or compounded at rests which shall not be shorter than monthly rests.

Also, on and from September 18, 2003, NBFCs are prohibited from inviting or accepting or renewing repatriable deposits from Non-Resident Indians under the Non-Resident (External) Account Scheme at a rate exceeding the rate specified by the RBI for such deposits with Scheduled Commercial Banks (The period of repatriable deposits shall be not less than one year and not more than three years).

5. Minimum lock-in period: A NBFC is prohibited from granting any loan against a public deposit or making any premature repayment of a public deposit within a period of three months (lock-in period) from the date of acceptance of such public deposit.

Provided that in the event of the death of a depositor, a NBFC may repay the public deposit prematurely, even within the lock-in period, to the surviving depositor/s in the case of joint holding with survivor clause, or to the nominee or the legal heir/s of the deceased depositor, on the request of the surviving depositor/s/nominee/legal heir, and only against submission of proof of death, to the satisfaction of the company.

6. Obligations of NBFC-D under the Prudential Norms

NBFC-Ds are required to comply with prescribed capital adequacy ratios, single and group exposure norms, and other specified prudential requirements prescribed under the Prudential Norms. Some of the important obligations are as follows:

- i) **Income Recognition**: NBFC-Ds are required to follow recognised accounting principles in connection with recognition of income. Income including interest/discount or any other charges on NPA is recognised only when it is actually realised. NBFCs may recognise income on accrual basis in respect of the projects under implementation, which are classified as “standard.” NBFCs should not recognise income on accrual basis in respect of the projects under implementation which are classified as a “substandard” asset. NBFCs may recognise income in such accounts only on realisation on cash basis. Any such income recognised before the asset became non-performing and remaining unrealised must be reversed. With respect to hire-purchase assets, where instalments are overdue for more than 12 months, income shall be recognised only when hire charges are actually received. Any such income taken to the credit of profit and loss account before the asset became non-performing and remaining unrealised must be reversed.

Consequently, NBFCs which have wrongly recognised income in the past should reverse the interest if it was recognised as income during the current year or make a provision for an equivalent amount if it was recognised as income in the previous year(s).

- ii) **Asset Classification and provisioning of assets**: Every NBFC-D is required to, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely:
- Standard assets;
 - Sub-standard assets;
 - Doubtful assets; and
 - Loss assets.

The class of assets referred to above shall not be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for the upgradation. Further, an NBFC-D must, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets in the manner prescribed by RBI.

- iii) **Provisioning of Standard Assets**: In terms of the requirement of the circular dated January 17, 2011 issued by the RBI, as updated by circular dated March 27, 2015, NBFCs are required to make a general provision of 0.25% of the outstanding standard assets. Provided that the provision for standard assets shall be 0.30 % as on March 31, 2016, 0.35 % as on March 31, 2017 and 0.40 % as on March 31, 2018 and thereafter. The provisions on standard assets are not reckoned for arriving at net NPAs. The provisions towards standard assets are not needed to be netted from gross advances but shown separately as ‘Contingent Provisions on Standard Assets’ in Tier II capital which together with other ‘general provisions/loss reserves’ will be admitted as Tier II capital only up to a maximum of 1.25% of the total risk-weighted assets.
- iv) **Loans against NBFC’s own shares prohibited**: No NBFC-D can lend against its own shares, as of July 1, 2008. Any outstanding loan granted by a NBFC-D against its own shares on the date of commencement of these Directions shall be recovered by the NBFC as per the repayment schedule.
- v) **NBFC failing to repay public deposit prohibited from making loans and investments**: A NBFC-D which has failed to repay any public deposit or part thereof in accordance with the terms and conditions of such

deposit, cannot grant any loan or other credit facility by whatever name called or make any investment or create any other asset as long as such default exists.

- vi) Exposure to capital-markets: Every NBFC-D (including residuary non-banking company) with total assets of ₹ 10,000 lakhs and above according to the previous audited balance sheet, shall submit a monthly return within a period of 7 days of the expiry of the month to which it pertains in the format NBS 6 provided in Annex 3 to the Regional Office of the Department of Non-Banking Supervision of the Reserve Bank of India as indicated in the Second Schedule to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and Schedule B to the Residuary Non-Banking Companies (Reserve Bank) Directions, 1987.
- vii) Capital Adequacy: Every non-banking financial company shall maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The total Tier I capital, at any point of time shall not be less than 8.5 percent by March 31, 2016 and 10 percent by March 31, 2017. The total of Tier II capital of any NBFC-D at any point of time shall not exceed one hundred percent of Tier I capital.
- viii) Disclosure Requirements: Every non-banking financial company is required to separately disclose in its balance sheet the provisions made in accordance with the applicable prudential norms prescribed by the RBI without netting them from the income or against the value of assets. Further, the provisions shall be distinctly indicated under separate heads of account as under:
- provisions for bad and doubtful debts; and
 - provisions for depreciation in investments.

Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the non-banking financial company. Such provisions for each year shall be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves may be written back without making adjustment against them.

- ix) Fair Practices Code: The RBI has framed the Fair Practice guidelines, to promote good and fair practices by setting minimum standards to be adhered to by NBFCs in dealing with customers. These guidelines require NBFCs to ensure that they meet the commitments and standards specified therein for the products and services they offer and in the procedures and practices their staff follows, their products and services meet relevant laws and regulations in letter and spirit, and their dealings with customers rest on ethical principles of integrity and transparency. Further, the said guidelines prescribe the requirements in connection with information to be provided and disclosures to be made by NBFCs to their customers. Accordingly, the guidelines require NBFCs to provide information on interest rates, common fees and charges, provide clear information explaining the key features of their services and products that customers are interested in, provide information on any type of product and service offered, that may suit the customer's needs, tell the customers about the various means through which products and services are offered, and provide more information on the key features of the products, including applicable interest rates / fees and charges.
- x) KYC Guidelines: NBFCs have been advised, *vide* RBI Master Circular dated July 1, 2015, to follow certain customer identification procedure for opening of accounts and monitoring transactions of suspicious nature for the purpose of reporting it to appropriate authority, ("**KYC Norms**"). Accordingly, NBFCs have been advised to ensure that a proper policy framework on 'know your customer' and anti-money laundering measures is formulated and put in place with the approval of the RBI. The KYC Norms also require that while preparing operational guidelines NBFCs may keep in mind to treat the information collected from the customer for the purpose of opening of account as confidential and not divulge any details thereof for cross selling or any other purposes. NBFCs may, therefore, ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard. Any other information from the customer should be sought separately with his /her consent and after opening the account.

Rating of Financial Product

As per RBI circular dated February 4, 2009 all NBFCs with asset size of ₹ 10,000 lakhs and above are required to furnish at the regional office of the RBI under whose jurisdiction the registered office of the NBFC is

functioning, information relating to the upgrading and downgrading of assigned rating of any financial products issued by them within 15 days of such change.

Norms for excessive interest rates

RBI through its circular dated May 24, 2007 directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction RBI has issued a circular dated January 2, 2009 and a Master Circular on Fair Practices Code dated July 1, 2009 for regulating the excessive rates of interest charged by the NBFCs. The aforementioned circular and the master circular stipulate that the Board of each NBFC shall adopt an interest rate model taking into account the various relevant factors such as cost of funds, margin and risk premium, etc. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers shall be required to be disclosed in the application form and communicated explicitly in the sanction letter. Further, the same is also required to be made available on the company's website or be published in the relevant newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be annualized rates so that the borrower is aware of the exact rates that would be charged to the account.

7. Corporate Governance

Pursuant to RBI circular (DNBS.PD/CC 94/03.10.042/2006-07) dated May 8, 2007, the RBI has proposed certain corporate governance guidelines for the consideration of all NBFC-Ds with an asset size of ₹ 2,000 lakhs or more. The guidelines recommend that such NBFCs constitute an Audit Committee, a Nomination Committee (to ensure that fit and proper persons are nominated as directors on their respective boards) and a Risk Management Committee to institute risk management systems. The guidelines have also issued instructions relating to credit facilities to directors, loans and advances to relatives of directors of the said NBFCs or the directors of other companies and their relatives and other entities, timeframe for recovery of such loans, etc. such NBFCs are also required to frame internal corporate governance guidelines based on the guidelines issued by the RBI on May 8, 2007. The latest guidelines have been prescribed in the Master Circular – “Non Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.”

Further, RBI *vide* notification dated June 03, 2015 has mandated that all NBFCs are required to obtain undertakings and a deed of covenant from all directors and furnish a quarterly statement to the RBI on change of directors along with a certificate from the managing director that 'fit and proper criteria' has been followed. All applicable NBFCs are required to disclose details pertaining to asset-liability profile, non-performing assets and movement of non-performing assets, details of exposures, etc. in their annual financial statements

8. Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Profit and Loss account of these changes in each of the accounting years preceding the change.

In such case our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made.

9. Reporting by Statutory Auditor

The statutory auditor of the NBFC-D is required to submit to the Board of Directors of our Company a report *inter-alia* certifying that such company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts and standard assets as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

10. Other Regulations

Applicable Foreign Investment Regime

FEMA Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion (DIPP), GoI which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“**FEMA Regulations**”) to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India. As laid down by the FEMA Regulations, no prior consent and approval is required from the RBI, for FDI under the “automatic route” within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

Foreign Direct Investment

FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy (“**FDI Policy**”) by the DIPP. FDI is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior Government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. Investors are required to file the required documentation with the RBI within 30 days of such issue/ acquisition of securities.

Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/ activities that cannot be brought in under the automatic route (other than in prohibited sectors) may be brought in through the approval route.

Further:

- (a) As per the sector specific guidelines of the Government of India, 100% FDI/NRI investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.
- (b) Minimum Capitalisation Norms for fund based NBFCs:
 - (i) For FDI up to 51% - US\$ 5 lakhs to be brought upfront
 - (ii) For FDI above 51% and up to 75% - US \$ 50 lakhs to be brought upfront
 - (iii) For FDI above 75% and up to 100% - US \$ 500 lakhs out of which US \$ 75 lakhs to be brought upfront and the balance in 24 months
- (c) Minimum capitalization norm of US \$5 lakhs is applicable in respect of all permitted non fund based NBFCs with foreign investment.
- (d) Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities, subject to bringing in US\$ 500 lakhs as at (b)(iii) above(without any restriction on number of operating subsidiaries without bringing in additional capital).
- (e) Joint ventures operating NBFC’s that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b)(i) and (b)(ii) above.

Where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies. Every Indian company issuing shares or convertible debentures in accordance with the RBI regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser.

Laws Relating to Employment

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter-alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Labour Laws

Our Company is required to comply with various labour laws, including the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972 and the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Laws relating to Intellectual Property

The Trade Marks Act, 1999 and the Indian Copyright Act, 1957 *inter-alia* govern the law in relation to intellectual property, including brand names, trade names and service marks and research works.

In addition to the above, our Company is required to comply with the provisions of the Companies Act, 2013, the Foreign Exchange Management Act, 1999, various tax related legislations and other applicable statutes.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. As on the date of this Draft Shelf Prospectus, we have 8 (eight) Directors on our Board.

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, defaulter list maintained by the Reserve Bank of India and/or Export Credit Guarantee Corporation of India Limited.

Details relating to Directors

Name, Designation, Age, DIN, PAN, occupation and Term of Appointment	Nationality	Date of Appointment	Address	Other Directorships
Mr. V Ravi <i>Executive Director and Chief Financial Officer</i> Age: 56 years DIN: 00307328 PAN: ABKPV6883B Occupation: Service Term of appointment: July 25, 2015 to July 24, 2020	Indian	April 23, 2014 (as CFO under Companies Act, 2013) July 25, 2015 (as Whole Time Director)	A-4 New Samrat, 2 nd Floor, Andheri Kurla Road, Andheri (East), Mumbai, 400069, Maharashtra, India	i. Mahindra Insurance Brokers Limited; ii. Mahindra Rural Housing Finance Limited; iii. Mahindra Solar One Private Limited; iv. Mahindra Asset Management Company Private Limited; and v. Mahindra Finance USA LLC
Mr. Ramesh Iyer <i>Managing Director</i> Age: 57 years DIN: 00220759 PAN: AAAPI6054Q Occupation: Service Term of appointment: April 30, 2011 to April 29, 2016	Indian	April 30, 2011	A-801/802, 8th Floor, Oberoi Gardens,, Western Express Highway, Kandivali (East), Mumbai, 400101, Maharashtra, India	i. Mahindra Insurance Brokers Limited; ii. Mahindra First Choice Wheels Limited.; iii. NBS International Limited; iv. Mahindra Rural Housing Finance Limited; v. Mahindra First Choice Services Limited; vi. Mahindra Finance USA LLC; and vii. Mahindra & Mahindra South Africa (Pty.) Limited
Mr. V S Parthasarathy	Indian	July 24, 2014	501-502, Mayfair Bliss, Lena Cottage Co.Op.Hsg.Soc.Ltd, 7th Road,	i. Mahindra Aerospace Private Limited;

Name, Designation, Age, DIN, PAN, occupation and Term of Appointment	Nationality	Date of Appointment	Address	Other Directorships
<p><i>Non-Executive Non- Independent Director</i></p> <p>Age: 53 years</p> <p>DIN: 00125299</p> <p>PAN: AADPV5236G</p> <p>Occupation: Service</p> <p>Term of appointment: Liable to retire by rotation</p>			Khar West, Mumbai, 400052, Maharashtra, India	<p>ii. Mahindra eMarket Limited</p> <p>iii. Mahindra Reva Electric Vehicles Limited;</p> <p>iv. Mahindra Defence Systems Limited;</p> <p>v. Mahindra USA Inc.;</p> <p>vi. Mahindra Yueda (Yancheng) Tractor Company Limited;</p> <p>vii. Mahindra Tractor Assembly Inc.;</p> <p>viii. CIE Automotive, S.A.;</p> <p>ix. Mahindra North America Technical Centre, Inc.;</p> <p>x. Mahindra Holidays & Resorts India Limited;</p> <p>xi. New Democratic Electoral Trust;</p> <p>xii. Mahindra Two Wheelers Limited;</p> <p>xiii. Peugeot Motorcycles; and</p> <p>xiv. Tech Mahindra Limited</p>
<p>Mr. Chandrashekhar Bhave</p> <p><i>Independent Director</i></p> <p>Age: 65 years</p> <p>DIN: 00059856</p> <p>PAN: AADPB6164B</p> <p>Occupation: Self Employed</p> <p>Term of appointment: February 3, 2015 to February 2, 2020</p>	Indian	February 3, 2015	64 Tower 4, Pebble Bay, 1ST Main Rmv 2ND Stage, Dollars Colony, Bangalore, 560094, Karnataka, India	<p>i. Indian Institute for Human Settlements; and</p> <p>ii. Tata Consulting Engineers Limited</p>
<p>Mr. Manohar Gopal Bhide</p>	Indian	July 24, 2014	A-5, Bageshree, Shankar Ghanekar Marg, Prabhadevi,	<p>i. Mahindra Agri Solutions Limited;</p>

Name, Designation, Age, DIN, PAN, occupation and Term of Appointment	Nationality	Date of Appointment	Address	Other Directorships
<p><i>Independent Director</i></p> <p>Age: 77 years</p> <p>DIN: 00001826</p> <p>PAN: ABBPB2711K</p> <p>Occupation: Management Consultant</p> <p>Term of appointment: July 24, 2014 till July 23, 2019</p>			<p>Mumbai, Maharashtra, India</p> <p>400025,</p>	<p>ii. J. P. Morgan Securities India Private Limited;</p> <p>iii. Talwalkars Better Value Fitness Limited.; and</p> <p>iv. Mahindra Trustee Company Private Limited</p>
<p>Mr. Piyush Gunwantrai Mankad</p> <p><i>Independent Director</i></p> <p>Age: 74 years</p> <p>DIN: 00005001</p> <p>PAN: AEDPM7042R</p> <p>Occupation: Consultant</p> <p>Term of appointment: July 24, 2014 till July 23, 2019</p>	Indian	July 24, 2014	<p>P161, ATS Green Village, Sector - 93A, Expressway, Noida - 201301, Uttar Pradesh, India</p>	<p>i. Tata International Limited;</p> <p>ii. Tata Elxsi Limited;</p> <p>iii. DSP BlackRock Investment Managers Private Limited;</p> <p>iv. Heidelberg Cement India Limited;</p> <p>v. Noida Toll Bridge Company Limited;</p> <p>vi. The Tata Power Company Limited;</p> <p>vii. Hindustan Media Ventures Limited;</p> <p>viii. Tata South East Asia Limited, Hong Kong; and</p> <p>ix. Tata Power Trading Company Limited</p>
<p>Mr. Dhananjay Narendra Mungale</p> <p><i>Independent Director</i></p> <p>Age: 62 years</p> <p>DIN: 00007563</p> <p>PAN: AADPM4264H</p>	U.K. (Nationality of origin – Indian)	July 24, 2014	<p>10 A / Ameya Apartments, Near Kirti College, Off. Dhuru Road, Prabhadevi, Mumbai, Maharashtra, India</p> <p>400028,</p>	<p>i. I-nestor Advisors Private Ltd;</p> <p>ii. Mentor Technologies Private Limited ;</p> <p>iii. Snowcem Private Limited;</p> <p>iv. J P Morgan Asset Management India Private Limited;</p> <p>v. LICHL Trustee Company Private Limited;</p>

Name, Designation, Age, DIN, PAN, occupation and Term of Appointment	Nationality	Date of Appointment	Address	Other Directorships
Occupation: Consultant				vi. Chowgule Steamships Limited
Term of appointment: July 24, 2014 till July 23, 2019				vii. NOCIL Limited;
				viii. Tamilnadu Petroproducts Limited;
				ix. Lavgan Dockyard Private Limited;
				x. Kalpataru Limited;
				xi. Samson Maritime Limited;
				xii. L&T Infra Investment Partners Advisory Private Limited;
				xiii. Mahindra CIE Automotive Limited;
				and
				xiv. IL&FS Engineering and Construction Company Limited
Mrs. Rama Bijapurkar	Indian	July 24, 2014	8,C-D, Mona Apartments, 46F, Bhulabhai Desai Road, Mumbai, Maharashtra, India	i. ICICI Prudential Life Insurance Company Ltd.;
<i>Independent Director</i>				ii. Ambit Holdings Pvt. Ltd.;
Age: 59 years				iii. People Research on India's Consumer Economy;
DIN: 00001835				iv. RBL Bank Limited (The Ratnakar Bank Limited);
PAN: AADPB9849D				v. Indian Council on Global Relations;
Occupation: Management Consultant				vi. National Payments Corporation of India;
Term of appointment: July 24, 2014 till July 23, 2019				vii. Redington Gulf FZE; and
				viii. Emami Limited

Profile of Directors

Mr. V Ravi

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

Mr. V Ravi was awarded the "CFO 100 Roll of Honour 2014" award in the category – 'Winning Edge in Raising Capital/Fund Management – Revenues above ₹ 1,000 Crores' in the year 2014. He was also awarded the "CFO100

League of Excellence 2015” award by CFO 100. In 2015, he has also been recognized as the “Most Influential CFO in India” by the Chartered Institute of Management Accountants.

Mr. Ramesh Iyer

Mr. Ramesh Iyer has been Managing Director of our Company with effect from April 30, 2001 and is associated with us since inception.

Mr. Ramesh Iyer has also recently won the “Business Leadership Award” by Indian Achievers Forum on September 10, 2015. In 2014, he was also awarded the “Best CEO – Financial Services” Mid-Sized Companies by Business Today. He has also been conferred two awards in the category “CEO of the Year” & “Most Admired Rural Entrepreneur of the Year Award” at The Rural Marketing Forum and Awards, conducted by CMO Asia on February 14, 2015. He is also the recipient of the award “CEO – Financial Services” at the CEO Awards 2015 organized by CEO India magazine on March 12, 2015.

Mr. V S Parthasarathy

Mr. V S Parthasarathy is non-executive and non-independent director of our Company. He has been associated with our Company for a period of over 1 year.

He has received many accolades and recognitions in the field of Finance, M&A & IT; some notable awards being:

- **As group chief financial officer**
 - CFO Hall of Fame – from CFO India in 2014 for life time contribution to world of finance
 - CFO Manufacturing Sector –At 8th ICAI Awards 2014 by The Institute of Chartered Accountants of India
 - ‘CFO of the Year’ 2013 award – from International Market Assessment (IMA)
 - Best CFO of India Award by Corporate Excellence Awards
- **As group chief information officer (“CIO”)**
 - CIOL Life Time Achievement Award by CIOL's C-Change Enterprise Awards 2015
 - Global CIO-Hall of Fame 2012 by Information Week
 - CIO 100 – Hall of Fame by CIO
- **As president – group finance and mergers and acquisition**
 - CFO Innovation Asia Award 2014 for Excellence in Mergers & Acquisitions
 - Best CFO Award - 2012 by Business Today / Yes Bank in the “Enhancing Competitiveness through M&As”
 - Facilitation of Global M&A Strategy by CCH Wolters & Kluwer in 2011
 - Award for Innovation & Excellence for ‘Treasury Transformation’ from TMI in 2014

Mr. Chandrashekhar Bhave

Mr. Chandrashekhar Bhave is an independent director of our Company. He has been associated with our Company for a period of over 1 year. He started his career in the Indian Administrative Service (IAS) in 1975.

Mr. Bhave 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 of the International Organisation of Securities Commissions (IOSCO).

Mr. Bhave has several professional affiliations that include:

- Member of the Board of the Public Interest Oversight Board (PIOB), Madrid which supervises the work of the standard-setting bodies of the International Federation of Accountants from the perspective of public interest.
- Member of the City of London Advisory Council for India.
- Trustee of the IFRS Foundation, London that oversees the International Accounting Standards Board.

Mr. Manohar Gopal Bhide

Mr. Manohar Gopal Bhide is an independent director of our Company. He has been associated with our Company for a period of over 15 years.

Mr. Piyush Gunwantrai Mankad

Mr. Piyush Gunwantrai Mankad is an independent director of our Company. He has been associated with our Company for a period of over 10 years. Mr. Piyush G. Mankad joined Indian Administrative Service in 1964.

Mr. Dhananjay Narendra Mungale

Mr. Dhananjay Narendra Mungale is an independent director of our Company. He has been associated with our Company for a period of over 16 years.

Mrs. Rama Bijapurkar

Mrs. Rama Bijapurkar is an independent director of our Company. She has been associated with our Company for a period of over 7 years. Mrs. Rama Bijapurkar is an independent director of our Company. She has several publications on the emerging market and consumer related issues and has authored books titled 'Winning in the Indian Market – Understanding the Transformation of Consumer India', 'Customer In The Board Room', 'We Are Like That Only – Understanding the logic of Consumer India' and 'A Never- Before World'. She is also a member of the governing committee of the Indian Institute of Management, Ahmedabad.

Remuneration of the Directors

Pursuant to a resolution dated March 20, 2015, and in compliance with requirements under Section 134(3)(e) of the Companies Act, 2013 read with Section 178(2) of the Companies Act, 2013 and erstwhile clause 49 of the listing agreement, our Company has formulated a policy on Appointment of Directors and Senior Management and Succession Planning for Orderly Succession to the Board and the Senior Management. Pursuant to a resolution passed by the Board at its meeting held on March 19, 2014, the Board has constituted a Nomination and Remuneration Committee ("NRC").

Pursuant to the recommendation of our NRC at its meeting held on March 20, 2015 and the resolution passed by the Board of the Directors at its meeting held on April 23, 2015, the eligible Non-Executive directors and independent directors have been paid commission for the Fiscal 2015, as follows :

Sr. No.	Designation	Amount (₹)
1.	Mr. Dhananjay Mungale - Chairman of the Audit Committee	16 lakhs
2.	Mr. Piyush Gunwantrai Mankad – Chairman of the Nomination and Remuneration Committee	16 lakhs
3.	Mr. Manohar Gopal Bhide – Chairman of the Stakeholders Relationship Committee	16 lakhs
4.	Independent Directors (other than Chairmen of above mentioned Committees)	15 lakhs

Pursuant to the special resolution passed at the 20th AGM of our Company held on July 23, 2010 and partially modified by the special resolution passed at the 21st AGM held on July 29, 2011, the eligible non-executive directors were paid commission up to a maximum of 1% of the net profits of our Company for the Fiscals 2010-2015.

Further, pursuant to the special resolution passed at the 25th AGM of our Company held on July 24, 2015 all the Directors who are neither in the full time employment of our Company, nor Managing Director or Executive Director of our Company with effect from April 1, 2015, shall be paid remuneration by way of commission either by way of a monthly payment or at a specified percentage of the net profits of our Company or partly by one way and partly by the other, as the Board of Directors may from time to time determine, up to one per cent of the net profits of our Company.

Pursuant to the resolutions passed by the Board at its meetings held on July 24, 2014, April 23, 2015 and January 21, 2016 the independent directors and eligible Non-Executive Director(s) are entitled to be paid sitting fees for attending the meetings of the Board and its Committees as under:

Meeting	Overall limit per Director (₹)
Meetings of the Board	50,000
Meetings of Audit Committee	40,000
Meetings of Nomination and Remuneration Committee	30,000
Meetings of Risk Management Committee	30,000
Meetings of Asset Liability Committee	30,000
Meetings of Corporate Social Responsibility Committee	30,000
Meetings of Stakeholders Relationship Committee	30,000
Meetings of the Strategy Committee for Acquisitions	20,000

Appointment and Remuneration of Managing Director

Mr. Ramesh Iyer, was re-appointed as the Managing Director of our Company for a period of 5 (five) years with effect from April 30, 2011 pursuant to a resolution of the Board passed at its meeting held on April 25, 2011.

Further, the salary payable to Mr. Ramesh Iyer was restructured, within the scale of ₹ 4,00,000 per month to ₹ 8,00,000 per month *vide* resolution of the Nomination and Remuneration Committee dated July 24, 2015. As authorised by the shareholders of our Company pursuant to the Special Resolution passed at their AGM held on July 24, 2014.

The remuneration payable to our Managing Director for the Fiscal 2016, by way of salary and other perquisites is as follows:

i. Salary:

₹ 5,58,042 per month in the scale of ₹ 4,00,000 per month to ₹ 8,00,000 per month.

ii. Perquisites:

- In addition to the salary, the Managing Director shall also be entitled to perquisites (including allowances) which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, performance award, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities in accordance with the Rules of our Company.
- The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.
- Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Encashment of earned leave at the end of the tenure as per Rules of our Company shall not be included in the computation of ceiling on remuneration.
- Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

iii. Commission:

In addition to the salary and perquisites, the Managing Director would be entitled to such commission based on the net profits of our Company in any financial year not exceeding one-fourth per cent of such profits as the Nomination and Remuneration Committee shall decide, having regard to the performance of our Company.

Our Managing Director is entitled to a commission of ₹ 73.83 Lacs for the year ended March 31, 2015 and as approved *vide* the resolution passed at the meetings of the NRC and Board of Directors on April 23, 2015. A performance pay of ₹ 20.29 Lacs has been paid for the Fiscal 2015, as approved by the Nomination and Remuneration Committee at its Meeting held on July 24, 2015.

iv. Other Applicable Terms:

Where in a financial year during the currency of the tenure of the Managing Director, our Company has no profits or inadequate profits our Company may pay to the Managing Director remuneration as the minimum remuneration from the date of appointment by way of salary, perquisites and other allowances and benefits subject to receipt of approvals.

Encashment of earned leave at the end of the tenure as per our Company's Rules is not included in the computation of ceiling on remuneration.

Provision for car for use on Company's business and telephone at residence would not be considered as perquisites.

Mr. Ramesh Iyer, Managing Director of our Company does not receive any remuneration or commission from any of the Subsidiaries. However, Mr. Ramesh Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding company, Mahindra & Mahindra Limited. The remuneration of Mr. Ramesh Iyer is as per the "Policy on Remuneration of Directors" of our Company.

During the Fiscal 2015 Mr Ramesh Iyer was paid a compensation of ₹ 653.16 lacs.

Appointment and Remuneration of Executive Director and Chief Financial Officer

Mr. V Ravi was appointed as the Executive Director and Chief Financial Officer of our Company on the recommendation of NRC at its meeting held on July 24, 2015 and pursuant to a resolution of the Board passed at its adjourned meeting held on July 24, 2015 for a period of 5 years with effect from July 25, 2015, subject to the approval of the shareholders.

The remuneration payable to our Executive Director and Chief Financial Officer is as follows:

i. Salary :

₹ 3,00,000 per month in the scale of ₹ 3,00,000 to ₹ 6,00,000 per month.

ii. Perquisites:

- a) In addition to the salary, Mr. V Ravi is also entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, performance award, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under our Company's Special Post Retirement Benefits Scheme in accordance with the Rules of our Company.

The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

- b) Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- c) Encashment of earned leave at the end of the tenure as per Rules of our Company shall not be included in the computation of ceiling on remuneration.
- d) Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

iii. Commission:

In addition to the salary and perquisites, Mr. V Ravi is entitled to such commission based on the net profits of our Company in any financial year not exceeding one-fourth per cent of such profits as the Nomination and Remuneration Committee shall decide, having regard to the performance of our Company.

Provided that the remuneration payable to Mr. V Ravi (including the salary, commission, perquisites, allowances, benefits and amenities) shall not exceed the limits laid down in sections 197 and 198 of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force read with Schedule V of the Companies Act, 2013 .

If in any financial year during the currency of the tenure of Mr. V Ravi, our Company has no profits or its profits are inadequate, subject to the requisite approvals, our Company may pay the remuneration, as mentioned aforesaid, as the minimum remuneration for a period not exceeding 3 years from the date of appointment by way of salary, perquisites and other allowances and benefits as specified above and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity fund, gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II and Section III of Part II of Schedule V of the Act. The remuneration proposed for Mr. V. Ravi is as per the 'Policy on Remuneration of Directors' of our Company.

During the Fiscal 2015 Mr V Ravi was paid a compensation of ₹ 330.64 lacs.

Borrowing Powers of the Board

Pursuant to a resolution passed by the Board at its meeting held on April 23, 2015 and thereafter the shareholders resolution passed through postal ballot on June 17, 2015 and in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company upon such terms and conditions and with or without security as the Board may think fit, provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans (including working capital facilities) obtained from our Company's bankers in the ordinary course of business) shall not exceed ₹ 50,000 crores (Rupees Fifty Thousand Crores only).

Interest of the Directors

All the directors of our Company, including our independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them and the independent directors may be deemed to be interested to the extent of commission out of net profits as may be paid to them as approved by the shareholders in the Annual General Meeting held on July 24, 2015, of our Company. All the non-executive independent directors of our Company are entitled to receive sitting fees for every meeting of the Board or a committee thereof. The Managing Director of our Company is interested to the extent of remuneration paid for services rendered as an officer or employee of our Company.

All the directors of our Company, including independent directors, may also be deemed to be interested to the extent of Equity Shares, stock options such as employee stock options scheme held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company. None of the

Directors have any interest in immovable property acquired or proposed to be acquired by our Company in the preceding two years as of the date of this Draft Shelf Prospectus.

Our Company's directors have not taken any loan from our Company. Some of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees. For details, refer "*Financial Statements*" beginning on page 153 of this Draft Shelf Prospectus.

None of the relatives of the Directors have been appointed to an office or place of profit.

Except as disclosed hereinabove and the section titled "*Risk Factors*" on page 12 of this Draft Shelf Prospectus the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the section titled "*Financial Statements*" and to the extent of compensation and commission if any, and their shareholding in the Company, our Directors do not have any other interest in our business.

Debenture holding of Directors:

As on December 31, 2015 none of the Directors of our Company hold any Debentures issued by our Company.

Changes in the Directors of our Company during the last three years:

The Changes in the Board of Directors of our Company in the three years preceding the date of this Draft Shelf Prospectus are as follows:

Name of the Director, Designation and DIN	Appointment /Resignation/Change in Designation	Date of Appointment/Resignation
Mr. Dhananjay Mungale Independent Director DIN: 00007563	Change in designation to Non-Executive Independent	July 24, 2014
Mr. Manohar Gopal Bhide Independent Director DIN: 00001826	Change in designation to Non-Executive Independent	July 24, 2014
Mr. Piyush Mankad Independent Director DIN: 00005001	Change in designation to Non-Executive Independent	July 24, 2014
Mr. V. S. Parthasarathy Non-Executive Non-Independent Director DIN: 00125299	Appointment	July 24, 2014
Mrs. Rama Bijapurkar Independent Director DIN: 00001835	Change in designation to Non-Executive Independent	July 24, 2014
Dr. Pawan Kumar Goenka Non-Executive Non-Independent Director DIN: 00254502	Cessation (Date of appointment: July 27, 2009)	July 24, 2014
Mr. Chandrashekhar Bhave Independent Director DIN: 00059856	Appointment	February 3, 2015
Mr. Uday Phadke Non-Executive Non-Independent Director DIN: 00030191	Cessation (Date of appointment: May 27, 1999)	July 24, 2015
Mr. V Ravi Additional Director and Executive Director and Chief Financial Officer DIN: 00307328	Executive Director and Chief Financial Officer (Whole-time Director)	July 25, 2015
Mr. Bharat Doshi Non-Executive Non-Independent Chairman	Cessation (Date of appointment: March 30, 1992)	March 9, 2016

Name of the Director, Designation and DIN	Appointment /Resignation/Change in Designation	Date of Appointment/Resignation
DIN: 00012541		

Shareholding of Directors, including details of qualification shares held by our Directors

As per the provisions of our AOA, our Directors are not required to hold any qualification shares. Details of the shares held in our Company by our Directors, as on December 31, 2015 are provided in the table given below:

S. No.	Name of Director	No. of Equity Shares
1.	Mr. Ramesh Iyer	6,36,380
2.	Mr. V Ravi	4,78,850
3.	Mr. Dhananjay Mungale	50,000
4.	Mr. Manohar Gopal Bhide	50,000
5.	Mr. Piyush Mankad	50,000
6.	Mrs. Rama Bijapurkar	50,000
7.	Mr. V. S. Parthasarathy	250

Details of various committees of the Board

Our Company has various committees which have been constituted as a part of the good corporate governance practices.

A. Audit Committee

The Board at its meeting held on July 24, 2015 reconstituted the Audit Committee. The members of the Audit Committee are:

Mr. Dhananjay Mungale - Chairman;
 Mr. Manohar G. Bhide;
 Mrs. Rama Bijapurkar;
 Mr. Piyush Mankad;
 Mr Chandrashekhar Bhawe; and
 Mr. V.S. Parthasarathy

The brief terms of reference of the Audit Committee, *inter alia*, include:

- i. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- ii. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii. Examination of and reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval.
- iv. Providing comments/explanation on observations made by the auditors in the auditors' report/modified opinion(s) in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- vi. Scrutiny of inter-corporate loans and investments.
- vii. Valuation of undertakings or assets of our Company, wherever it is necessary.
- viii. Evaluation of internal financial controls and risk management systems.
- ix.
 - a. Monitoring the end use of funds raised through public offers/any issue and related matters;
 - b. Reviewing, with the Management :
 - The statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
 - The statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue.
 - Making appropriate recommendations to the Board to take up steps in this matter.

- x. To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xi. Calling for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board for its approval and discussion with the internal and statutory auditors and the management of our Company on any related issues.
- xii. Monitoring and Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- xiii. Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies.
- xiv. To review the instances of fraud reported by auditor and provide comments thereon.
- xv. To investigate into any matter within its terms of reference or referred to it by the Board.
- xvi. In consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit.
- xvii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- xviii. Discussion with internal auditors of any significant findings and follow-up thereon.
- xix. Reviewing on a quarterly basis, the report on compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 given by the Compliance Officer.
- xx. To oversee/review the functioning of the Whistle Blower Policy/Vigil Mechanism
- xxi. To review matters raised pursuant to vigil mechanism.
- xxii. To investigate and take actions for frivolous matters if necessary
- xxiii. To grant prior approval to all related party transactions to be entered into by our Company in accordance with Companies Act, 2013 and the SEBI LODR Regulations as amended from time to time.

B. Nomination and Remuneration Committee (“NRC”)

The Board at its meeting held on July 24, 2015 reconstituted the NRC. The constitution and the terms of reference of the NRC are in compliance with the provisions of section 178(1) of the Companies Act, 2013 and the SEBI LODR Regulations. The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of director :

- i. All Board appointments shall be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective;
- ii. Ability of the candidate to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making;
- iii. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

The members of the Nomination and Remuneration Committee are:

Mr. Piyush Mankad - Chairman;
 Mr. Manohar G. Bhide
 Mr. Dhananjay Mungale

The role of the NRC is to establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of our Company in line with the appropriate legislations, establish director retirement policies and appropriate succession plans, devise policy on Board diversity, determine overall compensation policies of our Company, and administer the “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme – 2005 ”, “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme – 2010 ”, and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Schemes. The role of the Committee includes:

- i. review of market practices and to decide on remuneration packages applicable to the Managing Director, Executive Director(s), Functional Heads, etc., set out performance parameters for Managing Director, Executive Director(s), Functional Heads, etc., and review the same.
- ii. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- iii. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

C. Stakeholders' Relationship Committee

The Board in its meeting held on 19th March, 2014 had changed the name of the 'Share Transfer & Shareholders/ Investors' Grievance Committee' to 'Stakeholders Relationship Committee' and had amended its terms of reference in order to fall in line with the provisions of section 178 of the Companies Act, 2013. The Stakeholders' Relation Committee was reconstituted by a resolution passed in a meeting by the Board held on July 24, 2015.

The members of the Stakeholders' Relationship Committee are:

Mrs. Rama Bijapurkar - Chairperson
 Mr. Manohar G. Bhide;
 Mr. Ramesh Iyer; and
 Mr. V Ravi.

The terms of reference of the Stakeholders' Relationship Committee, *inter alia*, include:

The Committee is responsible for assisting the Board of Directors in the Board's overall responsibilities relating to attending to and redressal of the grievances of stakeholders/security holders and the investors of our Company. The Committee in particular looks into:

- i) to attend to matters related to transfers and transmissions of Shares and/or any Securities;
- ii) approving the issue of duplicate share certificates in lieu of original share certificate lost or misplaced;
- iii) monitoring and resolving the grievances of the shareholders and security holders of our Company;
- iv) monitoring and reviewing the performance and service standards of the Registrar and Share Transfer Agents of our Company;
- v) providing continuous guidance to improve the service levels for investors;
- vi) To attend to such other matters and functions as may be prescribed from time to time.

D. Asset Liability Committee

The members of the Asset Liability Committee are:

Mr. Manohar G. Bhide– Chairman;
 Mr. Dhananjay Mungale
 Mr. Ramesh Iyer;
 Mr. V. S. Parthasarathy
 Mr. V Ravi

The Asset Liability Committee ("ALCO") was reconstituted by the Board at its meeting held on July 24, 2015. The Committee is responsible for supervising our Company's treasury and financial risk management activities. Its functions include *inter-alia* reviewing the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI).

E. Strategy Committee for Acquisitions

The members of the Strategy Committee for Acquisitions are:

Mr. Manohar G. Bhide;

Mr. Dhananjay Mungale, and
Mr. V.S. Parthasarathy.

The Strategy Committee for Acquisitions was constituted by the Board at its Meeting held on March 20, 2015 to take up for evaluation and scrutinise significant investments/ funding including but not limited to business acquisitions, reviewing and monitoring existing investments in subsidiaries and the joint venture company, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time including disinvestments.

F. Risk Management Committee

The members of the Risk Management Committee are:

Mr. Chandrashekhar Bhave – Chairman;
Mr. Manohar G. Bhide;
Mrs. Rama Bijapurkar
Mr. Dhananjay Mungale ; and
Mr. V. S. Parthasarathy

The Risk Management Committee was reconstituted by the Board at its Meeting held on April 23, 2015 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 our Company. The Executive Director and Chief Financial Officer apprises the Risk Management Committee and the Board of the major risks as well as the movement in the profile of the high risk category, the root causes of risks and their impact, key performance indicators, risk management measures and the current controls being exercised to mitigate these risks.

G. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

Mr. Piyush Mankad;
Mr. Ramesh Iyer; and
Mr. V Ravi.

The Corporate Social Responsibility Committee (“**CSR Committee**”) was constituted on March 15, 2013 and our Company has aligned its CSR Policy in accordance with the Companies Act, 2013 read with the (Corporate Social Responsibility Policy) Rules, 2014 at the Board Meeting held on March 19, 2014. The CSR Committee is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII of the Companies Act, 2013, to be undertaken by our Company, to recommend the amount to be spent on CSR activities and to monitor the CSR Policy periodically.

Payment of benefits and profit-share to Employees

The broad structure of compensation payable to employees is under:

- i. Fixed pay which has components like basic salary & other allowances/ flexi pay as per the grade where the employees can chose allowances from bouquet of options.
- ii. Variable pay (to certain grades) in the form of annual/ half yearly performance pay based on KRA’s agreed.
- iii. Incentives either monthly or quarterly based on targets in the lower grades.
- iv. Retirals such as PF, Gratuity & superannuation (for certain grades).
- v. Benefits such as car scheme, medical and dental benefit, loans, insurance, etc., as per grades.

OUR PROMOTER

Profile of our Promoter

Our Promoter is Mahindra and Mahindra Limited (“M&M”). M&M, the flagship company of the Mahindra group, was included by Forbes in its ‘Global 2000’ list for 2014, a comprehensive listing of the world’s largest, most powerful public companies as measured by revenue, profits, assets and market value. M&M has been selling automotive and farm equipment primarily in semi-urban and rural markets for around six decades. The Mahindra Group is one of the largest business conglomerates in India and has a strong presence in utility vehicles, tractors, information technology, financial services, aerospace, real estate, and hospitality and logistics sectors. M&M was incorporated on October 2, 1945. Its registered office is located at Mahindra & Mahindra Tower, Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India.

Board of Directors of M&M

1. Mr. Anand Mahindra;
2. Dr. Pawan Goenka;
3. Mr. Deepak Parekh;
4. Mr. Nadir Godrej;
5. Mr. M. M. Murugappan;
6. Mr. Ravindra Kulkarni;
7. Mr. Anupam Puri;
8. Dr. Vishakha Desai;
9. Mr. Vikram Singh Mehta
10. Mr. S. B. Mainak

Shareholding Pattern of M&M as on December 31, 2015:

Shareholding pattern of M&M is as follows:

Table I - Summary statement holding of specified securities

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid-up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No. of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total shares held (b)	No.	As a % of total shares held (b)		
								Class eg: X	Class eg: Y									Total
(A)	Promoter & Promoter Group *	40	158554317	0	0	158554317	27.11	158554317	0	158554317	25.53	0	0.00	0	0.00	13094815	8.26	158554317
(B)	Public	164870	426297099	0	0	426297099	72.89	426297099	0	426297099	68.64	0	0.00	0	0.00	N.A.		420626964
(C)	Non Promoter - Non Public	3	36240968	0	0	36240968	N.A.	36240968	0	36240968	5.84	0	0.00	0	0.00	N.A.		36239936
(C1)	Shares underlying DRs	3	36240968	0	0	36240968	0	36240968	0	36240968	5.84	0	0.00	0	0.00	N.A.		36239936
(C2)	Shares held by Employee Trusts *	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	N.A.		
	Total	164913	621092384	0	0	621092384	100.00	0	0	0	100.00	0	0.00	0	0.00	13094815	8.26	615421217

* 2,89,79,894 Shares representing 4.67% of the share capital of our Company held by Mahindra & Mahindra Employees Stock Option Trust and 20,30,870 shares representing 0.33% of the share capital of our Company held by Employees Welfare Trust are shown under the category 'Promoter & Promoter Group'

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+ (X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
							Class X	Class Y	Total								
(1 Indian)																	
(a Individuals / Hindu Undivided Family)	22	398868	0	0	398868	0.68	398868	0	398868	0.64	0	0.00	0	0.00	70000	1.75	3988681
1 KESHUB MAHINDRA		373644	0	0	373644	0.07	373644	0	373644	0.06	0	0.00	0	0.00	0	0.00	373644
2 KESHUB MAHINDRA		68652	0	0	68652	0.01	68652	0	68652	0.01	0	0.00	0	0.00	0	0.00	68652
3 ANAND GOPAL MAHINDRA		715004	0	0	715004	0.12	715004	0	715004	0.12	0	0.00	0	0.00	0	0.00	715004
4 ANJALI KUMARI MEHRA		57604	0	0	57604	0.01	57604	0	57604	0.01	0	0.00	0	0.00	0	0.00	57604
5 ANJALI MEHRA		85000	0	0	85000	0.01	85000	0	85000	0.01	0	0.00	0	0.00	0	0.00	85000
6 ANUJA P SHARMA		34259	0	0	34259	0.01	34259	0	34259	0.01	0	0.00	0	0.00	0	0.00	34259
7 ANURADHA MAHINDRA		228545	0	0	228545	0.04	228545	0	228545	0.04	0	0.00	0	0.00	0	0.00	228545

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)		
							Class X	Class Y	Total								
8 DEVESHWAR JAGAT SHARMA		12000	0	0	12000	0.00	12000	0	12000	0.00	0	0.00	0	0.00	0	0.00	12000
9 DHRUV S SHARMA		12000	0	0	12000	0.00	12000	0	12000	0.00	0	0.00	0	0.00	0	0.00	12000
10 GAUTAM P KHANDELWAL		300	0	0	300	0.00	300	0	300	0.00	0	0.00	0	0.00	0	0.00	300
11 LEENA S LABROO		393100	0	0	393100	0.07	393100	0	393100	0.06	0	0.00	0	0.00	0	0.00	393100
12 LEENA S LABROO		393092	0	0	393092	0.07	393092	0	393092	0.06	0	0.00	0	0.00	0	0.00	393092
13 RADHIKA NATH		46808	0	0	46808	0.01	46808	0	46808	0.01	0	0.00	0	0.00	0	0.00	46808
14 SANJAY LABROO		72720	0	0	72720	0.01	72720	0	72720	0.01	0	0.00	0	0.00	70000	96.26	72720
15 SUDHA K MAHINDRA		173792	0	0	173792	0.03	173792	0	173792	0.03	0	0.00	0	0.00	0	0.00	173792
16 SUDHA K MAHINDRA		160000	0	0	160000	0.03	160000	0	160000	0.03	0	0.00	0	0.00	0	0.00	160000
17 SUDHA K MAHINDRA		107728	0	0	107728	0.02	107728	0	107728	0.02	0	0.00	0	0.00	0	0.00	107728
18 SUDHA K MAHINDRA		71164	0	0	71164	0.01	71164	0	71164	0.01	0	0.00	0	0.00	0	0.00	71164

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)		
							Class X	Class Y	Total								
19 SUDHA KESHUB MAHINDRA		213332	0	0	213332	0.04	213332	0	213332	0.03	0	0.00	0	0.00	0	0.00	213332
20 UMA R MALHOTRA ^s		259944	0	0	259944	0.04	259944	0	259944	0.04	0	0.00	0	0.00	0	0.00	259944
21 UMA R MALHOTRA ^s		259932	0	0	259932	0.04	259932	0	259932	0.04	0	0.00	0	0.00	0	0.00	259932
22 UMA R MALHOTRA ^s		250061	0	0	250061	0.04	250061	0	250061	0.04	0	0.00	0	0.00	0	0.00	250061
(b) Cental/State Government(s)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c) Financial Institutions/Banks	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d) Any Other (Specify)	17	153974	0	0	153974	26.33	153974	0	153974	24.7	0	0.00	0	0.00	130248	8.46	153974364
Bodies Corporate	9	711283	0	0	711283	12.16	711283	0	711283	11.4	0	0.00	0	0.00	130248	18.3	71128386
		86			86		86		86	5				15	1		
1 PRUDENTIAL MANAGEMENT AND SERVICES PVT LTD		228957	0	0	228957	3.91	228957	0	228957	3.69	0	0.00	0	0.00	0	0.00	22895790
		90			90		90		90								

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)		
							Class X	Class Y	Total								
2 PRUDENTIAL MANAGEMENT AND SERVICES PVT LTD		162407 66	0	0	162407 66	2.78	162407 66	0	162407 66	2.61	0	0.00	0	0.00	0	0.00	16240766
3 PRUDENTIAL MANAGEMENT AND SERVICES PVT LTD		124884 63	0	0	124884 63	2.14	124884 63	0	124884 63	2.01	0	0.00	0	0.00	0	0.00	12488463
4 PRUDENTIAL MANAGEMENT AND SERVICES PVT LTD		785698 4	0	0	785698 4	1.34	785698 4	0	785698 4	1.27	0	0.00	0	0.00	567500 0	72.2 3	7856984
5 PRUDENTIAL MANAGEMENT & SERVICES PRIVATE		660115 6	0	0	660115 6	1.13	660115 6	0	660115 6	1.06	0	0.00	0	0.00	381000 0	57.7 2	6601156
6 PRUDENTIAL MANAGEMENT & SERVICES PRIVATE		353981 5	0	0	353981 5	0.61	353981 5	0	353981 5	0.57	0	0.00	0	0.00	353981 5	100. 00	3539815

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)		
							Class X	Class Y	Total								
7 PRUDENTIAL MANAGEMENT AND SERVICES PVT LTD		101790 0	0	0	101790 0	0.17	101790 0	0	101790 0	0.16	0	0.00	0	0.00	0	0.00	1017900
8 PRUDENTIAL MANAGEMENT AND SERVICES PVT LTD		120096	0	0	120096	0.02	120096	0	120096	0.02	0	0.00	0	0.00	0	0.00	120096
9 KEMA SERVICES INTERNATIONAL PVT LTD		367416	0	0	367416	0.06	367416	0	367416	0.06	0	0.00	0	0.00	0	0.00	367416
Employees Stock Option Trust	4	289798 94	0	0	289798 94	4.96	289798 94	0	289798 94	4.67	0	0.00	0	0.00	0	0.00	28979894
1 MAHINDRA AND MAHINDRA EMPLOYEES STOCK OPTION TRUST		219470 74	0	0	219470 74	3.75	219470 74	0	219470 74	3.53	0	0.00	0	0.00	0	0.00	21947074

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)		
							Class X	Class Y	Total								
2 MAHINDRA AND MAHINDRA EMPLOYEES STOCK OPTION TRUST		3121192	0	0	3121192	0.54	3121192	0	3121192	0.50	0	0.00	0	0.00	0	0.00	3121192
3 MAHINDRA AND MAHINDRA EMPLOYEES STOCK OPTION TRUST		200000	0	0	200000	0.34	200000	0	200000	0.32	0	0.00	0	0.00	0	0.00	200000
4 MAHINDRA AND MAHINDRA EMPLOYEES STOCK OPTION TRUST		1911628	0	0	1911628	0.33	1911628	0	1911628	0.31	0	0.00	0	0.00	0	0.00	1911628
Employee Welfare Trust	3	2030870	0	0	2030870	0.35	2030870	0	2030870	0.32	0	0.00	0	0.00	0	0.00	2030870

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	N	As a % of (a total shares held (b))	No. (a)		As a % of total shares held (b)
							Class X	Class Y	Total								
1	RAJAN RAGHUNATH SURVE, VIJAY BHALCHANDRA THAKURDESI, DAXA JAWAHAR BAXI - TRUSTEES – M&M EMPLOYEES WELFARE FUND NO. 1	1263156	0	0	1263156	0.22	1263156	0	1263156	0.20	0	0.00	0	0.00	0	0.00	1263156
2	RAJAN RAGHUNATH SURVE, VIJAY BHALCHANDRA THAKURDESI, DAXA JAWAHAR BAXI -	682914	0	0	682914	0.12	682914	0	682914	0.11	0	0.00	0	0.00	0	0.00	682914

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)		
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)			
							Class X	Class Y	Total									
TRUSTEES – M&M EMPLOYEES WELFARE FUND NO. 2																		
3	RAJAN RAGHUNATH SURVE, VIJAY BHALCHANDRA THAKURDESI, DAXA JAWAHAR BAXI - TRUSTEES – M&M EMPLOYEES WELFARE FUND NO. 2	84800	0	0	84800	0.01	84800	0	84800	0.01	0	0.00	0	0.00	0	0.00	84800	
	M&M Benefit Trust	1	518352	0	0.00	518352	8.86	518352	0	518352	8.35	0	0.00	0	0.00	0	0.00	51835214
			14		14			14		14								

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)		
							Class X	Class Y	Total								
1 BHARAT N DOSHI, A.K. NANDA - TRUSTEES - M&M BENEFIT TRUST		518352 14	0	0	518352 14	8.86	518352 14	0	518352 14	8.35	0	0.00	0	0.00	0	0.00	51835214
Sub- Total (A)(1)	39	157963 045			157963 045	27.01	157963 045	0	157963 045	25.4 3	0	0.00	0	0.00	130948 15	8.29	157963045
(2 Foreign)																	
(a Individuals (Non-Resident Individuals/ Foreign Individuals)	1	591272	0	0	591272	0.10	591272	0	591272	0.10	0	0	0	0.00	0	0.00	591272
YUTHICA KESHUB MAHINDRA #		591272	0	0	591272	0.10	591272	0	591272	0.00	0	0.00	0	0.00	0	0.00	591272
(b Government)	0	0	0	0	0		0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c Institutions)	0	0	0	0	0		0	0	0	0.00	0	0.00	0	0.00	0	0.00	0

Category & Name of the shareholders (I)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	As a % of total shares held (b)		
							Class X	Class Y	Total								
(d) Foreign Portfolio Investor	0	0	0	0	0		0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e) Any Other (Specify)	0	0	0	0	0		0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
Sub-Total (A)(2)	1	591272	0	0	591272	0.10	591272	0	591272	0.00	0	0.00	0	0.00	0	0.00	0
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	40	158554317	0	0	158554317	27.11	158554317	0	158554317	25.53	0	0.00	0	0.00	13094815	8.26	158554317

\$ Includes 6,000 Equity Shares of Rs.5 each of Mahindra & Mahindra Limited sold by Ms. Uma Malhotra on 31st December, 2015 but not debited to the demat account of Ms. Malhotra on that date. Necessary disclosure has been filed by Ms. Malhotra under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations") and by the company under the said Regulations with the Stock Exchanges on 31st December, 2015.

Includes 1,000 Equity Shares of Rs.5 each of Mahindra & Mahindra Limited sold by Ms. Yuthica Keshub Mahindra on 31st December, 2015 but not debited to the demat account of Ms. Mahindra on that date. Necessary disclosure has been filed by Ms. Mahindra under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the Regulations") and by the company under the said Regulations with the Stock Exchanges on 31st December, 2015.

The aggregate shareholding of Promoter and Promoter Group after giving effect to the above transactions stands at 15,85,47,317 equity shares of Rs.5 each representing 25.53% of the total paid-up share capital of Mahindra & Mahindra Limited.

Table III - Statement showing shareholding pattern of the Public Shareholder

Category & Name of the shareholders (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held =IV+V+VI (VII)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
							No. of Voting Rights		Total as a % of Total Voting Rights			No. of shares held (a)	As a % of total shares held (b)	No. of shares held (a)	As a % of total shares held (b)	
							Class X	Class Y								
(1) Institutions																
(a) Mutual Fund/UTI	254	192790	0	0	1927905	3.30	192790	0	192790	3.11	0	0.00	0	0.00	N.A.	19278033
		53			3		53		53							
(b) Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.	0
(c) Alternate Investment Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.	0
(d) Foreign Venture Capital Investors	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.	0
(e) Foreign Portfolio Investors (including FIIs)	584	229873	0	0	2298735	39.31	229873	0	229873	37.0	0	0.00	0	0.00	N.A.	229865781
		517			17		517		517	1						

Category & Name of the shareholders (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) =IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
							Class X	Class Y	Total								
1 NATIONAL WESTMINSTER BANK PLC AS DEPOSITARY OF FIRST STATE ASIA PACIFIC LEADERS FUND A SUB FUND OF FIRST STATE INVESTMENTS ICVC		8625443	0	0	8625443	1.47	8625443	0	8625443	1.39	0	0.00	0	0.00	N.A.	8625443	
2 EUROPACIFIC GROWTH FUND		2461000	0	0	2461000	4.21	2461000	0	2461000	3.96	0	0.00	0	0.00	N.A.	2461000	
3 DODGE AND COX INTERNATIONAL STOCK FUND		16522808	0	0	16522808	2.83	16522808	0	16522808	2.66	0	0.00	0	0.00	N.A.	16522808	

Category & Name of the shareholders (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) =IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
							Class X	Class Y	Total								
4	GOVERNMENT OF SINGAPORE	12568083	0	0	12568083	2.15	12568083	0	12568083	2.02	0	0.00	0	0.00	N.A.	12568083	
5	ARANDA INVESTMENTS (MAURITIUS) PTE LTD	6832016	0	0	6832016	1.17	6832016	0	6832016	1.10	0	0.00	0	0.00	N.A.	6832016	
(f)	Financial Institutions/Banks	801010385	0	0	1010385	0.17	1010385	0	1010385	0.16	0	0.00	0	0.00	N.A.	965853	
(g)	Insurance Companies	4995346732	0	0	95346732	16.30	95346732	0	95346732	15.35	0	0.00	0	0.00	N.A.	95340820	
1	LIFE INSURANCE CORPORATION OF INDIA alongwith its various schemes	79149384	0	0	79149384	13.53	79149384	0	79149384	12.74	0	0.00	0	0.00	N.A.	79149384	
2	GENERAL INSURANCE CORPORATION OF INDIA	7395400	0	0	7395400	1.26	7395400	0	7395400	1.19	0	0.00	0	0.00	N.A.	7395000	

Category & Name of the shareholders (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held =IV+V+VI (VII)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (a)		As a % of total shares held (b)
							Class X	Class Y	Total								
(h) Provident Funds/ Pension Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.	0	
(i) Any Other Specify:	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.	0	
Sub- Total (B)(1)	967	345509687	0	0	345509687	59.08	345509687	0	345509687	55.63	0	0.00	0	0.00	N.A.	345450487	
(2) Central Government/ State Government(s)/ President of India	5	791556	0	0	791556	0.14	791556	0	791556	0.13	0	0.00	0	0.00	N.A.	349424	
Sub- Total (B)(2)	5	791556	0	0	791556	0.14	791556	0	791556	0.13	0	0.00	0	0.00	N.A.	349424	
(3) Non-Institutions								0		0.00							
(a) Individuals - i. Individual shareholders holding nominal share capital up to ₹2 lakhs.	156250	38375052	0	0	38375052	6.56	38375052	0	38375052	6.18	0	0.00	0	0.00	N.A.	33697055	

Category & Name of the shareholders (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) =IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (Not applicable) (a)		As a % of total shares held (Not applicable) (b)
							Class X	Class Y	Total								
ii. Individual shareholders holding nominal share capital in excess of ₹2 lakhs.	52	6418824	0	0	6418824	1.10	6418824	0	6418824	1.03	0	0.00	0	0.00	N.A.	6334680	
(b) NBFCs registered with RBI	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	N.A.	0	
(c) Employee Trust	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	N.A.	0	
(d) Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	N.A.	0	
(e) Any Other Specify:	7596	35201980	0	0	35201980	6.02	35201980	0	35201980	5.67	0	0	0	0	N.A.	34795318	
i Foreign Bodies	4	267505	0	0	267505	0.05	267505	0	267505	0.04	0	0.00	0	0.00	N.A.	267505	
ii Overseas Corporate Bodies	4	1607960	0	0	1607960	0.27	1607960	0	1607960	0.26	0	0.00	0	0.00	N.A.	1607720	
Domestic Companies	1807	29000287	0	0	29000287	4.96	29000287	0	29000287	4.67	0	0.00	0	0.00	N.A.	28932195	

Category & Name of the shareholders (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	No of shares underlying Depository Receipts (VI)	Total nos. shares held =IV+V+VI (VII)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
							No. of Voting Rights					Total as a % of Total Voting Rights	No. (a)	As a % of total shares held (b)	No. (Not applicable) (a)		As a % of total shares held (Not applicable) (b)
							Class X	Class Y	Total								
iii	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	12380408	0	0	12380408	2.12	12380408	0	12380408	1.99	0	0.00	0	0.00	N.A.	12380408	
iv	Foreign National	2	544	0	544	0.00	544	0	544	0.00	0	0.00	0	0.00	N.A.	544	
v	Non-Resident	5622	1935956	0	1935956	0.33	1935956	0	1935956	0.31	0	0.00	0	0.00	N.A.	1597626	
vi	Trust	56	2029152	0	2029152	0.35	2029152	0	2029152	0.33	0	0.00	0	0.00	N.A.	2029152	
vii	Clearing Members	101	360576	0	360576	0.06	360576	0	360576	0.06	0	0.00	0	0.00	N.A.	360576	
	Sub- Total (B)(3)	163898	79995856	0	79995856	13.68	79995856	0	79995856	12.88	0	0.00	0	0.00	N.A.	74827053	
	Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	164870099	426297099	0	426297099	72.89	258227090	0	426297099	68.64	0	0.00	0	0.00	N.A.	420626964	

Table IV - Statement showing shareholding pattern of the Non Promoter-Non Public Shareholder

Category & Name of the shareholder (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
							No. of Voting Rights		Total as a % of Total Voting Rights			No.	As a % of total shares held	No. (Not applicable)	As a % of total shares held (Not applicable)	
							Class X	Class Y								
(1) Custodian / DR Holder	3	36240968	0	0	36240968	N.A.	36240968	0	36240968	5.84	0	0	0	0	N.A.	36239936
(a) The Bank of New York, Mellon (Shares held as Custodians against which Global Depository Receipts have been issued)	3	36240968	0	0	36240968	N.A.	36240968	0	36240968	5.84	0	0	0	0	N.A.	36239936
(2) Employee Benefit Trust (under SEBI (Share Based	0	0	0	0	0		0	0	0	0.00	0	0	0	0	N.A.	0

Category & Name of the shareholders (I)	Nos. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)			No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Total Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
							No. of Voting Rights		Total as a % of Total Voting Rights			No.	As a % of total shares held	No. (Not applicable)	As a % of total shares held (Not applicable)	
							Class X	Class Y								
Employee Benefit Regulations, 2014																
(a) Name (abc.....)							0	0	0	0.00	0	0	0	0	N.A.	0
Total Non-Promoter - Non Public Shareholding (C)=(C)(1)+(C)(2)	3	36240968	0	0	36240968		36240968	0	36240968	5.84	0				N.A.	36239936

SECTION V-FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Consolidated and standalone financial results for the quarter and nine months period ended December 31, 2015	F-1
2.	Audited consolidated and standalone financial results for the six months period ended September 30, 2015	F-7
3.	Examination report and Reformatted Consolidated Financial Statements	F-21
4.	Examination report and Reformatted Standalone Financial Statements	F-187

B. K. KHARE & Co.

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**The Board of Directors
Mahindra & Mahindra Financial Services Limited
Mumbai**

**Limited Review Report on Standalone Financial Results for the quarter and nine months ended
December 31, 2015**

1. We have reviewed the accompanying statement of unaudited financial results of **Mahindra & Mahindra Financial Services Limited** ("the Company") for the quarter and nine months ended December 31, 2015 (the "Statement"). This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B. K. Khare & Co.**
Chartered Accountants
(FRN: 105102W)

Naresh Kumar Kataria

Naresh Kumar Kataria
Partner
M. No. 037825



Mumbai, January 21, 2016

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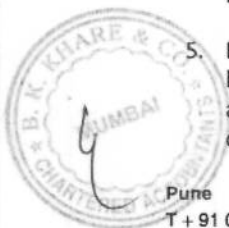
The Board of Directors
Mahindra & Mahindra Financial Services Limited
Mumbai

Limited Review Report on Consolidated Financial Results for the quarter and nine months ended 31 December 2015

1. We have reviewed the Consolidated Financial Results of Mahindra & Mahindra Financial Services Limited ("the Company") for the quarter and nine months ended 31 December 2015 which are included in the accompanying Statement of Unaudited Financial Results for the quarter and nine months ended 31 December 2015 (the "Statement"). The Consolidated Financial Results include the results of the Company, its subsidiaries and a joint venture (hereinafter referred as "the Group") as listed out in the paragraph 2 below. The Statement is prepared by the Group's Management pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Group's Management and has been approved by the Board of Directors of Mahindra & Mahindra Financial Services Limited. Our responsibility is to issue a report on the Statement based on our review.
2. The Consolidated Financial Results includes the financial results of the following entities:

Name of the Company	Relationship
Mahindra & Mahindra Financial Services Limited	Holding Company
Mahindra Insurance Brokers Limited	Subsidiary
Mahindra Rural Housing Finance Limited	Subsidiary
Mahindra Asset Management Company Private Limited	Subsidiary
Mahindra Trustee Company Private Limited	Subsidiary
Mahindra Finance USA, LLC	Joint Venture

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free from material misstatement. A review is limited primarily to inquiries of Group's personnel and analytical procedures applied to Group's financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. We did not review the financial results of the joint venture company, M/s Mahindra Finance USA, LLC included in the Statement which has total revenue of Rs. 2747.66 lacs and Rs. 7609.25 Lacs and net profit after tax of Rs. 425.84 lacs and Rs. 1469.47 Lacs respectively for the quarter and nine months ended 31 December 2015.
5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing



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Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For B. K. Khare & Co
Chartered Accountants
(FRN: 105102W)

Naresh Kumar Kataria
Naresh Kumar Kataria

Partner
M No. 037825



Mumbai, January 21, 2016

Mahindra & Mahindra Financial Services Limited

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PART - I STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2015

Particulars	Quarter ended				Nine months period ended			Year ended
	31st Dec 2015	30th Sep 2015	31st Dec 2014	31st Dec 2015	31st Dec 2014	31st Dec 2015	31st Dec 2014	31st March 2015 (Audited)
1 Income from operations	140022.98	142000.45	138655.43	418106.22	418106.22	401535.20	401535.20	553605.61
Total Income from operations	140022.98	142000.45	138655.43	418106.22	418106.22	401535.20	401535.20	553605.61
2 Expenses:								
a) Employee benefits expense	13543.68	13838.23	11834.25	40323.34	40323.34	34418.04	34418.04	45908.20
b) Depreciation and amortization expense	1041.12	1014.93	1002.85	3035.98	3035.98	3126.32	3126.32	4151.63
c) Loan provisions and write off (refer note no.6)	34059.47	27719.89	26907.61	94063.30	94063.30	67818.90	67818.90	82748.89
d) Other expenses	14879.23	13231.49	14224.64	40537.97	40537.97	37425.07	37425.07	50624.35
Total expenses	63523.50	55804.54	53969.35	177960.59	177960.59	142788.33	142788.33	183433.07
3 Profit / (Loss) from operations before other income and finance costs and exceptional items (1-2)	76499.48	86195.91	84686.08	240145.63	240145.63	258746.87	258746.87	370172.54
4 Other income	845.34	1830.88	896.43	3434.70	3434.70	3203.06	3203.06	4864.99
5 Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	77344.82	88026.79	85582.51	243580.33	243580.33	261949.93	261949.93	375037.53
6 Finance costs	66956.73	65420.12	64779.68	196523.66	196523.66	185946.98	185946.98	249673.13
7 Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	10388.09	22606.67	20802.83	46756.67	46756.67	76002.95	76002.95	125364.40
8 Exceptional items	-	-	-	-	-	-	-	-
9 Profit / (Loss) from ordinary activities before tax (7-8)	10388.09	22606.67	20802.83	46756.67	46756.67	76002.95	76002.95	125364.40
10 Tax expense	3671.44	7989.12	7161.86	16524.07	16524.07	26164.89	26164.89	42186.81
11 Net Profit / (Loss) from ordinary activities after tax (9-10)	6716.65	14617.55	13640.97	30232.60	30232.60	49838.06	49838.06	83177.59
12 Extraordinary items (net of tax expense)	-	-	-	-	-	-	-	-
13 Net Profit / (Loss) for the period / year (11-12)	6716.65	14617.55	13640.97	30232.60	30232.60	49838.06	49838.06	83177.59
14 Paid-up equity share capital (face value of Rs.2/- each)				11288.12	11288.12	11279.33	11279.33	11282.81
15 Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)								555658.09
16 i) Earnings per share (before extraordinary items) (face value of Rs.2/- each) #								
a) Basic (Rs.)	1.19	2.59	2.42	5.36	5.36	8.84	8.84	14.75
b) Diluted (Rs.)	1.18	2.57	2.40	5.32	5.32	8.76	8.76	14.62
ii) Earnings per share (after extraordinary items) (face value of Rs.2/- each) #								
a) Basic (Rs.)	1.19	2.59	2.42	5.36	5.36	8.84	8.84	14.75
b) Diluted (Rs.)	1.18	2.57	2.40	5.32	5.32	8.76	8.76	14.62

Earnings per share for the interim period is not annualised.



STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS PERIOD ENDED 31ST DECEMBER, 2015

Rs. in Lacs

Particulars	Quarter ended			Nine months period ended		Year ended
	31st Dec 2015	30th Sep 2015	31st Dec 2014	31st Dec 2015	31st Dec 2014	31st March 2015 (Audited)
1 Income from operations	158369.11	157890.36	151185.70	466724.50	435623.03	602114.28
Total Income from operations	158369.11	157890.36	151185.70	466724.50	435623.03	602114.28
2 Expenses:						
a) Employee benefits expense	17289.70	16996.29	14724.72	50217.85	42272.85	56710.19
b) Depreciation and amortization expense	1167.07	1109.43	1103.88	3363.74	3430.07	4550.76
c) Loan provisions and write off (refer note no.6)	35213.57	29195.05	27646.88	98154.98	69865.90	84912.26
d) Other expenses	16880.16	15190.38	15423.88	46322.21	41139.19	55630.68
Total expenses	70560.50	62491.15	58899.36	198058.78	156708.01	201803.89
3 Profit / (Loss) from operations before other income and finance costs and exceptional items (1-2)	87808.61	95399.21	92286.34	268665.72	278915.02	400310.39
4 Other income	895.40	844.13	968.63	2539.70	2457.36	3976.28
5 Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	88704.01	96243.34	93254.97	271205.42	281372.38	404286.67
6 Finance costs	73006.12	70958.17	68767.06	213240.34	196505.63	264299.81
7 Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	15697.89	25285.17	24487.91	57965.08	84866.75	139986.86
8 Exceptional items	-	-	-	-	-	-
9 Profit / (Loss) from ordinary activities before tax (7-8)	15697.89	25285.17	24487.91	57965.08	84866.75	139986.86
10 Tax expense	5642.55	9316.15	8525.48	20989.45	29567.55	47500.11
11 Net Profit / (Loss) from ordinary activities after tax (9-10)	10055.34	15969.02	15962.42	36975.63	55299.20	92486.75
12 Extraordinary items (net of tax expense)	-	-	-	-	-	-
13 Net Profit / (Loss) for the period / year (11-12)	10055.34	15969.02	15962.42	36975.63	55299.20	92486.75
14 Minority interest	411.92	257.65	283.71	898.94	734.17	1,196.21
15 Net Profit / (Loss) after taxes and minority interest (13-14)	9643.42	15711.37	15678.71	36096.69	54565.03	91290.54
16 Paid-up equity share capital (face value of Rs.2/- each)				11288.12	11279.33	11282.81
17 Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)						562988.88
18 i) Earnings per share (before extraordinary items) (face value of Rs.2/- each) #						
a) Basic (Rs.)	1.71	2.78	2.78	6.40	9.68	16.19
b) Diluted (Rs.)	1.70	2.76	2.76	6.35	9.59	16.05
ii) Earnings per share (after extraordinary items) (face value of Rs.2/- each) #						
a) Basic (Rs.)	1.71	2.78	2.78	6.40	9.68	16.19
b) Diluted (Rs.)	1.70	2.76	2.76	6.35	9.59	16.05

Earnings per share for the interim period is not annualised.



Notes:

- 1) The above financial results for the quarter and nine months period ended 31st December, 2015 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 21st January, 2016.
- 2) The results for the quarter and nine months period ended 31st December, 2015 have been subjected to a "Limited Review" by the Statutory Auditors of the Company.
- 3) The Consolidated financial results include the results of the subsidiaries Mahindra Insurance Brokers Ltd. (85%), Mahindra Rural Housing Finance Ltd. (87.50%), Mahindra Asset Management Company Private Limited (100%), Mahindra Trustee Company Private Limited (100%) and financial results of a (49%) Joint Venture company, Mahindra Finance USA LLC, in the United States.
- 4) The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.
- 5) The Company has complied with the prudential guidelines issued by the Reserve Bank of India in respect of Income Recognition and Provision for Non-Performing Assets (NPAs).
- 6) The RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision. The Company follows prudential norms for income recognition, asset classification and provisioning for NPAs as prescribed by RBI for NBFCs and has also been making additional provision on a prudential basis. The Company has complied with the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year.
Effective from the previous quarter ended 30th September, 2015, the Company as a prudent practice, has also decided to accelerate the recognition of NPAs in a phased manner so as to meet the revised norms of 4 months before 31st March, 2017. Accordingly, an additional provision of Rs.5058.31 Lacs (including income de-recognition) for the nine months period ended 31st December, 2015 has been made with a consequent impact on Profit before tax for the nine months period ended 31st December, 2015. However, there is no significant impact of this change on provision for the quarter ended 31st December, 2015.
- 7) During the quarter ended 31st December, 2015, the Company has made following investments :
 - i) Rs.720.31 lacs equivalent to US \$ 1.11 million being additional investment in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (nine months period ended 31st December, 2015 Rs.3378.14 lacs equivalent to US \$ 5.27 million).
 - ii) Rs.10.00 lacs being additional investment in Mahindra Trustee Company Private Limited, its subsidiary, by subscription to 1,00,000 equity shares of face value of Rs.10/- each, fully paid up, on a rights basis (nine months period ended 31st December, 2015 Rs.10.00 lacs).
- 8) During the quarter ended 31st March, 2015, the erstwhile Mahindra Business & Consulting Services Private Ltd. (MBCSPL), a wholly owned subsidiary, was amalgamated with the Company as per the approved scheme of amalgamation and the effect thereof was given in the financial statements effective from the appointed date 01st April, 2014. As a result of this, the standalone financial results for the quarter/nine months period ended 31st December, 2015 are strictly not comparable with corresponding quarter/period of the previous year.
- 9) Previous period/year figures have been regrouped / reclassified, wherever found necessary, to conform to current period/year classification.

Date : 21st January, 2016
Place : Mumbai



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

Ramesh Iyer
Managing Director

The Board of Directors
Mahindra & Mahindra Financial Services Limited

Limited Review Report on Standalone Financial Results for the quarter ended 30 September 2015

1. We have reviewed for the Standalone Financial Results for the quarter ended **30 September 2015** which are included in the accompanying statement of Statement of Financial Results for the quarter and six months ended **30 September 2015** (the "Statement") of **Mahindra & Mahindra Financial Services Limited** ("the Company") except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Standalone Financial Results for the quarter ended 30 September 2015 are not prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.



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4. We have also audited the Standalone Financial Results of the Company for the six months ended 30 September 2015 of the Company. These financial results were prepared by the management of the Company and approved by their Board of Directors on 21 October 2015. We have rendered our opinion thereon vide our Audit Report dated 21 October 2015.

For and on behalf of

B. K. Khare & Co.
Chartered Accountants
(FRN: 105102W)

Naresh Kumar Kataria

Naresh Kumar Kataria
Partner
M. No. 037825



Mumbai, 21 October 2015

The Board of Directors
Mahindra & Mahindra Financial Services Limited
Mumbai

Limited Review Report on Consolidated Financial Results for the quarter ended 30 September 2015

1. We have reviewed the consolidated results of Mahindra & Mahindra Financial Services Limited ("the Company") for the quarter ended 30 September 2015 which are included in the accompanying Statement of Financial Results for the quarter and six months ended 30 September 2015 (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' in Mahindra & Mahindra Financial Services Limited which have been traced from disclosures made by the Management but have neither been reviewed nor been audited by us. The Consolidated Financial Results include the results of the Company, its subsidiaries and a joint venture (hereinafter referred as "the Group") as listed out in paragraph 2 below. The Statement is prepared by the Company's Management pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges in India, which has been initialled by us for identification purposes. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors of Mahindra & Mahindra Financial Services Limited. Our responsibility is to issue a report on the Statement based on our review.

2. The Consolidated Financial Results includes the financial results of the following entities:

Name of the Company	Relationship
Mahindra & Mahindra Financial Services Limited	Holding Company
Mahindra Insurance Brokers Limited	Subsidiary
Mahindra Rural Housing Finance Limited	Subsidiary
Mahindra Asset Management Company Private Limited	Subsidiary
Mahindra Trustee Company Private Limited	Subsidiary
Mahindra Finance USA, LLC	Joint Venture

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to group's financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

4. We did not review the financial results of the joint venture company, M/s Mahindra Finance USA, LLC included in the Statement which has total revenue of Rs. 2228.60 lacs and net profit of Rs.527.51 lacs for the quarter ended 30 September 2015 .

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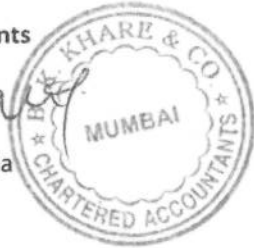
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5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Consolidated Financial Results for the quarter ended 30 September 2015 has not been prepared in all material respects in accordance with the applicable Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We have also audited the Consolidated Financial Results of the Group for the six months ended 30 September 2015. These financial results were prepared by the management of the Company and approved by their Board of Directors on 21 October 2015. We have rendered our opinion thereon vide our Audit Report dated 21 October 2015.

For B K Khare & Co
Chartered Accountants
(FRN : 105102W)

Naresh Kumar Kataria
Naresh Kumar Kataria
Partner
M No. 037825



Mumbai, 21 October 2015

**Auditor's Report on Standalone Year to Date Results of the Company Pursuant to the Clause
41 of the Listing Agreement**

To
The Board of Directors
Mahindra & Mahindra Financial Services Limited

1. We have audited the year to date Standalone financial results of Mahindra and Mahindra Financial Services Ltd. for the six months ended **30 September 2015** which are included in the accompanying Statement of Financial Results for the quarter and six months ended 30 September 2015 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These year to date Standalone financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 133 of the Companies Act, 2013 or by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



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3. In our opinion and to the best of our information and according to the explanations given to us these year to date Standalone financial results:
- (i) are presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
 - (ii) give a true and fair view of the net profit and other financial information of the Company for the period from **1 April 2015 to 30 September 2015**

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Naresh Kumar Kataria

Naresh Kumar Kataria
Partner
M. No. 037825



Mumbai, 21 October 2015

**Auditor's Report on Consolidated Year to Date Results of the Company Pursuant to the Clause
41 of the Listing Agreement**

To
Board of Directors
Mahindra & Mahindra Financial Services Limited

1. We have audited the year to date Consolidated financial results of **Mahindra & Mahindra Financial Services Limited** ("the Company") for the six months ended **30 September 2015** which are included in the accompanying Statement of Financial Results for the quarter and six months ended **30 September 2015** (the "Statement"), comprising the Consolidated Financial Results of the Company and its subsidiaries and a joint venture ("the Group"), being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. These year to date Consolidated financial results have been prepared from consolidated interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 133 of the Companies Act, 2013 or by the Institute of Chartered Accountants of India and other accounting principles generally accepted in India.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.



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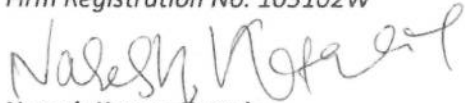
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3. We have neither audited nor reviewed the financial statements of its joint venture included in the year to date results, whose consolidated interim financial statements reflect total assets of Rs. 210913.71 lakhs as at **30 September 2015** as well as the total revenue of Rs. 4861.60 lakhs for the period **1 April 2015 to 30 September, 2015**.
4. In our opinion and to the best of our information and according to the explanations given to us and read with para 3 above, these consolidated year to date financial results of the Group:
- (i) include the year to date results of the following entities:
 - a. Mahindra & Mahindra Financial Services Limited – Holding Company
 - b. Mahindra Insurance Brokers Limited - Subsidiary
 - c. Mahindra Rural Housing Finance Limited - Subsidiary
 - d. Mahindra Asset Management Company Private Limited – Subsidiary
 - e. Mahindra Trustee Company Private Limited - Subsidiary
 - f. Mahindra Finance USA, LLC – Joint Venture
 - (ii) have been presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and
 - (iii) give a true and fair view of the consolidated net profit and other financial information of the Group for the period from **1 April 2015 to 30 September 2015**

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. 105102W



Naresh Kumar Kataria

Partner

M. No. 037825



Mumbai, 21 October 2015

PART - I

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2015

Particulars	Quarter ended					Half year ended		Rs. in Lacs
	30th Sep 2015 (Unaudited)	30th June 2015 (Unaudited)	30th Sep 2014 (Unaudited)	30th Sep 2015 (Audited)	30th Sep 2014 (Audited)	31st March 2015 (Audited)	Year ended	
1 Income from operations	142000.45	136082.79	135367.04	278083.24	262879.77	553605.61		
Total Income from operations	142000.45	136082.79	135367.04	278083.24	262879.77	553605.61		
2 Expenses:								
a) Employee benefits expense	13838.23	12941.43	11741.89	26779.66	22583.79	45908.20		
b) Depreciation and amortization expense	1014.93	979.93	1007.75	1994.86	2123.47	4151.03		
c) Loan provisions and write off (refer note no.6)	27719.89	32283.94	18416.08	60003.83	40911.29	82748.89		
d) Other expenses	13231.49	12427.25	12464.89	25658.74	23200.43	50624.35		
Total expenses	55804.54	58632.55	43630.61	114437.09	88818.98	183433.07		
3 Profit from operations before other income and finance costs (1-2)	86195.91	77450.24	91736.43	163646.15	174060.79	370172.54		
4 Other income	1830.88	756.48	1520.75	2589.36	2306.63	4864.99		
5 Profit from ordinary activities before finance costs (3+4)	88026.79	78208.72	93257.18	166235.51	176367.42	375037.53		
6 Finance costs	65420.12	64446.81	61675.85	129856.93	121167.30	249673.13		
7 Profit from ordinary activities before tax (5-6)	22606.67	13761.91	31581.33	36388.58	55200.12	125364.40		
8 Tax expense	7989.12	4863.51	10872.03	12852.63	19003.03	42186.81		
9 Net profit after taxes for the period / year (7-8)	14617.55	8898.40	20709.30	23515.95	36197.09	83177.59		
10 Paid-up equity share capital (face value of Rs.2/- each)				11284.78	11277.75	11282.81		
11 Reserves						555658.09		
12 Earnings per share #								
a) Basic (Rs.)	2.59	1.58	3.67	4.17	6.42	14.75		
b) Diluted (Rs.)	2.57	1.56	3.64	4.13	6.36	14.62		

Earnings per share for the interim period is not annualised.



SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2015

Particulars	Quarter ended			Half year ended		Year ended
	30th Sep 2015	30th June 2015	30th Sep 2014	30th Sep 2015	30th Sep 2014	
A						
PARTICULARS OF SHAREHOLDING						
1 Public shareholding	273031115	272965246	272679771	273031115	272679771	272933011
- Number of shares	48.00%	47.99%	47.94%	48.00%	47.94%	47.99%
- Percentage of shareholdings						
2 Promoters and Promoter Group shareholding :						
a) Pledged / encumbered	-	-	-	-	-	-
- Number of shares	-	-	-	-	-	-
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	-	-	-	-	-	-
- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-
b) Non-encumbered						
- Number of shares	295733845	295799714	296085189	295733845	296085189	295831949
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the Company)	52.00%	52.01%	52.06%	52.00%	52.06%	52.01%
B						
INVESTOR COMPLAINTS						
Pending at the beginning of the quarter						
Received during the quarter	3					
Disposed off during the quarter	3					
Remaining unresolved at the end of the quarter	-					



STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2015

Particulars	Quarter ended				Half year ended		Rs. in Lacs Year ended	
	30th Sep 2015 (Unaudited)		30th Sep 2014 (Unaudited)		30th Sep 2015 (Audited)			31st March 2015 (Audited)
	30th Sep 2015 (Unaudited)	30th June 2015 (Unaudited)	30th Sep 2014 (Unaudited)	30th Sep 2014 (Unaudited)	30th Sep 2015 (Audited)	30th Sep 2014 (Audited)		
1 Income from operations	157890.36	150465.03	146760.59	146760.59	308355.39	284437.33	602114.28	
Total income from operations	157890.36	150465.03	146760.59	146760.59	308355.39	284437.33	602114.28	
2 Expenses:								
a) Employee benefits expense	16996.29	15931.86	14278.47	14278.47	32928.15	27548.13	56710.19	
b) Depreciation and amortization expense	1109.43	1087.24	1102.94	1102.94	2196.67	2326.19	4550.76	
c) Loan provisions and write off (refer note no.6)	29195.05	33746.36	18966.55	18966.55	62941.41	42219.02	84912.26	
d) Other expenses	15190.38	14241.67	13807.71	13807.71	29432.05	25715.31	55630.68	
Total expenses	62491.15	65007.13	48155.67	48155.67	127498.28	97808.65	201803.89	
3 Profit from operations before other income and finance costs (1-2)	95399.21	85457.90	98604.92	98604.92	180857.11	186628.68	400310.39	
4 Other income	844.13	800.17	728.43	728.43	1644.30	1488.73	3976.28	
5 Profit from ordinary activities before finance costs (3+4)	96243.34	86258.07	99333.35	99333.35	182501.41	188117.41	404286.67	
6 Finance costs	70958.17	69276.05	65127.59	65127.59	140234.22	127738.57	264299.81	
7 Profit from ordinary activities before tax (5-6)	25285.17	16982.02	34205.76	34205.76	42267.19	60378.84	139986.86	
8 Tax expense	9316.15	6010.75	12012.18	12012.18	15326.90	21042.06	47500.11	
9 Net profit after taxes for the period / year (7-8)	15969.02	10971.27	22193.58	22193.58	26940.29	39336.78	92486.75	
10 Minority interest	257.65	229.37	258.18	258.18	487.02	450.46	1,196.21	
11 Net profit after taxes and minority interest (9-10)	15711.37	10741.90	21935.40	21935.40	26453.27	38886.32	91290.54	
12 Paid-up equity share capital (face value of Rs.2/- each)					11284.78	11277.75	11282.81	
13 Reserves							582988.88	
14 Earnings per share #								
a) Basic (Rs.)	2.78	1.91	3.89	3.89	4.69	6.90	16.19	
b) Diluted (Rs.)	2.76	1.89	3.86	3.86	4.65	6.84	16.05	

Earnings per share for the interim period is not annualised.



SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2015

Particulars	Quarter ended			Half year ended		Year ended
	30th Sep 2015	30th June 2015	30th Sep 2014	30th Sep 2015	30th Sep 2014	
A PARTICULARS OF SHAREHOLDING						
1 Public shareholding						
- Number of shares	273031115	272965246	272679771	273031115	272679771	272933011
- Percentage of shareholdings	48.00%	47.99%	47.94%	48.00%	47.94%	47.99%
2 Promoters and Promoter Group shareholding :						
a) Pledged / encumbered	-	-	-	-	-	-
- Number of shares	-	-	-	-	-	-
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	-	-	-	-	-	-
- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-
b) Non-encumbered						
- Number of shares	295733845	295799714	296085189	295733845	296085189	295831949
- Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the Company)	52.00%	52.01%	52.06%	52.00%	52.06%	52.01%



AUDITED STATEMENT OF ASSETS AND LIABILITIES

Particulars	STANDALONE				CONSOLIDATED			
	Rs. in Lacs				Rs. in Lacs			
	As at 30th Sep 2015	As at 30th Sep 2014	As at 31st March 2015	As at 30th Sep 2015	As at 30th Sep 2014	As at 30th Sep 2014	As at 31st March 2015	
A								
EQUITY AND LIABILITIES								
1 Shareholders' funds								
a) Share capital	11284.78	11277.75	11282.81	11284.78	11277.75	11277.75	11282.81	11282.81
b) Reserves and surplus	580021.22	534181.11	555658.09	610996.24	556358.06	556358.06	582988.88	582988.88
	591306.00	545458.86	566940.90	622281.02	567635.81	567635.81	594271.69	594271.69
2 Minority Interest	-	-	-	5,229.88	4,183.73	4,183.73	4,929.60	4,929.60
3 Non-current liabilities								
a) Long-term borrowings	1741199.19	1543986.92	1478714.78	2002340.53	1709435.42	1709435.42	1686524.66	1686524.66
b) Other long-term liabilities	36881.52	27715.91	30247.97	36882.52	27777.15	27777.15	30247.97	30247.97
c) Long term provisions	46290.69	31878.17	32796.05	50253.24	34064.13	34064.13	35267.59	35267.59
	1824371.40	1603581.00	1541758.80	2089476.29	1771276.70	1771276.70	1752040.22	1752040.22
4 Current liabilities								
a) Short term borrowings	462535.96	393232.59	487098.39	525828.62	432394.37	432394.37	525861.91	525861.91
b) Trade payables	46488.50	47789.19	47790.43	48610.65	49124.16	49124.16	49545.23	49545.23
c) Other current liabilities	666403.48	698164.67	748764.20	746482.21	753106.31	753106.31	818226.02	818226.02
d) Short term provisions	109957.66	81990.44	115061.82	114351.79	84566.62	84566.62	118439.35	118439.35
	1285385.60	1221176.89	1398714.84	1435273.27	1319191.46	1319191.46	1512072.51	1512072.51
	3701063.00	3370216.75	3507414.54	4152260.46	3662287.70	3662287.70	3863314.02	3863314.02
B								
ASSETS								
1 Non-current assets								
a) Fixed assets	10927.69	10572.92	11005.32	11830.88	11422.64	11422.64	11913.52	11913.52
b) Goodwill on consolidation	-	-	-	4.05	4.05	4.05	4.05	4.05
c) Non-current investments	89959.64	62921.48	75992.00	62026.83	44408.83	44408.83	55967.01	55967.01
d) Deferred tax assets (Net)	44899.54	35173.23	41526.17	45703.84	35615.09	35615.09	42125.77	42125.77
e) Long-term loans and advances	1714054.94	1608125.66	1700368.74	2071560.95	1840453.13	1840453.13	1988826.44	1988826.44
f) Other non-current assets	28571.65	3217.00	23203.46	28631.65	3277.00	3277.00	23263.46	23263.46
	1888413.46	1720010.29	1852095.69	2219758.20	1935180.74	1935180.74	2122100.25	2122100.25
2 Current assets								
a) Current investments	14175.00	4595.33	9375.00	19167.46	4595.33	4595.33	9449.80	9449.80
b) Trade receivables	507.28	542.85	567.25	1016.75	1072.20	1072.20	1454.15	1454.15
c) Cash and bank balances	37878.03	60419.08	47937.84	41428.36	61840.62	61840.62	49364.02	49364.02
d) Short-term loans and advances	1752555.90	1577722.23	1592606.84	1863712.45	1652752.76	1652752.76	1676198.37	1676198.37
e) Other current assets	7533.33	6926.97	4831.92	7177.24	6846.05	6846.05	4747.43	4747.43
	1812649.54	1650206.46	1655318.85	1932502.26	1727106.96	1727106.96	1741213.77	1741213.77
	3701063.00	3370216.75	3507414.54	4152260.46	3662287.70	3662287.70	3863314.02	3863314.02
Sub-total - Current assets								
TOTAL - ASSETS								



Notes:

- 1) The above financial results for the quarter and half year ended 30th September, 2015 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 21st October, 2015.
- 2) The results for the half year ended 30th September, 2015 have been subjected to an "Audit" and the results for the quarter ended 30th September, 2015 have been subjected to a "Limited Review" by the Statutory Auditors of the Company.
- 3) The Consolidated financial results include the results of the subsidiaries Mahindra Insurance Brokers Ltd. (85%), Mahindra Rural Housing Finance Ltd. (87.50%), Mahindra Asset Management Company Private Limited (100%), Mahindra Trustee Company Private Limited (100%) and financial results of a (49%) Joint Venture company, Mahindra Finance USA LLC, in the United States.
- 4) The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.
- 5) The Company has complied with the prudential guidelines issued by the Reserve Bank of India in respect of Income Recognition and Provision for Non-Performing Assets (NPAs).
- 6) The RBI vide its notification no DNBR. 011/CGM (CDS)-2015 dt. March 27, 2015 has revised the asset classification norms for NPAs and substandard assets under its prudential norms applicable to NBFCs in a phased manner commencing from financial year ending 31st March, 2016, upto the financial year ending 31st March, 2018 which would result in an additional provision. The Company follows prudential norms for income recognition, asset classification and provisioning for NPAs as prescribed by RBI for NBFCs and has also been making additional provision on a prudential basis. The Company has complied with the revised regulatory norms of recognising NPAs at 5 months applicable for the current financial year.
Effective from the current quarter ended 30th September, 2015, the Company as a prudent practice, has also decided to accelerate the recognition of NPAs in a phased manner so as to meet the revised norms of 4 months before 31st March, 2017. Accordingly, an additional provision of Rs. 6105.49 lacs (including income de-recognition) has been made with a consequent impact on Profit before tax for the quarter and half year ended 30th September, 2015.
- 7) During the quarter ended 30th September, 2015, the Company has made following investments :
 - i) Rs.1614.00 lacs equivalent to US \$ 2.53 million being additional investment in Mahindra Finance USA LLC, a Joint Venture company formed jointly with De Lage Landen Financial Services Inc. in the United States (half year ended 30th September, 2015 Rs.2657.83 lacs equivalent to US \$ 4.16 million).
 - ii) Rs.5250.00 lacs being additional investment in Mahindra Asset Management Company Private Limited, its subsidiary, by subscription to 5,25,00,000 equity shares of face value of Rs.10/- each, fully paid up, on a rights basis (half year ended 30th September, 2015 Rs.5250.00 lacs).
- 8) During the quarter ended 31st March, 2015, the erstwhile Mahindra Business & Consulting Services Private Ltd. (MBCSPL), a wholly owned subsidiary, was amalgamated with the Company as per the approved scheme of amalgamation and the effect thereof was given in the financial statements effective from the appointed date 01st April, 2014. As a result of this, the standalone financial results for the quarter/half year ended 30th September, 2015 are strictly not comparable with corresponding quarter/half year of the previous year.
- 9) Previous period/year figures have been regrouped / reclassified, wherever found necessary, to conform to current period/year classification.



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


Ramesh Iyer
Managing Director

Date : 21st October, 2015
Place : Mumbai

B. K. KHARE & CO.

CHARTERED ACCOUNTANTS

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Report of auditors on the Reformatted Consolidated Financial Statements of Mahindra & Mahindra Financial Services Limited as at and for each of the years ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011

The Board of Directors
Mahindra & Mahindra Financial Services Limited
4th Floor, Mahindra Towers
P. K. Kurne Chowk, Worli
Mumbai 400018

Dear Sirs

We have examined the Reformatted Consolidated Financial Statements (the "Reformatted Statements") of Mahindra & Mahindra Financial Services Limited (the "Company") and its subsidiary (collectively known as "the Group") as at and for the year ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed Public Issue of Debt Securities. Such financial statements, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

- a) Section 26(1) (b) of the Companies Act, 2013 ("the Act") and Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014; and
- b) the Securities & Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992

The preparation of such Reformatted Statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

1. The Reformatted Statements have been extracted by the Management from the audited Financial Statements of the Group as at March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 and from the books of account underlying such financial statements of the Group which were approved by the Board of Directors April 23, 2015, April 23, 2014, April 23, 2013, April 23, 2012 and April 25, 2011 respectively, which

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have been audited by us and in respect of which we have issued our audit opinions dated April 23, 2015, April 23, 2014, April 23, 2013, April 23, 2012 and April 25, 2011 respectively to the members of the Company.

2. We have examined such reformatted financial information taking into consideration:
 - a) The terms of reference received from the Company requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed Public Issue of Debt Securities; and
 - b) the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
3. For the purpose of our examination of the Reformatted Statements of the Company as at and for the year ended March 31, 2015, we have placed reliance on the following:
 - a. The Audited Consolidated Financial Statements of the Company as at and for the year ended March 31, 2015;
 - b. We did not audit the financial statements of Mahindra Finance USA (Joint Venture), whose financial statements reflect total assets of Rs 167299.84 lakhs as at March 31, 2015, total revenues of Rs. 6968.39 lakhs and net cash loss amounting to Rs. 129.18 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this joint venture, and our report in terms of sub-sections (3) and (11) of section 143 of the Act in so far as it relates to the aforesaid joint venture, is based solely on such audited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
4. In consideration of the requirements of Section 26(1)(b) of the Act and Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations, terms of our engagement agreed with you, we further report that:

The Reformatted Consolidated Summary Statement of Assets and Liabilities and Schedules forming part thereof, the Reformatted Consolidated Summary Statement of Profits and Losses and Schedules forming part thereof and the Reformatted Consolidated Summary Statement of Cash Flows (together referred to as "Reformatted Consolidated Summary Statements") of the Group, including as at and for the year ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 examined by us are set out in Annexure I to III to this report. These Reformatted Consolidated Summary Statements are after making adjustments and regrouping as in the management opinion, are



appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (Refer Annexure IV);

5. Based on our examination as above, we further report that:
 - a) The Reformatted Consolidated Summary Statements have to be read in conjunction with the notes given in Annexure V;
 - b) there are no extraordinary items which need to be disclosed separately in the attached Reformatted Consolidated Summary Statements;
 - c) there are no qualifications in the auditors' reports, which require any adjustments to the Reformatted Consolidated Summary Statements; and
 - d) in the preparation and presentation of Reformatted Statements based on audited financial statements as referred to in paragraph 1 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 1 above.

6. As stated in our audit reports referred to in paragraph 1 above, we conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India to enable us to issue an opinion on the General Purpose Financial Statements. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

7. Our audits referred to in paragraph 1 above were carried out for the purpose of certifying the general purpose financial statements taken as a whole. For none of the periods referred to in paragraph 1 above, did we perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion on the reformatted financial statements.

8. We have not audited or reviewed any financial statements of the Group as of any date or for any period subsequent to September 30, 2015. Accordingly, we express no audit opinion on the financial position, results of operations or cash flows of the Company as of



any date or for any period subsequent to September 30, 2015. We have undertaken a limited review of the unaudited financial information provided to us by the Company for the quarter and nine months ended December 31, 2015 and corresponding period in the prior year as furnished to us by the Company, in accordance with (i) the requirements of Clause 41 of the listing agreements with Indian stock exchanges where equity shares of the Company are listed and (ii) Standard of Review Engagement (SRE) 2410, "Engagements to Review Financial Statements" issued by the Institute of Chartered Accountants of India ("ICAI") ("Limited Review Statements")

Other Consolidated Financial Information

9. At the Company's request, we have also examined the following Consolidated financial information proposed to be included in the Offer document prepared by the Management and approved by the Board of Directors of the Company and annexed to this report relating to the Group as at and for the year ended March 31, 2015, March 31, 2014, March 31, 2013 March 31, 2012 and March 31, 2011:
 - a) Statement of Dividend paid/proposed; Rates of Dividend, as appearing in Annexure VI;
 - b) Statement of Contingent Liabilities, as appearing in Annexure VII
10. In our opinion, the reformatted Consolidated financial information as disclosed in the Annexure to this report read with respective significant accounting policies and notes disclosed in Annexure IV and after making adjustments and regrouping as considered appropriate and disclosed in Annexure IV has been prepared in accordance with Section 26(1)(b) of the Companies Act 2013 ("the Act") and Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Regulations.
11. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.



13. This report is intended solely for your information and for inclusion in the offer document prepared in connection with the proposed Public Issue of Debt Securities of the Mahindra & Mahindra Financial Services Limited and is not to be used, referred to or distributed for any other purpose without our prior written consent.



Place: Mumbai
Date: March 15th 2016

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W


Naresh Kumar Kataria
Partner
Membership No. 037825

ANNEXURE I
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED
REFORMATTED CONSOLIDATED BALANCE SHEET

(Rs. In lacs unless stated otherwise)

Particulars	Note No.	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
I. EQUITY & LIABILITIES						
1) Shareholders' funds						
a) Share capital	1	11282.81	11270.50	11260.40	10268.75	10245.29
b) Reserves and surplus	2	582988.88	518099.02	446695.15	292838.56	244252.52
		<u>594271.69</u>	<u>529369.52</u>	<u>457955.55</u>	<u>303107.31</u>	<u>254497.81</u>
MINORITY INTEREST		4929.60	3647.83	2367.17	770.74	468.34
2) Non-current liabilities						
a) Long-term borrowings	3	1686524.66	1825376.57	1381540.40	991100.74	660251.92
b) Other long-term liabilities	4	30247.97	27701.56	24297.19	7804.35	5102.06
c) Long term provisions	5	35267.59	33309.64	31840.62	35837.09	44599.94
		<u>1752040.22</u>	<u>1886387.77</u>	<u>1437678.21</u>	<u>1034742.18</u>	<u>709953.92</u>
3) Current liabilities						
a) Short-term borrowings	6	525861.91	151027.60	158191.25	143886.51	65493.80
b) Trade payables	7	49545.23	45074.04	48934.04	38168.41	28991.99
c) Other current liabilities	8	818226.02	698126.60	535336.46	374103.92	290267.94
d) Short term provisions	9	118439.35	92116.10	66616.43	47292.98	37182.15
		<u>1512072.51</u>	<u>986344.34</u>	<u>809078.18</u>	<u>603451.82</u>	<u>421935.88</u>
TOTAL		<u>3863314.02</u>	<u>3405749.46</u>	<u>2707079.11</u>	<u>1942072.05</u>	<u>1386855.95</u>
II. ASSETS						
1) Non-current assets						
a) Fixed assets	10					
i) Tangible assets		11415.94	12350.21	11077.90	9997.01	7239.56
ii) Intangible assets		470.09	498.15	154.37	99.87	152.15
iii) Capital work-in-progress		31.54	22.99	135.51	182.72	722.00
b) Non-current investments	11	55967.01	37895.56	24168.13	14725.65	9359.64
c) Deferred tax assets (Net)	12	42125.77	32535.84	24208.08	20331.14	21755.96
d) Long-term loans and advances	13	1988826.44	1772994.08	1416637.08	963913.07	657051.21
e) Other non-current assets	14	23263.46	13643.00	17106.50	1517.00	3821.00
		<u>2122100.25</u>	<u>1869939.83</u>	<u>1493487.57</u>	<u>1010766.46</u>	<u>700101.52</u>
2) Current assets						
a) Current investments	15	9449.80	34289.13	21585.34	28937.55	53157.78
b) Trade receivables	16	1454.15	2289.90	1573.78	1112.13	1047.37
c) Cash and bank balances	17	49364.02	57043.28	36796.59	25656.87	28537.73
d) Short-term loans and advances	18	1676198.37	1438062.21	1151367.18	874854.60	603647.38
e) Other current assets	19	4747.43	4125.11	2268.65	744.44	364.17
		<u>1741213.77</u>	<u>1535809.63</u>	<u>1213591.54</u>	<u>931305.59</u>	<u>686754.43</u>
TOTAL		<u>3863314.02</u>	<u>3405749.46</u>	<u>2707079.11</u>	<u>1942072.05</u>	<u>1386855.95</u>
Summary of significant accounting policies and notes to the financial statements						
	IV & V					

The notes referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred in our report of even date.

For B K Khare and Co.
Chartered Accountants
FRN:105102W

Ramesh Iyer
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825
Place: Mumbai

Date: March 15, 2016

ANNEXURE II
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED

Reformatted Consolidated Statement of Profit and Loss for the

Particulars	Note No.	Year ended	Year ended	Year ended	Year ended	Year ended
		Mar 31, 2015	Mar 31, 2014	Mar 31, 2013	Mar 31, 2012	Mar 31, 2011
I. Revenue from operations	20	602114.28	527522.73	409498.79	288536.96	202656.88
II. Other income	21	3976.28	2532.55	1797.35	2499.22	1202.00
III. Total Revenue (I + II)		606090.56	530055.28	411296.14	291036.18	203858.88
IV. Expenses:						
Employee benefits expense	22	56710.19	49450.51	37928.82	31275.41	22398.30
Finance costs	23	264299.81	228096.44	167059.05	113989.80	66618.39
Depreciation and amortization expense	24	4550.76	2608.05	2365.90	2028.52	1614.69
Loan provisions and write offs	25	84912.26	51898.42	28815.02	15998.94	13794.12
Other expenses	26	55630.68	51849.11	42913.81	31613.72	24661.97
Total expenses		466103.70	383902.53	279082.60	194906.39	129087.47
V. Profit before exceptional and extraordinary items and tax (III - IV)		139986.86	146152.75	132213.54	96129.79	74771.41
VI. Exceptional items (net) - income / (expense)	27	0.00	0.00	3052.27	0.00	0.00
VII. Profit before tax (V + VI)		139986.86	146152.75	135265.81	96129.79	74771.41
VIII. Tax expense:						
Current tax		57611.27	58004.66	46252.02	30252.88	26444.37
Deferred tax		(10111.16)	(8329.33)	(3876.94)	1424.80	(1039.16)
		47500.11	49675.33	42375.08	31677.68	25405.21
IX. Profit for the year before Minority Interest (VII - VIII)		92486.75	96477.42	92890.73	64452.11	49366.20
X. Minority Interest		1196.21	1035.28	187.19	102.40	89.06
XI. Profit for the year (IX - X)		91290.54	95442.14	92703.54	64349.71	49277.14
XII. Earnings per equity share (Rupees) :	43					
(Face value - Rs.2/- per share)						
(1) Basic		16.19	16.95	17.43	62.74	50.92
(2) Diluted		16.05	16.78	17.23	61.87	47.38

The notes referred to above form an integral part of the Statement of Profit and Loss
This is the Statement of Profit and Loss referred in our report of even date.

For B K Khare and Co.
Chartered Accountants
FRN:105102W

Ramesh Iyer
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825
Place: Mumbai

Date: March 15, 2016

ANNEXURE III**REFORMATTED CONSOLIDATED CASH FLOW STATEMENT**

Particulars	March 2015	March 2014	March 2013	March 2012	March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit before taxes and contingencies and exceptional items	139986.86	146152.75	132213.54	96129.79	74771.41
Add/(Less):					
<u>Non Cash Expenses :</u>					
Depreciation and amortisation expense	4550.76	2608.05	2365.90	2028.52	1614.69
Exchange fluctuation	573.01	799.17	218.79	332.49	(37.67)
Provision for Non-performing assets (net)	34728.06	25449.51	6142.43	(3386.68)	(5140.38)
General provision for Standard assets	1330.83	2284.13	1730.40	1339.60	3220.69
Higher provision & provision for diminution in the fair value of restructured advances	31.87	0.00	0.00	0.00	0.00
Share issue expenses	0.00	0.00	0.00	35.00	0.00
Employee compensation expense on account of ESOP Scheme	1065.33	307.33	443.02	749.65	143.18
Add/(Less):	42279.86	31448.19	10900.54	1098.58	(199.49)
<u>Income considered separately :</u>					
Income from investing activities	(3962.26)	(2517.32)	(2235.48)	147.32	(395.34)
(Profit)/Loss on sale / retirement of assets	(9.65)	(2.80)	2.89	(26.19)	(9.46)
(Profit)/Loss on sale of Investment	(468.64)	(9.15)	(231.18)	(734.43)	(52.41)
Income from Assignment / Securitisation transactions	(25622.33)	(21372.47)	(21454.93)	(9249.49)	(8970.14)
	(30062.88)	(23901.74)	(23918.70)	(9862.79)	(9427.35)
Operating profit before working capital changes	(I) 152203.84	153699.20	119195.38	87365.58	65144.57
Less:					
(Increase)/Decrease in interest accrued on investment/others	909.07	(1094.49)	23.35	69.92	67.89
(Increase)/Decrease in Trade receivables	(40040.07)	(34608.46)	(19834.06)	(14284.27)	187.85
(Increase)/Decrease in Loans & Advances	(490355.53)	(741275.20)	(840395.77)	(692858.83)	(464379.36)
	(529486.53)	(776978.15)	(860206.48)	(707073.18)	(464123.62)
Increase in Current liabilities	39424.22	25910.25	43431.72	18627.80	20664.24
	(II) (490062.31)	(751067.90)	(816774.76)	(688445.38)	(443459.38)
Cash generated from / (used in) operations	(I+II) (337858.47)	(597368.69)	(697579.38)	(601079.80)	(378314.81)
Advance taxes paid	(59145.11)	(55919.65)	(47379.41)	(32559.35)	(28406.67)
	(397003.58)	(653288.34)	(744958.79)	(633639.15)	(406721.48)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)	(397003.58)	(653288.34)	(744958.79)	(633639.15)	(406721.48)

Particulars	March 2015	March 2014	March 2013	March 2012	March 2011
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets / Software	(4469.93)	(4115.88)	(3493.86)	(4127.32)	(5215.90)
Sale of fixed assets	603.22	104.96	69.16	77.85	71.64
Purchase of Investments	(267533.24)	(214931.38)	(95990.51)	(158462.92)	(378645.62)
Investment in Term deposit with banks	(4066.77)	(19021.00)	(20063.00)	5815.00	(4022.50)
Sale of Investments	274769.77	188509.31	90368.73	176402.21	332835.52
Income received from investing activities	4105.39	2446.57	3617.45	(19.11)	214.36
(Increase) / Decrease in Earmarked balances with banks	0.24	4.58	(8.04)	(11.61)	(8.19)
Proceeds from sale of long-term investments in equity shares of Mahindra Insurance Brokers Limited	0.00	0.00	6432.99	0.00	0.00
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	3408.68	(47002.84)	(19067.08)	19674.10	(54770.69)
C. CASH FLOW FROM FINANCING ACTIVITIES					
Issue of Equity Shares (net of issue expenses)	552.76	399.31	90191.91	1920.70	45708.86
Increase/(Decrease) in Bank borrowings (net)	(245042.73)	344064.87	200175.75	261606.87	292163.85
Increase/(Decrease) in long term borrowings (net)	133089.93	113127.04	250766.92	168950.96	13356.46
Increase/(Decrease) in short term borrowings (net)	338500.62	(18597.74)	(8862.93)	(15143.15)	(21641.11)
Increase/(Decrease) in Fixed Deposits (net)	100738.59	124726.58	95305.83	54113.22	35444.06
Proceeds from Assignment / Securitisation transactions	89044.34	159029.71	161623.22	155511.72	108930.92
Dividend paid (including tax on dividend)	(26176.51)	(24422.32)	(18786.14)	(12376.75)	(8577.32)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	390707.00	698327.45	770414.56	614583.57	465385.72
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(2887.90)	(1963.73)	6388.69	618.52	3893.55
Cash and Cash Equivalents at the beginning of the year	23437.03	25400.76	19012.07	18393.55	14500.00
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20549.13	23437.03	25400.76	19012.07	18393.55

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

For B K Khare and Co.
Chartered Accountants
FRN:105102W

Ramesh Iyer
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825
Place: Mumbai
Date: March 15, 2016

ANNEXURE IV

For FY 2014-15:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

- 1) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis:
- The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.
 - The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.
 - The difference between the foreign exchange rates prevailing at the time making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.
 - The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.
 - The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.
 - Minority Interest in the net assets of consolidated subsidiaries consists of:
 - the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.
- The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are :

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest (*)
Mahindra Insurance Brokers Limited (MIBL)	India	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Asset Management Company Pvt Ltd (MAMCL)	India	100.00%
Mahindra Trustee Company Pvt Ltd (MTCPL)	India	100.00%
Mahindra Finance USA, LLC (MFUSA)	USA	49.00%

* There is no change in the proportion of ownership interest as compared to the previous year.

2) Basis for preparation of financial statements:

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under Section 132 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 29 of notes to the financial statements).

The joint venture records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

3) Use of estimates :

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

4) Revenue recognition :

i. General :

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing assets, is recognised on receipt basis. Accordingly, unrealised interest recognised as income in the previous period is reversed in the accounting period in which the loan is classified as Non-Performing Asset and accounted as income when it is actually realised.

In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing assets, is recognized on receipt basis.

- ii. Income from loans :**
- a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
 - b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.
 - c) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.
 - d) The joint venture's interest income from finance receivables and inventory receivables is recognised using the effective-interest method. Late charges are credited to income when received. Accrual of interest and finance fees is suspended when collection is greater than 90 days delinquent or if indication of impairment exists. Income is recognised on a cash basis after a receivable is put on non accrual status. The accrual of interest resumes when the receivable becomes less than 90 days delinquent and the customer is no longer in default status.
- iii. Subvention income :**
Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract.
- iv. Brokerage and handling charges Income:**
Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of service tax.
- v. Insurance consultancy fees:**
Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.
- vi. Income from manpower supply services :**
Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.
- vii. Income from assignment / securitisation transactions :**
- A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012:**
 - i. Receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.
 - ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment
 - iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of profit and loss over the period.
 - B. Income accounted post the issuance of RBI Circular dated August 21, 2012:**
 - i. **Securitisation transactions:**
 - a. Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.

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

ii. Assignment transactions:

- a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).
- b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 4, 8 and 34 (b)).

viii. Income from investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.

5) Fixed assets, depreciation and amortization:

a) Tangible assets :

- i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
- ii) Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

b) Depreciation on Tangible assets:

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

- a) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- b) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- c) Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's 'Tangible assets' in note no.10.
- d) Residual value of the assets considered as nil reflecting the realisable value at the end of the useful life of an asset.

c) Intangible assets :

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

d) Amortization of Intangible assets:

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

6) Foreign exchange transactions and translations :

i. Initial recognition

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

ii. Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- b. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
- c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

iii. Exchange differences

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

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing assets/liabilities

- a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.
- b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.

- c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.
- d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. Such transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.
- e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

7) Investments :

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

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

8) Loans against assets :

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

9) Employee benefits :

(a) Contribution to provident fund -

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

(b) Gratuity -

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

(c) Superannuation -

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

(d) Leave encashment / compensated absences -

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

10) Borrowing costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

11) Current and deferred tax :

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

12) Share issue expenses :

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve in the year in which they are incurred.

13) Impairment of assets :

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

14) Provisions and contingent liabilities :

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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

15) Employee stock compensation costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

16) Lease :

Payments under operating lease arrangements are recognized as per the terms of the lease.

17) Earnings Per Share :

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

For FY 2013-14:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

- 1) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis:
- The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.
 - The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.
 - The difference between the foreign exchange rates prevailing at the time making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.
 - The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.
 - The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of profit and loss as profit or loss on disposal of investment in subsidiaries.
 - Minority Interest in the net assets of consolidated subsidiaries consists of:
 - the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.
- The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are :

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest (*)
Mahindra Insurance Brokers Limited (MIBL)	India	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Business & Consulting Services Pvt. Ltd. (MBCSPL)	India	100.00%
Mahindra Asset Management Company Pvt Ltd (MAMCL)	India	99.996%
Mahindra Finance USA, LLC (MFUSA)	USA	49.00%

* There is no change in the proportion of ownership interest as compared to the previous year.

2) Basis for preparation of financial statements:

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under Section 132 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 29 of notes to the financial statements).

The joint venture records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

3) Use of estimates :

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

4) Revenue recognition :

i. General :

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing assets, is recognised on receipt basis. Accordingly, unrealised interest recognised as income in the previous period is reversed in the accounting period in which the loan is classified as Non-Performing Asset and accounted as income when it is actually realised.

In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing assets, is recognized on receipt basis.

- ii. **Income from loans :**
 - a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
 - b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.
 - c) Direct costs incurred and fees received related to the origination of finance receivables, relating to joint venture, are deferred and amortized over the estimated term of the related receivables.
- iii. **Subvention income :**

Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract.
- iv. **Brokerage and handling charges Income:**

Brokerage, handling charges and broker retainer's fees are recognised on accrual basis when services are rendered and are net of service tax.
- v. **Income from manpower supply services :**

Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.
- vi. **Income from assignment / securitisation transactions :**

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

- i. Receivables assigned/secured by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.
- ii. On de-recognition, the difference between book value of the receivables assigned/secured and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment
- iii. On the maturity of an underlying assignment/secured deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal has been reversed since the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012:

- i. **Securitisation transactions:**
 - a. Securitised receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
 - b. Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).
 - c. Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

ii. Assignment transactions:

- a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).
- b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 4, 8 and 34 (b)).

vii. Income from investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.

5) Fixed assets, depreciation and amortization:

a) Tangible assets :

- i) Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
- ii) Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

b) Depreciation / Amortisation:

- i. Depreciation on tangible assets, other than repossessed assets capitalised for own use, is charged on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956 on a pro-rata basis except for following assets:
 - a) Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
 - b) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
 - c) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
 - d) Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.10.
- ii. Computer software is amortized over the useful life. The maximum period for such amortization is 36 months.

c) Intangible assets :

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

d) Amortization of Intangible assets:

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months.

6) Foreign exchange transactions and translations :

i. Initial recognition

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

ii. Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- b. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.
- c. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non-integral foreign operation are accumulated in the Foreign Exchange Fluctuation Reserve until the disposal of the net investment, at which time they are recognized as income or as expenses.

iii. Exchange differences

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

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

iv. Forward exchange contracts entered into to hedge foreign currency risk of an existing assets/liabilities

- a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract.
- b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.
- c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.
- d. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

7) Investments :

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over

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

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

8) Loans against assets :

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

9) Employee benefits :

(a) Contribution to provident fund -

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

(b) Gratuity -

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

(c) Superannuation -

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

(d) Leave encashment / compensated absences -

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

10) Borrowing costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

11) Current and deferred tax :

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

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

12) Share issue expenses :

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve in the year in which they are incurred.

13) Impairment of assets :

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

14) Provisions and contingent liabilities :

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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

15) Employee stock compensation costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis.

16) Lease :

Payments under operating lease arrangements are recognized as per the terms of the lease.

17) Earnings Per Share :

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

For FY 2012-13:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

1)

The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited, the Holding Company, its subsidiary companies namely Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited and Mahindra Business & Consulting Services Private Limited and its Joint Venture entity, Mahindra Finance USA, LLC referred to as the "Company" or "Group". The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS27) "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements have been prepared on the following basis.

- a. The Financial Statements of the Company, its subsidiary companies and the joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealised profits or losses.
- b. The difference between the cost of investment in the subsidiary companies over the Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve. Goodwill arising on consolidation is not amortised in the books of account.
- c. The difference between the foreign exchange rates prevailing at the time making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.
- d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the company.
- e. The subsidiary companies and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the group) considered in the presentation of these consolidated financial statements are :

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest
Mahindra Insurance Brokers Limited (MIBL)	India	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Business & Consulting Services Pvt. Ltd. (MBCSPL)	India	100.00%
Mahindra Finance USA, LLC	USA	49.00%

2) Basis for preparation of financial statements:

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has

ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis. (refer note no. 29 of notes to the financial statements).

3) Use of estimates :

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

4) Revenue recognition :

i. General :

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis. Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing assets, is recognised on receipt basis.

ii. Income from loans :

Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

iii. Income from subvention/service/document charges :

Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract. However, service charges and documentation charges are booked at the commencement of the contract.

iv. Brokerage and handling charges Income:

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

v. Interest and other income from housing loans:

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, service charges and fee based income which on account of uncertainty of ultimate collection are accounted on receipt basis. In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing assets, is recognized on receipt basis.

vi. Income from manpower supply services :

Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.

vii. Income from assignment / securitisation transactions :

In assignment of receivables, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser. On de-recognition, the difference between book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment. Such assignment transactions were executed prior to issuance of RBI guidelines dated August 21, 2012 for accounting and disclosure of securitisation / assignment transactions

The recently issued guidelines as mentioned above are applicable to transactions effected on or after that date. Accordingly, securitisation transactions effected post issuance of the said guidelines are accounted as under :

- a) Securitised receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
- b) Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).
- c) Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

viii. Income from investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.

5) Tangible and intangible assets :

a) Tangible assets :

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

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

b) Intangible assets :

Intangible assets comprising of computer software is initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

6) Depreciation / Amortisation:

- i. Depreciation on fixed assets, other than repossessed assets capitalised for own use, is charged on Straight Line Method (SLM) at rates specified in Schedule XIV to The Companies Act, 1956 on a pro-rata basis except that :
 - a) Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
 - b) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase and

- c) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- ii. Repossessed assets that have been capitalised for own use are depreciated @ 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of 'Owned Assets'.
- iii. Computer software is amortized over the useful life. The maximum period for such amortization is 36 months.

7) Foreign exchange transactions :

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

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

In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract. Such forward contracts outstanding at the year end are marked to market and gain or loss thereon is charged to Statement of profit or loss. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.

8) Investments :

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

9) Loans against assets :

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

10) Employee benefits :

(a) Defined contribution plans -

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

(b) Gratuity -

Liabilities with regard to the gratuity benefit payable in future are determined by actuarial valuation at each balance sheet date using the projected unit credit method and contributed to employee gratuity fund managed by Life Insurance Corporation of India. Actuarial gains and losses arising

from changes in actuarial assumptions are recognized in the Statement of profit and loss in the period in which they arise.

(c) Superannuation -

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India. The Company has no obligation to the scheme beyond its monthly contributions.

(d) Leave encashment / compensated absences -

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

Hitherto, the Company has determined liability on account of leave encashment on actual basis. With effect from the current year, the liability has been determined on actuarial basis. This change has no material impact on the financial statements of the Company.

11) Borrowing costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

12) Taxes on income :

Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

13) Share issue expenses :

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium reserve in the year in which they are incurred.

14) Impairment of assets :

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

15) Provisions and contingent liabilities :

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

16) Employee stock compensation costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme (ESOS)) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation expense is amortized over the vesting period of the option on a straight line basis.

17) Lease :

Payments under operating lease arrangements are recognized as per the terms of the lease.

18) Earnings Per Share :

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

For FY 2011-12:

Consolidated Notes on Accounts for the year ended 31st March, 2012

SIGNIFICANT ACCOUNTING POLICIES (SAP):

1) Basis for Preparation of Accounts:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

Further, the Company follows prudential norms for Income Recognition and provisioning for Non-performing Assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies.

2) Use of Estimates:

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

3) Revenue Recognition:

i. General:

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on Trade advance, which on account of uncertainty of ultimate collection are accounted on receipt basis. Also in accordance with the guidelines issued by the Reserve Bank of India for Non Banking Finance Companies, income on business assets classified as non-performing assets, is recognised on receipt basis.

ii. Income from Loan against assets (movable):

Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

iii. Income from Subvention/Service/Document Charges:

Subvention received from dealers/manufacturers on retail cases is booked over the year of the contract. However, service charges & documentation charges are booked at the commencement of the contract.

iv. Brokerage and Handling charges Income:

Brokerage and Handling charges income is recognised on accrual basis when services are rendered and is net of service tax.

v. Interest and Other Income from Housing Loans:

Repayment of housing loans is generally by way of Equated Monthly/Quarterly/Half yearly Instalments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is accounted every month.

vi. Income from Manpower supply services:

Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.

vii. Income from Assignment transactions:

In case of assignment of receivables the assets are derecognised as all the rights, title, future receivables & interest thereof are assigned to the purchaser. On de-recognition, the difference between book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expenses & incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

viii. Income from Investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.

4) Fixed Assets:

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

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

5) Depreciation:

- i. Depreciation on fixed assets, other than leased assets and repossessed assets capitalised for own use, is charged using Straight Line Method at rates specified in Schedule XIV to the Companies Act, 1956 on a pro-rata basis except for:
 - a) Office equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
 - b) Assets costing less than Rs.5000/- are fully depreciated in the year of purchase and
 - c) Vehicles used by employees are depreciated over the year of 48 months considering this year as the useful life of vehicle for the Company.
- ii. Repossessed assets, that have been capitalised for own use, are depreciated @ 15% using the Straight Line Method over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming a part of 'Owned Assets'

6) Foreign Exchange Transactions:

All assets and liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year end, except those covered by forward exchange contracts which are translated at contracted rates, where the difference between the contracted rate and the spot rate on the date of the transaction is charged to Profit and Loss Account over the year of the contract.

In case of the current assets, current liabilities and long term liabilities the exchange differences are recognised in the Profit and Loss account.

7) Investments:

In terms of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever ever is less.

8) Loans against assets:

Loan against assets are stated at agreement value net of instalments received less un-matured finance charges.

9) Employee benefits:

Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries.

(a) Defined Contribution Plans-

Company's contribution paid/payable during the year to Provident Fund and Labour Welfare fund are recognised in the Profit and loss Account.

(b) Defined Benefit Plan –

Company's liabilities towards gratuity is determined using the projected unit credit method which considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses are recognised immediately in the statement of profit and loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(c) Liability on account of encashment of privilege leave to employees is considered as short term compensated expense provided at actual and on account of sick leave is considered as long term unfunded benefit & recognized on the basis of actuarial valuation using Projected Unit Credit Method determined by appointed actuary.

10) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial year of time to get ready for its intended use or sale. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

11) Lease Hold Improvements:

Expenditure incurred on improvements to leasehold premises is classified into Capital and Revenue. Addition of assets are capitalised under Fixed Assets and balance expenditure if any is debited to Profit & Loss Account.

12) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

13) Intangible Assets:

All intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed. Software expenses are treated as an intangible asset and amortized over the useful life of the asset. The maximum year for such amortization is 36 months.

14) Miscellaneous Expenditure:

a) Preliminary Expenses

Preliminary expenses are charged to profit and loss account in the year of incurrence.

b) Share Issue Expenses

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities Premium account in the year in which they are incurred.

15) Impairment of Assets :

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

16) Provisions & Contingent Liabilities:

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

17) Derivatives:

The hedging contracts comprise of interest rate swap undertaken to hedge interest rate risk on certain liabilities. These hedges are accounted for like the underlying liabilities. The net interest payable is accounted on accrual basis over the life of the swap.

18) Employee stock compensation costs:

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting year of the option on a straight line basis.

ANNEXURE V**NOTES TO THE FINANCIAL STATEMENTS**

Note : 1

Share capital

Particulars	INR Lakhs				
	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Authorised capital :					
70,00,00,000 equity shares of Rs.2/- each (March 2014 and March 2013: 70,00,00,000 equity shares of Rs.2/- each, March 2012 and March 2011: 14,00,00,000 equity shares of Rs.10/- each)	14000.00	14000.00	14000.00	14000.00	14000.00
50,00,000 Redeemable preference shares of Rs.100/- each (March 2014, March 2013, March 2012 and March 2011: 50,00,000 Redeemable preference shares of Rs.100/- each)	5000.00	5000.00	5000.00	5000.00	5000.00
Issued Capital :					
56,87,64,960 Equity shares of Rs.2/- each (March 2014 and March 2013 : 56,87,64,960 Equity shares of Rs.2/- each, March 2012 and March 2011: 10,40,02,735 Equity shares of Rs.10/- each)	11375.30	11375.30	11375.30	10400.27	10400.27
Subscribed and Paid-up Capital :					
56,87,64,960 Equity shares of Rs.2/- each fully paid up (March 2014 and March 2013 : 56,87,64,960 Equity shares of Rs.2/- each, March 2012 and March 2011: 10,40,02,735 Equity shares of Rs.10/- each)	11375.30	11375.30	11375.30	10400.27	10400.27
Less : Shares issued to ESOS trust but not allotted by it to employees	92.49	104.80	114.90	131.52	154.98
(46,24,289 equity shares of Rs.2/- each (March 2014 : 52,39,841 equity shares of Rs.2/- each, March 2013 : 57,44,785 equity shares of Rs.2/- each, March 2012 : 13,15,164 equity shares of Rs.10/- each, March 2011 : 15,49,771 equity shares of Rs.10/- each))					
Total	11282.81	11270.50	11260.40	10268.75	10245.29

For FY 2014-15:

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares -				
Balance at the beginning of the year	568764960	11,375.30	568764960	11,375.30
Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year :	-	-	-	-
Balance at the end of the year	568764960	11,375.30	568764960	11,375.30
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding company : Mahindra & Mahindra Limited	291207660	5,824.15	291207660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Limited	291207660	5,824.15	291207660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) Terms / rights attached to equity shares

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

e) Shares issued to ESOS trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 2014 : Rs. 104.80 Lacs), Securities premium reserve by Rs.64.39 Lacs (March 2014 : Rs. 86.83 Lacs) in respect of 46,24,289 equity shares of face value of Rs.2/- each (March 2014 : 52,39,841 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.

For FY 2013-14:

	As at March 2014		As at March 2013	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares -				
Balance at the beginning of the year	568764960	11375.30	104002735	10400.27
Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year :				
1) Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP) (Equity shares of face value Rs.10/-each)			9750257	975.03
2) Addition on account of sub-division of equity shares of Rs.10/- face value into equity shares of Rs.2/- face value			455011968	-
Balance at the end of the year	568764960	11375.30	568764960	11375.30
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding company : Mahindra & Mahindra Limited	291207660	5824.15	291207660	5824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Limited	291207660	5824.15	291207660	5824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) Terms / rights attached to equity shares

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

e) Shares issued to ESOS trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs.104.80 Lacs (March 2013 : Rs. 114.90 Lacs), Securities premium reserve by Rs. 86.83 Lacs (March 2013 : Rs. 112.70 Lacs) in respect of 52,39,841 equity shares of face value of Rs.2/- each (March 2013 : 57,44,785 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending for allotment of shares to eligible employees.

For FY 2012-13:

Other quantitative information :	As at March 2013		As at March 2012	
	Numbers	Rs. in lacs	Numbers	Rs. in lacs
a) Reconciliation of number of equity shares -				
Balance at the beginning of the year	104002735	10400.27	104002735	10400.27
(Equity shares of face value Rs.10/- each)				
Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year :				
1) Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP) (Equity shares of face value Rs.10/-each)	9750257	975.03	0	0.00
2) Addition on account of sub-division of equity shares of Rs.10/- face value into equity shares of Rs.2/- face value (on 18th February, 2013)	455011968	0.00	0	0.00
Balance at the end of the year	568764960	11375.30	104002735	10400.27
(Equity shares of face value Rs.2- each ; 2012: Rs.10/- each)				

	As at March 2013		As at March 2012	
	Numbers	Rs. in lacs	Numbers	Rs. in lacs
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding company : Mahindra & Mahindra Limited	291207660	5824.15	58241532	5824.15
(Equity shares of face value of Rs.2- each ; 2012 : Equity shares of face value of Rs.10/- each)				
Percentage of holding (%)	51.20%	51.20%	56.00%	56.00%
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Limited	291207660	5824.15	58241532	5824.15
(Equity shares of face value of Rs.2- each ; 2012 : Equity shares of face value of Rs.10/- each)				
Percentage of holding (%)	51.20%	51.20%	56.00%	56.00%

d) Sub-division of equity shares

Pursuant to recommendation of the Board of Directors of the Company at its meeting held on 21st December, 2012 and followed by approval of the members by way of postal ballot, each equity share of the face value of Rs. 10/- each fully paid up was sub-divided into five Equity shares of Rs. 2/- each fully paid up in February, 2013. In accordance with the Accounting Standard 20 pertaining to Earnings Per Share, the Company has given effect to the above mentioned sub-division of shares in computing the Earnings Per Shares for the applicable previous year.

e) 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.

f) Shares issued to ESOS trust

As per Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment which requires that shares allotted to a trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly Company has reduced the Share capital by Rs.114.90 lakhs (2012 : Rs. 131.52 lakhs), Securities premium reserve by Rs.112.70 lakhs (2012 : Rs. 155.23 lakhs) in respect of 57,44,785 equity shares of face value of Rs.2/- each (2012 : 13,15,164 equity shares of face value of Rs.10/- each) held by the trust pending for transfer into the beneficiary accounts of the eligible employees.

For FY 2011-12:

Other quantitative information :		
Particulars	As at March 2012	As at March 2011
a) Reconciliation of number of equity shares -		
Number of equity shares outstanding at the beginning of the year	104002735	96900525
Add : Fresh allotment of shares during the year :		
1) Private placement to QIBs under QIP	0	6133205
2) Shares issued under Employees' Stock Option Scheme	0	969005
	0	7102210
Number of equity shares outstanding at the end of the year	104002735	104002735
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 (Equity shares of Rs.10/- each)	58241532	58241532
Percentage of holding (%)	56%	56%
c) Shareholders holding more than 5 percent shares :		
Mahindra & Mahindra Limited	58241532	58241532
Percentage of holding (%)	56%	56%

As per Guidance note issued by The Institute of Chartered Accountants of India on Accounting for Employee Share-based payment which requires that shares allotted to a trust but not transferred to the employees be reduced from Share Capital and Reserves. Accordingly Company has reduced the Share Capital by Rs.131.52 lacs (Previous year: Rs.154.98 lacs), Securities Premium by Rs.155.23 lacs (Previous year : Rs.238.11 lacs) in respect of 13,15,164 shares (Previous year: 15,49,771 shares) held by the trust pending for transfer into the beneficiary accounts of the eligible employees.

Note : 2

Reserves and surplus

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Capital redemption reserve :					
Balance as at the beginning of the year	5000.00	5000.00	5000.00	5000.00	5000.00
Add : Transfer during the year	0.00	0.00	0.00	0.00	0.00
	5000.00	5000.00	5000.00	5000.00	5000.00
Less : Deductions during the year	0.00	0.00	0.00	0.00	0.00
Balance as at the end of the year	5000.00	5000.00	5000.00	5000.00	5000.00
Securities premium reserve:					
Balance as at the beginning of the year	201824.74	201558.08	116689.20	116434.98	75339.18
Add : Additions during the year on account of -					
i) Exercise of employee stock options	499.51	266.66	444.17	254.22	55.05
ii) Fresh issue of shares	0.00	0.00	85704.77	0.00	42012.45
	202324.25	201824.74	202838.14	116689.20	117406.68
Less :Deductions during the year in respect of -					
i) Shares issued to ESOP trust but not allotted to employees	64.39	86.83	112.70	155.23	238.11
ii) Share issue expenses	0.00	0.00	1280.06	0.00	971.70
Balance as at the end of the year	202259.86	201737.91	201445.38	116533.97	116196.87
Statutory reserve :					
Balance as at the beginning of the year	83352.56	64885.68	46828.55	34064.19	24522.84
Add : Transfers from Surplus in the Statement of profit and loss	17926.62	18466.88	18057.13	12764.36	9541.35
	101279.18	83352.56	64885.68	46828.55	34064.19
Less : Deductions during the year	0.00	0.00	0.00	0.00	0.00
Balance as at the end of the year	101279.18	83352.56	64885.68	46828.55	34064.19
General reserve :					
Balance as at the beginning of the year	37480.45	28328.60	19151.60	12813.60	7961.60
Add : Transfers from Surplus in the Statement of profit and loss	8877.75	9168.24	9177.00	6338.00	4852.00
	46358.20	37496.84	28328.60	19151.60	12813.60
Less : Deductions during the year	0.00	16.39	0.00	0.00	0.00
Balance as at the end of the year	46358.20	37480.45	28328.60	19151.60	12813.60
Foreign exchange fluctuation reserve :					
Balance as at the beginning of the year	1312.48	513.62	294.82	(37.66)	0.00
Add : Additions during the year	573.21	798.86	218.80	332.48	(37.66)
	1885.69	1312.48	513.62	294.82	(37.66)
Less : Deductions during the year	0.00	0.00	0.00	-	0.00
Balance as at the end of the year	1885.69	1312.48	513.62	294.82	(37.66)
Employees stock options outstanding :					
A) Employee stock options outstanding -					
Balance as at the beginning of the year	1333.81	1347.77	1804.70	1803.51	144.04
Add : Fresh grant of options	4465.00	289.16	0.00	278.19	1718.19
	5798.81	1636.93	1804.70	2081.70	1862.23
Less : Transfers / reversals during the year					
i) Transfers to securities premium reserve	499.51	266.66	444.18	254.22	55.05
ii) Reversals for options lapsed	57.85	36.46	12.75	22.78	3.67
Balance as at the end of the year (A)	5241.45	1333.81	1347.77	1804.70	1803.51
Less :					
B) Deferred employee compensation :					
Balance as at the beginning of the year	462.18	572.30	1101.19	1595.43	24.09
Add : Fresh grant of options	4465.00	289.16	0.00	278.19	1718.19
	4927.18	861.46	1101.19	1873.62	1742.28
Less : Amortisation during the year					
i) Transfer to employee compensation expenses	1269.48	362.82	516.14	749.65	143.18
ii) Reversals for options lapsed	57.85	36.46	12.75	22.78	3.67
Balance as at the end of the year (B)	3599.85	462.18	572.30	1101.19	1595.43
Balance as at the end of the year (A-B)	1641.60	871.63	775.47	703.51	208.08

Surplus in Statement of profit and loss :

Balance as at the beginning of the year	187814.12	145746.40	104326.11	76007.43	53311.25
Less : Transitional depreciation charge (net of deferred tax) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24)	317.77	0.00	0.00	0.00	0.00
	<u>187496.35</u>	<u>145746.40</u>	<u>104326.11</u>	<u>76007.43</u>	<u>53311.25</u>

Add : Adjustments as per the Scheme of Amalgamation (refer note no. 39 of FY 2014-15)

Add : Profit for the year transferred from the Statement of profit and loss

	529.87	0.00	0.00	0.00	0.00
	91290.54	95442.14	92703.54	64349.71	49277.14
	<u>279316.76</u>	<u>241188.54</u>	<u>197029.65</u>	<u>140357.14</u>	<u>102588.39</u>

Less : Appropriations :

General reserve	8877.75	9151.85	9177.00	6338.00	4852.00
Statutory reserve	17926.62	18466.88	18057.13	12764.36	9541.35
Corporate tax on interim dividend on equity shares	0.00	0.00	162.31	0.00	0.00
Proposed dividend on equity shares	22750.60	21613.07	20475.54	14600.38	10418.93
Corporate dividend tax on equity shares	4552.41	3612.75	3411.84	2368.46	1768.67
Depreciation and Special Reserve adjustment	645.03	0.00	(0.57)	(40.17)	0.00
	<u>54752.41</u>	<u>52844.55</u>	<u>51283.25</u>	<u>36031.03</u>	<u>26580.95</u>

Balance as at the end of the year

	<u>224564.35</u>	<u>188343.99</u>	<u>145746.40</u>	<u>104326.11</u>	<u>76007.44</u>
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Total

	<u>582988.88</u>	<u>518099.02</u>	<u>446695.15</u>	<u>292838.56</u>	<u>244252.52</u>
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Note : 3**Long-term borrowings :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
a) Secured #					
Non-convertible debentures (refer note no. 35(i)(a)) \$	357040.00	321520.00	313960.00	247470.00	79385.00
Term loans :					
- from banks (refer note no. 35(ii)(a))	787597.03	1026884.70	745443.75	531890.83	452470.84
- from others (refer note no. 35(iii)(a))	21682.49	23544.13	18774.49	13879.24	8442.14
Foreign currency loans					
- from banks (refer note no. 35(iv)(a))	12500.00	40305.51	27142.50	9800.00	10000.00
- from others (refer note no. 35(v)(a))	75101.31	48549.09	24756.47	30637.02	0.00
Total	<u>1253920.83</u>	<u>1460803.43</u>	<u>1130077.21</u>	<u>833677.09</u>	<u>550297.98</u>
b) Unsecured -					
Unsecured bonds (Subordinate debts) (refer note no. 36(i)(a)) \$	100910.00	79410.00	59410.00	51010.00	44100.00
Term loans :					
- from banks (refer note no. 36(ii)(a))	10000.00	10000.00	0.00	0.00	0.00
Fixed deposits (refer note no. 36(iii)(a))	321693.83	275163.14	192053.19	106413.65	65853.94
Total	<u>432603.83</u>	<u>364573.14</u>	<u>251463.19</u>	<u>157423.65</u>	<u>109953.94</u>
Total (a+b)	<u>1686524.66</u>	<u>1825376.57</u>	<u>1381540.40</u>	<u>991100.74</u>	<u>660251.92</u>

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

\$ The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

Note : 4**Other long-term liabilities :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Other long term liabilities	0.00	59.74	0.00	0.00	0.00
Deposits/advances received against loan agreements (refer note no. 32)	1804.35	1333.08	1260.70	987.04	1143.05
Interest accrued but not due on borrowings	19283.53	15552.99	15983.12	3887.14	2577.21
Deferred subvention income	2508.93	3031.55	3424.05	2930.17	1381.80
Unrealised gains on loans transfer under securitisation transactions (refer note no. 34(d))	5175.94	6629.14	3629.32	0.00	0.00
Cash profit on loan transfers under assignment transactions pending recognition (refer note no. 34(b))	35.22	140.57	0.00	0.00	0.00
Derivative contract payables	0.00	954.49	0.00	0.00	0.00
Deferred premium payable to bank under forward exchange contracts on FCNR loans	1440.00	0.00	0.00	0.00	0.00
Total	30247.97	27701.56	24297.19	7804.35	5102.06

Note : 5**Long-term provisions :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Provision for employee benefits (refer note no. 33)	1317.67	1013.88	744.35	302.27	100.50
Provision for Non-performing assets (refer note no. 29(a), 30 and 31)	26419.74	18767.00	10046.85	13278.95	19508.04
Contingent provisions for standard assets (refer note no. 29(b) and 31)	7504.79	6772.21	5484.96	2501.75	1682.41
Higher provision on restructured standard advances (refer note no. 29(d))	17.77	0.00	0.00	0.00	0.00
Provision for diminution in the fair value of restructured advances (refer note no. 29(d))	7.62	0.00	0.00	0.00	0.00
Provision for estimated loss/expenses on assignments	0.00	6756.55	15564.46	19754.12	23308.99
Total	35267.59	33309.64	31840.62	35837.09	44599.94

Note : 6**Short-term borrowings**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
a) Secured #					
Term loans from banks (refer note no. 37(i))	75600.00	57000.00	42000.00	58900.00	36500.00
Cash credit facilities with banks (refer note no. 37(i))	59754.56	57232.21	75027.03	57101.31	21478.89
Foreign currency loans (refer note no. 37(ii))	36064.29	28664.24	30782.02	0.00	0.00
Total	171418.85	142896.45	147809.05	116001.31	57978.89
b) Unsecured -					
Loans from banks :					
- Term Loans (refer note no. 37(iii))	0.00	2200.00	0.00	23500.00	0.00
- Overdraft facilities	0.00	0.00	2019.79	0.00	0.00
Fixed deposits (refer note no. 36(iii))	6943.06	5931.15	3362.41	1385.20	5014.91
Commercial papers (CPs) (refer note no. 37(iv))	347500.00	0.00	5000.00	3000.00	2500.00
Total	354443.06	8131.15	10382.20	27885.20	7514.91
Total (a+b)	525861.91	151027.60	158191.25	143886.51	65493.80

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

Note : 7**Trade payables :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Trade payables for finance	35102.69	31007.53	35714.53	28617.55	11268.10
Trade payables for expenses	14442.54	14066.51	13219.51	9550.86	17723.89
Total	49545.23	45074.04	48934.04	38168.41	28991.99

Note : 8**Other current liabilities :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Current maturities of long-term debt					
a) Secured #					
Non-convertible debentures (refer note no. 35(i)(b)) \$	152270.00	183520.00	167840.00	51815.00	93515.00
Foreign currency loans from banks (refer note no. 35(iv)(b))	42044.47	11983.00	10809.57	10000.00	0.00
Term loans					
- from banks (refer note no. 35(ii)(b))	343954.34	312200.76	241744.28	231996.67	140132.21
- from others (refer note no. 35(iii)(b))	7039.44	6219.68	4487.68	3006.16	1564.32
Foreign currency loans - others (refer note no. 35(v)(b))	35853.50	22539.68	10158.60	0.00	0.00
	581161.75	536463.12	435040.13	296817.83	235211.53
b) Unsecured -					
Unsecured bonds (subordinate debts) \$	0.00	0.00	3100.00	3140.00	5000.00
Fixed deposits (refer note no. 36(iiii)(c))	129621.50	76425.51	37377.62	29688.54	12505.32
	129621.50	76425.51	40477.62	32828.54	17505.32
Interest accrued but not due on borrowings	40486.58	30615.63	14929.38	15911.05	12035.14
Unpaid dividends	57.69	57.93	62.52	53.78	42.16
Deposits / advances received against loan agreements (refer note no. 32)	1460.65	1647.04	1728.60	1642.99	1096.91
Amount Received in advance from ESOS Trust	156.88	191.63	227.60	286.75	393.09
Credit balances in current accounts with banks as per books	28370.30	17263.80	16906.56	10363.84	8553.94
Deferred subvention income	2284.76	2623.37	1855.43	1743.41	2272.97
Unrealised gains on loan transfers under securitisation transactions (refer note no. 34(d))	19175.40	15910.53	7447.22	0.00	0.00
Cash profit on loan transfers under assignment transactions pending recognition (refer note no. 34(b))	85.42	168.42	0.00	0.00	0.00
Insurance premium payable	3840.65	3694.88	3155.66	2425.24	1691.70
Payables under assignment / securitisation transactions	2932.13	6157.50	7590.56	5093.90	9944.13
Taxes deducted at Source	3142.33	2465.16	1621.95	1101.54	879.43
Others	5449.98	4442.08	4293.23	5835.05	641.62
Total	818226.02	698126.60	535336.46	374103.92	290267.94

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

\$ The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

Note : 9**Short-term provisions :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Provision for employee benefits (refer note no. 33)	4997.48	6356.52	4502.33	5039.78	3972.64
Provision for estimated loss/expenses on assignments	6756.56	8807.92	4189.65	3193.08	2117.38
Provision for Non-performing assets (refer note no. 29(a), 30 and 31)	73535.35	46423.23	29663.34	20032.17	17366.36
Contingent provisions for standard assets (refer note no. 29(b) and 31)	5968.86	5370.61	4373.73	2058.53	1538.28
Higher provision on restructured standard advances (refer note no. 29(d))	4.54	0.00	0.00	0.00	0.00
Provision for diminution in the fair value of restructured advances (refer note no. 29(d))	1.94	0.00	0.00	0.00	0.00
Proposed dividend on equity shares #	22750.60	21613.07	20475.54	14600.38	10418.84
Corporate dividend tax #	4424.02	3544.75	3411.84	2369.04	1768.65
Total	118439.35	92116.10	66616.43	47292.98	37182.15

The Board of Directors have recommended a dividend of Rs. 4.00 per share on equity share of face value of Rs.2/- each (March 2014 : Rs. 3.80 per share on equity share of face value Rs. 2/- each, March 2013 : Rs. 3.60 per share on equity share of face value Rs. 2/- each, March 2012 : Rs. 14 per share on equity share of face value Rs. 10/- each and March 2011 : Rs. 10 per share on equity share of face value Rs. 10/- each) for the current financial year. The dividend will absorb a sum of Rs.27,174.62 Lacs (March 2014 : Rs. 25,157.82 Lacs, March 2013 : Rs. 23,887.38 Lacs, March 2012 : Rs. 16,816.18 Lacs and March 2011 : Rs. 12,127.63 Lacs) including dividend distribution tax.

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION					NET BLOCK	
	As at April 01, 2014	Additions	Deductions / adjustments	As at March 31, 2015	As at April 01, 2014	Transitional depreciation#	Additions	Deductions / adjustments	As at March 31, 2015	As at March 31, 2015	As at April 01, 2014
i) Tangible assets :											
Premises	108.92 <i>108.92</i>	0.00 -	0.00 -	108.92 <i>108.92</i>	17.59 <i>15.82</i>	0.00 -	1.82 <i>1.77</i>	0.00 -	19.41 <i>17.59</i>	89.51 <i>91.33</i>	91.33 <i>93.10</i>
Computers	4,490.89 <i>4,839.75</i>	1,093.96 <i>807.82</i>	50.06 <i>1,156.68</i>	5,534.79 <i>4,490.89</i>	2,238.21 <i>2,793.51</i>	435.62 -	1,277.45 <i>598.92</i>	48.64 <i>1,154.22</i>	3,902.64 <i>2,238.21</i>	1,632.15 <i>2,252.68</i>	2,252.68 <i>2,046.24</i>
Furniture and fixtures	6,373.10 <i>5,828.77</i>	622.26 <i>802.89</i>	18.42 <i>258.56</i>	6,976.94 <i>6,373.10</i>	2,089.71 <i>1,856.21</i>	36.38 -	818.48 <i>466.77</i>	12.02 <i>233.27</i>	2,932.55 <i>2,089.71</i>	4,044.39 <i>4,283.39</i>	4,283.39 <i>3,972.56</i>
Vehicles	5,281.39 <i>4,340.08</i>	667.40 <i>1260.10</i>	246.90 <i>318.79</i>	5,701.89 <i>5,281.39</i>	2,214.71 <i>1,795.79</i>	3.48 -	943.17 <i>668.37</i>	148.87 <i>249.45</i>	3,012.49 <i>2,214.71</i>	2,689.40 <i>3,066.68</i>	3,066.68 <i>2,544.29</i>
Office equipment	4,972.18 <i>4,462.63</i>	1,581.05 <i>991.19</i>	48.21 <i>481.64</i>	6,505.02 <i>4,972.18</i>	2,316.05 <i>2,040.92</i>	42.26 -	1,228.09 <i>751.70</i>	41.87 <i>476.57</i>	3,544.53 <i>2,316.05</i>	2,960.49 <i>2,656.13</i>	2,656.13 <i>2,421.71</i>
Total (i)	21,226.48 <i>19,580.15</i>	3,964.67 <i>3,862.00</i>	363.59 <i>2,215.67</i>	24,827.56 <i>21,226.48</i>	8,876.27 <i>8,502.25</i>	517.74 -	4,269.01 <i>2,487.53</i>	251.40 <i>2,113.51</i>	13,411.62 <i>8,876.27</i>	11,415.94 <i>12,350.21</i>	12,350.21 <i>11,077.90</i>
ii) Intangible assets:											
Computer software	1,614.60 <i>1,150.30</i>	253.69 <i>464.30</i>	- -	1,868.29 <i>1,614.60</i>	1,120.50 <i>999.98</i>	- -	281.75 <i>120.52</i>	- -	1,402.25 <i>1,120.50</i>	466.04 <i>494.10</i>	494.10 <i>150.32</i>
Goodwill *	4.05 <i>4.05</i>	- -	- -	4.05 <i>4.05</i>	- -	- -	- -	- -	- -	4.05 <i>4.05</i>	4.05 <i>4.05</i>
Total (ii)	1,618.65 <i>1,154.35</i>	253.69 <i>464.30</i>	- <i>0.00</i>	1,872.34 <i>1,618.65</i>	1,120.50 <i>999.98</i>	- -	281.75 <i>120.52</i>	- <i>0.00</i>	1,402.25 <i>1,120.50</i>	470.09 <i>498.15</i>	498.15 <i>154.37</i>
Total (i+ii)	22,845.13 <i>20734.50</i>	4,218.36 <i>4,326.30</i>	363.59 <i>2,215.67</i>	26,699.90 <i>22,845.13</i>	9,996.77 <i>9,502.23</i>	517.74 -	4,550.76 <i>2,608.05</i>	251.40 <i>2,113.51</i>	14,813.87 <i>9,996.77</i>	11,886.03 <i>12,848.36</i>	12,848.36 <i>11,232.27</i>

Previous year figures are in Italics.

* Goodwill arising on consolidation

represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).

For FY2013-14

Note: 10) Fixed assets:

Asset description	GROSS BLOCK AT COST				DEPRECIATION AND AMORTISATION				NET BLOCK	
	Balance as at 1 st April 2013	Additions	Deductions / adjustments	As at 31 st March 2014	Balance as at 1 st April 2013	Additions	Deductions / adjustments	As at 31 st March 2014	As at 31 st March 2014	As at 31 st March 2013
i) Tangible assets :										
Premises	108.92	-	-	108.92	15.82	1.77	-	17.59	91.33	93.10
Computers	4839.75	807.82	1156.68	4490.89	2793.51	598.92	1154.22	2238.21	2252.68	2046.24
Furniture and Fixtures	5828.77	802.89	258.56	6373.10	1856.21	466.77	233.27	2089.71	4283.39	3972.57
Vehicles	4340.08	1260.10	318.79	5281.39	1795.79	668.37	249.45	2214.71	3066.68	2544.25
Office Equipment	4462.63	991.19	481.64	4972.18	2040.92	751.70	476.57	2316.05	2656.13	2421.74
Total (i)	19580.15	3862.00	2215.67	21226.48	8502.25	2487.53	2113.51	8876.27	12350.21	11077.90
31 st March, 2013	16371.68	3423.93	215.46	19580.15	6374.67	2270.98	143.40	8502.25	11077.90	9997.01
ii) Intangible assets:										
Computer software	1150.30	464.30	-	1614.60	999.98	120.52	-	1120.50	494.10	150.32
Goodwill*	4.05	-	-	4.05	-	-	-	-	4.05	4.05
Total (ii)	1154.35	464.30	-	1618.65	999.98	120.52	-	1120.50	498.15	154.37
31 st March, 2013	1004.93	150.13	0.71	1154.35	905.06	94.92	-	999.98	154.37	99.87
Total (i+ii)	20734.50	4326.30	2215.67	22845.13	9502.23	2608.05	2113.51	9996.77	12848.36	11232.27
As on 31-03-2013	17376.61	3574.06	216.17	20734.50	7279.73	2365.90	143.40	9502.23	11232.27	10096.88

* Goodwill arising on consolidation

For FY2012-13

Note: 10) Fixed assets:

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	Balance as at 1 st April 2012	Additions for purchase / transfer	Deductions for Sale / transfer	Balance as at 31 st March 2013	Balance as at 1 st April 2012	Additions for purchase / transfer	Deductions for Sale / transfer	Balance as at 31 st March 2013	As at 31 st March 2013	As at 31 st March 2012
i) Tangible assets :										
Premises	108.92	0.00	0.00	108.92	14.05	1.77	0.00	15.82	93.10	94.87
Computers	4280.66	571.57	12.48	4839.75	2250.90	552.40	9.79	2793.51	2046.24	2029.76
Furniture and Fixtures	4699.00	1147.71	17.94	5828.77	1367.81	496.88	8.48	1856.21	3972.56	3331.19
Vehicles	3810.28	701.74	171.94	4340.08	1301.85	608.87	114.93	1795.79	2544.29	2508.43
Office Equipment	3472.82	1002.91	13.10	4462.63	1440.06	611.06	10.20	2040.92	2421.71	2032.76
Total (i) 2012	16371.68	3423.93	215.46	19580.15	6374.67	2270.98	143.40	8502.25	11077.90	9997.01
	11886.29	4773.80	288.41	16371.68	4646.73	1964.71	236.77	6374.67	9997.01	7239.56
ii) Intangible assets:										
Computer software	1000.17	150.13	0.00	1150.30	905.06	94.92	0.00	999.98	150.32	95.11
Goodwill*	4.76	0.00	0.71	4.05	0.00	0.00	0.00	0.00	4.05	4.76
Total (ii) 2012	1004.93	150.13	0.71	1154.35	905.06	94.92	0.00	999.98	154.37	99.87
	993.40	11.53	0.00	1004.93	841.25	63.81	0.00	905.06	99.87	152.15
Total (i+ii)	17376.61	3574.06	216.17	20734.50	7279.73	2365.90	143.40	9502.23	11232.27	10096.88
As on 31-03-2012	12879.69	4785.33	288.41	17376.61	5487.98	2028.52	236.77	7279.73	10096.88	7391.71

* - Goodwill arising on consolidation

For FY2011-12

Note: 10) Fixed assets:

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	Balance as at 1/04/2011	Additions for purchase / transfer	Deductions for Sale / transfer	Balance as at 31/03/2012	Balance as at 01/04/2011	Additions for purchase / transfer	Deductions for Sale / transfer	Balance as at 31/03/2012	As at 31/03/2012	As at 01/04/2011
i) Tangible Assets :										
Land	6.96	0.00	6.96	0.00	0.00	0.00	0.00	0.00	0.00	6.96
Premises	108.92	0.00	0.00	108.92	12.27	1.78	0.00	14.05	94.87	96.65
Computers	3090.32	1197.31	6.97	4280.66	1772.91	479.12	1.13	2250.90	2029.76	1317.41
Furniture and Fixtures	3143.63	1557.19	1.82	4699.00	968.11	399.93	0.22	1367.82	3331.18	2175.52
Vehicles	3296.86	785.31	271.89	3810.28	924.85	612.26	235.26	1301.85	2508.43	2372.01
Office Equipment	2239.60	1233.99	0.77	3472.82	968.59	471.62	0.16	1440.05	2032.77	1271.01
Total (i)	11886.29	4773.80	288.41	16371.68	4646.73	1964.71	236.77	6374.67	9997.01	7239.56
ii) Intangible Assets :										
Computer software	988.64	11.53	0.00	1000.17	841.25	63.81	0.00	905.06	95.11	147.39
Goodwill*	4.76			4.76				0.00	4.76	4.76
Total (ii)	993.40	11.53	0.00	1004.93	841.25	63.81	0.00	905.06	99.87	152.15
Total (i+ii)	12879.69	4785.33	288.41	17376.61	5487.98	2028.52	236.77	7279.73	10096.88	7391.71
As on 31-03-2011	8361.48	4886.20	368.00	12879.68	4179.11	1614.69	305.83	5487.97	7391.71	4182.37

* - Goodwill arising on consolidation

Note : 11**Non-current investments :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
i) Quoted (at cost)-					
Government securities (refer note no. 11 (1))	50612.79	37895.56	24168.13	14725.65	9359.64
(ii) Secured redeemable non-convertible debentures (refer note no. 11(2)(a)) (Non-current portion of long term investments in secured redeemable non-convertible debentures)	5354.17	0.00	0.00	0.00	0.00
	55966.96	37895.56	24168.13	14725.65	9359.64
(c) Equity investment in other entities :					
New Democratic Electoral Trust (500 equity shares of Rs.10/- each fully paid up ; March 2014, March 2013, March 2012 and March 2011: Nil)	0.05	0.00	0.00	0.00	0.00
	0.05	0.00	0.00	0.00	0.00
Total	55967.01	37895.56	24168.13	14725.65	9359.64

Additional Information :

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
a) Aggregate amount of quoted investments and market value -					
i) Aggregate amount	55966.96	37895.56	24168.13	14725.65	9359.64
ii) Market value	58916.61	36504.87*	24709.68	14501.98	9296.64
b) Aggregate amount of unquoted investments	0.05	0.00	0.00	0.00	0.00

* Having regard to the long-term nature of the investments, the decline in market value as compared to carrying value is considered other than temporary, hence no provision for diminution in value is considered necessary.

For FY 2014-15:

1. Details of quoted Long-term investments in Government stock :

As on 31st March, 2015:

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1,084.47
Govt Stock 8.13%-21/09/2022	100	1500000	1,507.06
Govt Stock 8.20%-15/02/2022	100	1000000	1,006.17
Govt Stock 8.20%-15/02/2022	100	1000000	1,001.80
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 7.16%-20/5/2023	100	1000000	900.55
Govt Stock 7.16%-20/5/2023	100	1000000	904.70
Govt Stock 8.83%-25/11/2023	100	2000000	2,034.93
Govt Stock 9.15%-14/11/2024	100	2500000	2,666.00
Govt Stock 9.15%-14/11/2024	100	1000000	1,111.57
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.28%-21/09/2027	100	1000000	932.65
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50
Govt Stock 8.24%-15/02/2027	100	1000000	959.15
Govt Stock 8.24%-15/02/2027	100	1000000	956.33
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,028.19
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.53
Govt Stock 8.97%-05/12/2030	100	500000	516.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,033.47
Govt Stock 8.97%-05/12/2030	100	500000	526.58
Govt Stock 8.97%-05/12/2030	100	1000000	1,042.83
Govt Stock 8.97%-05/12/2030	100	1500000	1,600.64
Govt Stock 8.97%-05/12/2030	100	1000000	1,111.60
Govt Stock 8.97%-05/12/2030	100	1000000	1,094.09
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2,204.88
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1,023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		51000000	50,612.79

As on 31st March, 2014:

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1,427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1,098.16
Govt Stock 8.13%-21/09/2022	100	1500000	1,508.00
Govt Stock 8.20%-15/02/2022	100	1000000	1,007.06
Govt Stock 8.20%-15/02/2022	100	1000000	1,002.06
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 9.15%-14/11/2024	100	2500000	2,683.23
Govt Stock 9.15%-14/11/2024	100	1000000	1,123.16
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.99
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.42
Govt Stock 8.97%-05/12/2030	100	500000	517.58
Govt Stock 8.97%-05/12/2030	100	1000000	1,035.60
Govt Stock 8.97%-05/12/2030	100	500000	528.28
Govt Stock 8.97%-05/12/2030	100	1000000	1,045.56
Govt Stock 8.97%-05/12/2030	100	1500000	1,607.06
Govt Stock 8.97%-05/12/2030	100	1000000	1,118.72
Govt Stock 8.97%-05/12/2030	100	1000000	1,100.08
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.81
Govt Stock 8.83%-12/12/2041	100	1000000	1,024.52
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		38000000	37,895.56

Quoted investments of Rs. 50,612.79 Lacs (March 2014 : Rs. 37,895.56 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

2. Details of investments in Secured redeemable non-convertible debentures :

As at March 31, 2015:

Sr. No	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.5	375	562.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
8	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
9	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00

Sr. No	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
10	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
11	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000.00	833.33	1,000.00	1,833.33
12	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500.00	375.00	750.00	1,125.00
13	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
14	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
	Total			5,354.17	7,875.00	13,229.17

3. During the year, the Company has made investment of Rs 0.05 Lacs in 500 equity shares of face value Rs. 10/- each in New Democratic Electoral Trust, as section 8 company formed by Mahindra & Mahindra Limited.

For FY 2013-14:

**(i) Details of quoted Long-term investments in Government stock
As on 31st March,2014**

Particulars	Face value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	100000000	947.79
Govt Stock 6.90%-13/07/2019	100	150000000	1427.50
Govt Stock 6.90%-13/07/2019	100	100000000	932.55
Govt Stock 6.35%-02/01/2020	100	100000000	885.25
Govt Stock 7.80%-03/05/2020	100	50000000	488.65
Govt Stock 10.25%-30/05/2021	100	100000000	1098.16
Govt Stock 8.13%-21/09/2022	100	150000000	1508.00
Govt Stock 8.20%-15/02/2022	100	100000000	1007.06
Govt Stock 8.20%-15/02/2022	100	100000000	1002.06
Govt Stock 8.13%-21/09/2022	100	50000000	490.95

Particulars	Face value (Rs.)	Units	Amount
Govt Stock 8.13%-21/09/2022	100	50000000	490.71
Govt Stock 8.13%-21/09/2022	100	100000000	955.80
Govt Stock 9.15%-14/11/2024	100	250000000	2683.23
Govt Stock 9.15%-14/11/2024	100	100000000	1123.16
Govt Stock 8.28%-21/09/2027	100	150000000	1380.75
Govt Stock 8.28%-21/09/2027	100	200000000	1868.10
Govt Stock 8.28%-21/09/2027	100	200000000	1867.90
Govt Stock 8.97%-05/12/2030	100	100000000	1029.99
Govt Stock 8.97%-05/12/2030	100	100000000	1031.42
Govt Stock 8.97%-05/12/2030	100	50000000	517.58
Govt Stock 8.97%-05/12/2030	100	100000000	1035.60
Govt Stock 8.97%-05/12/2030	100	50000000	528.28
Govt Stock 8.97%-05/12/2030	100	100000000	1045.56
Govt Stock 8.97%-05/12/2030	100	150000000	1607.06
Govt Stock 8.97%-05/12/2030	100	100000000	1118.72
Govt Stock 8.97%-05/12/2030	100	100000000	1100.08
Govt Stock 8.97%-05/12/2030	100	150000000	1450.20
Govt Stock 8.28%-15/02/2032	100	250000000	2401.50
Govt Stock 8.30%-02/07/2040	100	150000000	1359.30
Govt Stock 8.83%-12/12/2041	100	100000000	1018.81
Govt Stock 8.83%-12/12/2041	100	100000000	1024.52
Govt Stock 8.83%-12/12/2041	100	150000000	1469.33
Total		3800000000	37895.56

As on 31st March, 2013

Particulars	Face value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	100000000	947.79
Govt Stock 6.90%-13/07/2019	100	150000000	1427.50
Govt Stock 6.90%-13/07/2019	100	100000000	932.55
Govt Stock 6.35%-02/01/2020	100	100000000	885.25
Govt Stock 7.80%-03/05/2020	100	50000000	488.65
Govt Stock 10.25%-30/05/2021	100	100000000	1111.85
Govt Stock 8.13%-21/09/2022	100	150000000	1508.95
Govt Stock 8.20%-15/02/2022	100	100000000	1007.96
Govt Stock 8.20%-15/02/2022	100	100000000	1002.32
Govt Stock 8.13%-21/09/2022	100	50000000	490.95
Govt Stock 8.13%-21/09/2022	100	50000000	490.71
Govt Stock 8.13%-21/09/2022	100	100000000	955.80
Govt Stock 9.15%-14/11/2024	100	250000000	2700.47

Particulars	Face value (Rs.)	Units	Amount
Govt Stock 8.97%-05/12/2030	100	100000000	1031.78
Govt Stock 8.97%-05/12/2030	100	100000000	1033.30
Govt Stock 8.97%-05/12/2030	100	50000000	518.64
Govt Stock 8.97%-05/12/2030	100	100000000	1037.74
Govt Stock 8.97%-05/12/2030	100	50000000	529.97
Govt Stock 8.97%-05/12/2030	100	100000000	1048.29
Govt Stock 8.97%-05/12/2030	100	150000000	1613.47
Govt Stock 8.30%-02/07/2040	100	150000000	1359.30
Govt Stock 8.83%-12/12/2041	100	100000000	1019.49
Govt Stock 8.83%-12/12/2041	100	100000000	1025.41
Total		2400000000	24168.13

Quoted investments of Rs. 37895.56 Lacs (March 2013 : Rs. 24168.13 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January, 2007 issued by The Reserve Bank of India.

For FY 2012-13:

(i) Details of quoted long-term investments in Government stock as on 31st March 2013

Particulars	Face Value (Rs.)	Units	Amount
Govt stock 6.90%-13/07/2019	100	100000000	947.79
Govt stock 6.90%-13/07/2019	100	150000000	1427.50
Govt stock 6.90%-13/07/2019	100	100000000	932.55
Govt stock 10.25%-30/05/2021	100	100000000	1111.85
Govt stock 6.35%-02/01/2020	100	100000000	885.25
Govt stock 8.13%-21/09/2022	100	150000000	1508.95
Govt stock 8.20%-15/02/2022	100	100000000	1007.96
Govt stock 8.20%-15/02/2022	100	100000000	1002.32
Govt stock 7.80%-03/05/2020	100	50000000	488.65
Govt stock 8.13%-21/09/2022	100	50000000	490.95
Govt stock 8.13%-21/09/2022	100	50000000	490.71
Govt stock 8.13%-21/09/2022	100	100000000	955.80
Govt stock 8.30%-02/07/2040	100	150000000	1359.30
Govt stock 8.97%-05/12/2030	100	100000000	1031.78
Govt stock 8.97%-05/12/2030	100	100000000	1033.30
Govt stock 8.83%-12/12/2041	100	100000000	1019.49
Govt stock 8.83%-12/12/2041	100	100000000	1025.41
Govt stock 8.97%-05/12/2030	100	50000000	518.64

Particulars	Face Value (Rs.)	Units	Amount
Govt stock 8.97%-05/12/2030	100	100000000	1037.74
Govt stock 8.97%-05/12/2030	100	50000000	529.97
Govt stock 8.97%-05/12/2030	100	100000000	1048.29
Govt stock 9.15%-14/11/2024	100	250000000	2700.47
Govt stock 8.97%-05/12/2030	100	150000000	1613.47
Total		2400000000	24168.13

Details of quoted long-term investments in Government stock as on 31st March 2012

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 10.25%-30/05/2021	100	1000000	1153.00
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 8.13%-21/09/2022	100	1500000	1511.55
Govt Stock 8.20%-15/02/2022	100	1000000	1010.35
Govt Stock 8.20%-15/02/2022	100	1000000	1003.00
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.97%-05/12/2030	100	1000000	1033.90
Govt Stock 8.97%-05/12/2030	100	1000000	1035.35
Total		15000000	14725.65

- (i) Quoted investments of Rs.24168.13 lakhs (2012 : Rs.14725.65 lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.
- (ii) During the year, the Company has made an additional investment of Rs. 3062.69 lakhs (US \$ 5.68 million) in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.
- (iii) During the year, the company has sold 3,09,278 equity shares of face value of Rs.10/- each representing 12.37% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs. 2080/- per share for a consideration aggregating Rs. 6432.98 lakhs to Inclusion Resources Private Limited, Singapore. The capital profit on this sale transaction amounting to Rs. 6426.21 lakhs has been shown as an exceptional item in the statement of profit and loss.

For FY 2011-12:

Details of quoted long-term investments in Government stock as on 31st March 2012

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 10.25%-30/05/2021	100	1000000	1153.00
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 8.13%-21/09/2022	100	1500000	1511.55
Govt Stock 8.20%-15/02/2022	100	1000000	1010.35
Govt Stock 8.20%-15/02/2022	100	1000000	1003.00
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.97%-05/12/2030	100	1000000	1033.90
Govt Stock 8.97%-05/12/2030	100	1000000	1035.35
Total		15000000	14725.65

Details of quoted long-term investments in Government stock as on 31st March 2011

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 10.25%-30/05/2021	100	1000000	1153.00
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 8.13%-21/09/2022	100	1500000	1511.55
Govt Stock 8.20%-15/02/2022	100	1000000	1010.35
Govt Stock 8.20%-15/02/2022	100	1000000	1003.00
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Total		9500000	9359.64

Quoted investments of Rs.14725.65 lacs (Previous year : Rs.9359.64 lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

During the year, the Company has made an additional investment of Rs.249.36 lacs (US \$ 0.49 million) in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

During the year, the company has made an investment of Rs.1400.00 lacs in Mahindra Rural Housing Finance Limited, its subsidiary, in response to call @ Rs.4/- per share being made on 3,50,00,000 equity shares of Rs.10/- each.

For FY 2010-11:

During the year, the company has made an investment of Rs.1400.00 lacs in Mahindra Rural Housing Finance Limited, its subsidiary, in response to call @ Rs.4/- per share being made on 3,50,00,000 equity shares of Rs.10/- each.

Investments include:

Rs.9359.64 lacs (Previous year: Rs.5616.37 lacs) being the investments in Treasury Bills/Government Stocks as Statutory Liquid Assets as required under section 45 IB of the Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January, 2007 issued by Reserve Bank of India.

Note : 12**Deferred Tax Assets (Net) :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Deferred tax assets					
Provision for non performing assets / loss and expenses on assignments	36985.97	27470.24	20124.68	18208.16	20137.00
Provision for standard assets	4662.96	4127.35	3350.97	1479.04	1044.96
Other disallowances	983.15	987.39	775.52	710.48	600.99
Difference between written down value of books of account and Income Tax Act, 1961	700.50	0.00	0.00	0.00	0.00
	<u>43332.58</u>	<u>32584.98</u>	<u>24251.17</u>	<u>20397.68</u>	<u>21782.95</u>
Deferred tax liabilities					
Difference between written down value of books of account and Income Tax Act, 1961	0.00	49.14	43.09	66.54	26.99
Special Reserve	1206.81	0.00	0.00	0.00	0.00
	<u>1206.81</u>	<u>49.14</u>	<u>43.09</u>	<u>66.54</u>	<u>26.99</u>
Total	<u>42125.77</u>	<u>32535.84</u>	<u>24208.08</u>	<u>20331.14</u>	<u>21755.96</u>

Note : 13**Long-term loans and advances :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Capital advances	282.24	39.20	137.09	170.08	288.82
Deposits for office premises / others	1954.20	1718.46	1463.18	1067.96	949.60
Loans and advances to related parties (Portfolio purchased from Mahindra Holidays & Resorts India Ltd. and Loan to Mahindra Retail Pvt. Ltd.)	0.00	0.00	1091.74	2909.11	6077.52
Other loans and advances	42.71	33.84	68.80	15.19	10.33
Loans against assets (secured, including overdue loans) # (considered good, unless stated otherwise)	1977507.70	1759954.85	1403412.17	954145.70	647511.85
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 34(f))	403.46	828.43	2041.02	0.00	0.00
Retained interest under assignment transactions (refer accounting policy no 4(IV)(vii)(B)(ii)(a) and note no. 34(b))	257.64	703.85	0.00	0.00	0.00
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 34(d))	5175.94	6629.14	3629.32	0.00	0.00
Loans and advances (unsecured, including overdue loans) @ (considered good, unless stated otherwise)	3202.55	3086.31	4793.76	5605.03	2213.09
# Includes non-performing assets of Rs.51958.78 lacs (March 2014 : 37570.89 lacs, March 2013: 17507.79 lacs, March 2012: 17220.44 lacs and March 2011: 20323.48 lacs) (refer note no. 5, 9, 29(a) and 30)					
@ Includes non-performing assets of Rs. 214.80 lacs (March 2014 : Rs.57.80 lacs, March 2013: 56.91 lacs, March 2012: 150.15 lacs and March 2011: 101.39 lacs) (refer note no. 5, 9 and 29(a))					
Total	<u>1988826.44</u>	<u>1772994.08</u>	<u>1416637.08</u>	<u>963913.07</u>	<u>657051.21</u>

Note : 14**Other non-current assets :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Term deposits with banks with original maturity greater than 12 months					
- Free	4086.77	2500.00	5000.00	0.00	1809.00
- Under lien (refer note no. 17)	18414.12	11143.00	11827.00	1517.00	2012.00
Derivative contract receivables	0.00	0.00	279.50	0.00	0.00
Exchange gain receivable on forward contracts on FCNR loans	168.00	0.00	0.00	0.00	0.00
Deferred premium on FCNR loan forward contracts	594.57	0.00	0.00	0.00	0.00
Total	23263.46	13643.00	17106.50	1517.00	3821.00

Note : 15**Current investments :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
i) Quoted -					
Units of mutual funds (717185.28 units (March 2014, March 2013, March 2012 and March 2011: Nil) of Rs 10 each in JM High Liquidity Fund)	74.80	0.00	0.00	0.00	0.00
Secured redeemable non-convertible debentures (refer note no. 11(2)(b)) (Current portion of long term investments in secured redeemable non-convertible debentures)	7875.00	0.00	0.00	0.00	0.00
	7949.80	0.00	0.00	0.00	0.00
ii) Unquoted (at cost) -					
Certificate of deposits	0.00	24289.13	19585.34	28937.55	53157.78
Commercial Papers (1 CP instrument, face value of Rs.15.00 Lacs per CP issued by IKF Finance Limited ; March 2014 : 2000 CPs, face value of Rs. 5.00 Lacs each issued by Citicorp Finance (India) Limited, March 2013: 400 CPs, face value of Rs 5.00 lacs each issued by Manapurram Finance Limited)	1500.00	10000.00	2000.00	0.00	0.00
	1500.00	34289.13	21585.34	28937.55	53157.78
Total	9449.80	34289.13	21585.34	28937.55	53157.78

Additional Information :

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
a) Aggregate amount of quoted investments					
- Aggregate amount	7949.80	0.00	0.00	0.00	0.00
- Market Value	7949.80 *	0.00	0.00	0.00	0.00
b) Aggregate amount of unquoted investments	1500.00	34289.13	21585.34	28937.55	53157.78

* Of the total quoted investments mentioned above, book value for secured redeemable non-convertible debentures is taken as market value as in the absence of trades market quotes are not available

For FY 2014-15:

Details of unquoted current investments in certificate of deposits

As on 31st March 2015 : Nil

As on 31st March 2014

Particulars	Face Value (Rs.)	Units	Amount
Indian Bank	100000	5000	4,924.83
Punjab National Bank	100000	2500	2,297.66
Punjab National Bank	100000	2500	2,297.66
Canara Bank	100000	5000	4,944.74
Union Bank of India	100000	5000	4,917.75
Indian Bank	100000	5000	4,906.50
Total		25000	24,289.13

For FY 2013-14:

Details of unquoted current investments in certificate of deposits

As on 31st March 2014

Particulars	Face Value (Rs.)	Units	Amount
Indian Bank	100000	5000	4924.83
Punjab National Bank	100000	2500	2297.66
Punjab National Bank	100000	2500	2297.66
Canara Bank	100000	5000	4944.74
Union Bank of India	100000	5000	4917.75
Indian Bank	100000	5000	4906.50
Total		25000	24289.13

As on 31st March 2013

Particulars	Face Value (Rs.)	Units	Amount
Indian Overseas Bank	100000	20000	19585.34
Total		20000	19585.34

For FY 2012-13:

Details of unquoted current investments in certificate of deposits as on 31st March 2013

Particulars	Face Value (Rs.)	Units	Amount
Indian Overseas Bank	100000	20000	19585.34
Total		20000	19585.34

Details of unquoted current investments in certificate of deposits as on 31st March 2012

Particulars	Face Value (Rs.)	Units	Amount
Corporation Bank	100000	5000	4532.72
Central Bank Of India	100000	10000	9774.42
Oriental Bank Of Commerce	200000	10000	9759.36
UCO Bank	100000	5000	4871.05
Total		30000	28937.55

For FY 2011-12:

Details of unquoted current investments in certificate of deposits as on 31st March 2012

Particulars	Face Value (Rs.)	Units	Amount
Corporation Bank	100000	5000	4532.72
Central Bank Of India	100000	10000	9774.42
Oriental Bank Of Commerce	200000	10000	9759.36
UCO Bank	100000	5000	4871.05
Total		30000	28937.55

Details of unquoted current investments in certificate of deposits as on 31st March 2011

Particulars	Face Value (Rs.)	Units	Amount
Central Bank Of India	100000	20000	19585.18
Canara Bank	100000	5000	4544.19
Central Bank Of India	100000	10000	9803.34
Punjab National Bank	100000	5000	4877.19
Bank Of India	100000	5000	4540.00
Syndicate Bank	100000	10000	9807.88
Total		55000	53157.78

For FY 2010-11:

Details of unquoted current investments in certificate of deposits as on 31st March 2011

Particulars	Face Value (Rs.)	Units	Amount
Central Bank Of India	100000	20000	19585.18
Canara Bank	100000	5000	4544.19
Central Bank Of India	100000	10000	9803.34
Punjab National Bank	100000	5000	4877.19
Bank Of India	100000	5000	4540.00
Syndicate Bank	100000	10000	9807.88
Total		55000	53157.78

Note : 16**Trade receivables**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Secured, considered doubtful :					
Trade receivable on hire purchase transactions # (outstanding for a period exceeding six months)	375.53	377.66	379.57	381.69	384.06
Unsecured, considered good unless otherwise stated :					
Outstanding for a period exceeding six months #	77.69	33.52	53.62	51.75	7.50
Outstanding for a period not exceeding six months #	1000.93	1878.72	1140.59	678.69	655.81
# Includes non-performing assets of Rs.396.16 lacs (March 2014 : Rs.392.31 lacs, March 2013: 391.92 lacs, March 2012: 391.99 lacs and March 2011: 394.06 lacs) (Refer Note no 5, 9 and 29(a))					
Total	1454.15	2289.90	1573.78	1112.13	1047.37

Note : 17**Cash and bank balances :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Cash and cash equivalents :					
Cash on hand	1929.42	2859.48	2216.70	890.45	715.01
Cheques, drafts on hand	296.98	608.52	487.75	67.42	99.69
Balances with banks :					
Bank balance in current accounts	18322.73	19967.25	22696.31	17054.20	17568.85
Balance with Scheduled Bank in Cash Credit Accounts	0.00	1.78	0.00	0.00	0.00
Other bank balances :					
Earmarked balances with banks - - Unclaimed dividend accounts with banks	59.01	59.25	63.83	55.79	44.18
Term deposits with original maturity up to 12 months	0.00	5000.00	0.00	0.00	0.00
Term deposits under lien (refer note no. 17)	28755.88	28097.00	10142.00	6064.00	10.00
Term deposits - Free of lien	0.00	450.00	1190.00	1525.01	10100.00
Total	49364.02	57043.28	36796.59	25656.87	28537.73

For FY 2014-15:

Details of term deposits under lien:

	As at March 31, 2015			As at March 31, 2014		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
Term deposits for SLR (i)	10,783.00	13,722.00	24,505.00	17,963.00	501.00	18,464.00
Collateral deposits for securitization transactions (ii)	17,469.88	4,615.12	22,085.00	9,621.00	10,575.00	20,196.00
Legal deposits (iii)	3.00	17.00	20.00	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv)	500.00	-	500.00	500.00	-	500.00
Under lien with IRDA for broking license (iv)	0.00	60.00	60.00	10.00	50.00	60.00
Total	28,755.88	18,414.12	47,170.00	28,097.00	11,143.00	39,240.00

Term deposits with scheduled banks under lien include:

- i) Rs. 24,505.00 Lacs (March 2014 : Rs. 18,464.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January, 2007 issued by The Reserve Bank of India.
- ii) Rs. 22,085.00 Lacs (March 2014 : 20,196.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no. 42 (f)).
- iii) Rs. 20.00 Lacs (March 2014 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.

- iv) Rs. 500.00 Lacs (March 2014 : Rs. 500 Lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.
- v) Term deposit with IRDA for broking licence Rs. 60 Lacs (March 2014: 50.00 Lacs).

For FY 2013-14:

Details of term deposits under lien:

	As at March 2014			As at March 2013		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
Term deposits for SLR (i)	17963.00	501.00	18464.00	6780.00	5960.00	12740.00
Collateral deposits for securitization transactions (ii)	9621.00	10575.00	20196.00	3349.00	5800.00	9149.00
Legal deposits (iii)	3.00	17.00	20.00	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv)	500.00	-	500.00	-	-	-
Under lien with IRDA for broking license (iv)	10.00	50.00	60.00	10.00	50.00	60.00
Total	28097.00	11143.00	39240.00	10142.00	11827.00	21969.00

Term deposits with scheduled banks under lien include:

- i) Rs. 18464.00 Lacs (March 2013 : Rs. 12740.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

- ii) Rs. 20196.00 Lacs (March 2013 : 9149.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no. 41(f)).
- iii) Rs. 20.00 Lacs (March 2013 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.
- iv) Rs.500.00 Lacs (March 2013 : Nil) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.
- v) Term deposit with IRDA for broking licence Rs. 50.00 Lacs (March 2013: 50.00 Lacs).

For FY 2012-13:

Details of term deposits under lien:

	As at March 2013			As at March 2012		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
Term deposits for SLR (i)	6780.00	5960.00	12740.00	6000.00	1500.00	7500.00
Collateral deposits for securitization transactions (ii)	3349.00	5800.00	9149.00	0.00	0.00	0.00
Legal deposits (iii)	3.00	17.00	20.00	4.00	17.00	21.00
Under lien with IRDA for broking license	10.00	50.00	60.00	0.00	60.00	60.00
Total	10142.00	11827.00	21969.00	6004.00	1577.00	7581.00

Term deposits with scheduled banks under lien include:

- i) Rs.12740 lakhs (2012 : Rs7500.00 lakhs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January, 2007 issued by The Reserve Bank of India.
- ii) Rs.9149.00 lakhs (2012 : Nil) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions.
- iii) Rs.20.00 lakhs (2012: Rs.21.00 lakhs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.
- iv) Term deposit with IRDA for broking license Rs. 50 lacs (March 2012: Rs. 60 lacs).

For FY 2011-12:

Term deposits with scheduled banks under lien include:

- a) Rs.7500.00 lacs(Previous year : Rs.3800.00 lacs) being the Term Deposits kept with Scheduled Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.
- b) Rs. 21.00 lacs (Previous year : Rs.21.00 lacs) as Special Term Deposits kept with State Bank of India towards bank guarantee against legal suits filed by the Company.

Note : 18**Short-term loans and advances :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Loans against assets (secured, including overdue loans) (considered good, unless stated otherwise) #	1502304.31	1265089.60	1003335.55	774611.92	534080.15
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 34(f))	839.89	1387.00	1813.53	0.00	0.00
Retained interest under assignment transactions (refer accounting policy no 4(IV)(vii)(B)(ii)(a) and note no. 34(b))	524.46	914.35	0.00	0.00	0.00
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 34(d))	19175.40	15910.53	7447.22	0.00	0.00
Loans and advances (unsecured, including overdue loans) (considered good, unless stated otherwise) @	13560.56	7932.85	13625.08	13306.63	6867.25
Bills of Exchange	14955.03	12333.78	7442.71	14863.39	8059.77
Trade Advances @ received)	105574.35	118411.37	91907.73	57412.99	42088.63
Inventory funding (secured, including overdue loans)	9896.55	7674.70	3993.91	3750.00	2500.00
Inter corporate deposits given to related parties @	100.00	100.00	100.00	100.00	100.00
Inter corporate deposits given to other parties @	0.00	0.00	10445.00	0.00	0.00
Other loans and advances : Loans and advances to related parties (Portfolio purchased from Mahindra Holidays & Resorts India Ltd. and Loan to Mahindra Retail Pvt. Ltd.)	0.00	1091.74	1817.37	3168.41	4595.96
Deposits for office premises / others	375.83	274.72	256.95	307.43	164.73
Advance payment of taxes (net of provisions)	6343.48	6204.81	8288.16	7160.76	4854.30
Other Short term advances	2548.51	736.76	893.97	173.07	336.59
# Includes non-performing assets of Rs.136103.12 lacs (March 2014: Rs. 87726.30 lacs, March 2013: 47738.90 lacs, March 2012: 26027.83 lacs and March 2011: 33624.45 lacs) (refer note no. 5, 9, 29(a) and 30)					
@ Includes non-performing assets of Rs.2050.78 lacs (March 2014 : Rs.1485.66 lacs, March 2013: 1232.23 lacs, March 2012: 741.47 lacs and March 2011: 886.50 lacs) (refer note no. 5, 9 and 29(a))					
Total	1676198.37	1438062.21	1151367.18	874854.60	603647.38

Note : 19**Other Current Assets :**

Particulars	As at Mar 2015	As at Mar 2014	As at Mar 2013	As at Mar 2012	As at Mar 2011
Interest accrued on -					
a) Investments	958.56	741.98	505.57	292.56	234.61
b) Others deposits	2281.44	2300.13	753.51	451.88	129.56
Derivative contract receivables	784.47	1083.00	1009.57	0.00	0.00
Deferred premium on FCNR loan forward contracts	722.96	0.00	0.00	0.00	0.00
Total	4747.43	4125.11	2268.65	744.44	364.17

Note : 20**Revenue from operations**

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
a) Interest					
Income from loans	530058.94	465926.82	355401.38	252711.65	172543.20
Income from hire purchase	31.64	61.35	53.30	166.09	84.56
Interest on term deposits / Inter-corporate deposits / Bonds etc	5542.22	3377.31	1624.45	854.99	1257.00
Interest on retained interest in PTCs under securitization transactions	97.12	211.79	26.92	0.00	0.00
Interest on government securities :					
- Short term	0.00	0.00	0.00	0.00	11.35
- Long term	3710.69	2477.24	1432.49	879.61	615.76
Income from insurance business / services	9663.44	9750.51	7886.96	3868.10	2026.40
	(a)				
	549104.05	481805.02	366425.50	258480.44	176538.27
b) Other financial services					
Service charges and other fees on loan transactions	25369.11	22961.42	20072.80	17867.65	16297.56
Income from hire purchase	0.20	0.21	0.58	2.68	0.80
Income from bill discounting	2018.08	1383.25	1544.64	2521.10	759.47
Income from lease	0.51	0.36	0.34	415.60	1.38
Income from assignment / securitisation transactions (refer note no. 34)	25622.33	21372.47	21454.93	9249.49	9059.40
	(b)				
	53010.23	45717.71	43073.29	30056.52	26118.61
Total	602114.28	527522.73	409498.79	288536.96	202656.88

Note : 21**Other Income**

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Dividend received from :					
- Current investments in mutual fund units	84.89	56.61	10.62	47.21	218.08
Profit/premium on sale/redemption of :					
- Current investments	468.64	9.15	231.18	734.43	52.41
Profit on sale / retirement of owned assets (net)	15.13	2.80	0.00	30.21	11.46
Income from shared services	2418.96	1793.00	1123.88	1193.08	549.75
Other Non Operating Income	988.66	670.99	431.67	494.29	370.30
Total	3976.28	2532.55	1797.35	2499.22	1202.00

Note : 22**Employee benefits expense**

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Salary, bonus and incentives	49931.47	44455.92	33566.51	27331.69	19841.88
Company's contribution to provident funds and other funds	3704.05	2937.03	2504.38	2079.44	1520.87
Employee compensation expense on account of ESOPs [†] (refer note no. 28)	1288.63	368.14	524.09	749.65	143.18
Staff welfare expenses	1786.04	1689.42	1333.84	1114.63	892.37
Total	56710.19	49450.51	37928.82	31275.41	22398.30

Inclusive of ESOP costs reimbursements (net) to the holding company Rs. 19.15 Lacs (March 2014: Rs. 5.32 Lacs, March 2013: 7.97 lacs, March 2012: 12.26 lacs and March 2011: 3.69 lacs).

Note : 23**Finance Cost**

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Interest expense	261899.78	225990.70	165207.20	112396.97	65448.93
Other borrowing costs	2400.03	2105.74	1851.85	1592.83	1169.46
Total	264299.81	228096.44	167059.05	113989.80	66618.39

Note : 24**Depreciation and amortization expense**

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Depreciation on tangible assets #	4269.01	2487.53	2270.98	1964.71	1451.10
Amortization of intangible assets	281.75	120.52	94.92	63.81	163.59
Total	4550.76	2608.05	2365.90	2028.52	1614.69

In FY 2014-15:

Consequent to the enactment of the Act, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II to the Act or as assessed by the management (refer Accounting Policies, Note no.4 (b)). This has resulted in additional charge of depreciation of Rs.1,536.05 lacs for the year ended March 31, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 341.76 lacs (net of Deferred tax of Rs. 175.98 lacs) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at April 01, 2014.

Note : 25**Provisions and Write Offs**

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Bad debts and write offs	48804.81	24164.78	20942.19	18124.92	15713.81
Provision for Non-performing assets (net) (refer note no. 29 and 31)	34744.75	25449.51	6142.43	(3465.58)	(5140.38)
General provision on standard assets (refer note no. 32)	1330.83	2284.13	1730.40	1339.60	3220.69
Higher provision on restructured standard advances (refer note no. 29)	22.31	0.00	0.00	0.00	0.00
Provision for diminution in the fair value of restructured advances (refer note no. 29)	9.56	0.00	0.00	0.00	0.00
Total	84912.26	51898.42	28815.02	15998.94	13794.12

Note : 26**Other Expenses**

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Electricity charges	1676.72	1446.48	1132.51	765.94	496.07
Rent	5799.81	4868.71	4219.89	3552.34	2100.63
Repairs and maintenance -					
- Buildings	382.45	458.75	757.48	1195.84	1890.38
- Others	217.77	149.50	79.80	31.37	59.58
Insurance	1442.69	1218.73	1066.54	1145.42	962.48
Rates and taxes, excluding taxes on income	367.08	841.43	260.47	82.95	165.36
Directors sitting fees and commission	216.83	147.32	110.34	98.34	89.02
Commission and brokerage	16271.72	14747.89	12024.69	7810.42	5629.19
Legal and professional charges	6670.64	7437.38	5983.79	3498.32	2097.63
Loss on sale / retirement of owned assets (net)	5.48	0.00	2.89	4.02	1.73
Payments to the auditor -					
(a) as auditor	66.46	68.87	59.53	43.57	26.52
(b) for taxation matters	7.00	4.49	6.39	4.25	4.10
(c) for other services	25.97	17.50	45.80	17.28	18.25
(d) for reimbursement of expenses	0.79	1.67	0.67	0.64	0.39
CSR expenses (including donations) (refer note no. 38 of FY 2014-15)	2645.80	0.00	0.00	0.00	0.00
General and administrative expenses	19833.47	20440.39	17163.02	13363.02	11120.64
Total	55630.68	51849.11	42913.81	31613.72	24661.97

Above expenses includes following expenditure incurred in foreign currency

	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Travelling expenses	19.86	57.81	30.94	36.29	9.80
Legal and professional fees	126.68	115.24	62.75	70.54	136.95
Other expenses	55.97	53.38	38.35	262.71	41.56

Note : 27**Exceptional items**

	Year ended Mar 31, 2015	Year ended Mar 31, 2014	Year ended Mar 31, 2013	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Profit on sale of investments in shares of subsidiary company # (refer note no. 11(iii))	0.00	0.00	6620.27	0.00	0.00
Additional general provision for standard assets * (refer note no. 30)	0.00	0.00	(3568.00)	0.00	0.00
Total	0.00	0.00	3052.27	0.00	0.00

In FY 2012-13:

Profit of Rs.6426.21 lakhs on sale of 3,09,278 equity shares of face value of Rs.10/- each representing 12.37% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs. 2080/- per share for a consideration aggregating Rs.6432.98 lakhs to Inclusion Resources Private Limited (IRPL), Singapore.

* Additional general provision on standard assets amounting to Rs.3568.00 lakhs, which the Company has decided to create on a prudent basis from FY 2012-13.

For FY 2014-15:

28) Employee Stock Option Plan

- a) The Company had allotted 1,34,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,36,53,486 equity shares to employees (March 2014 : 1,30,37,934 equity shares) up to 31st March, 2015, of which 6,15,552 equity shares (March 2014 : 5,04,944 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under :

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

- b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated 21st October, 2014
No. of options granted	16,01,507
Intrinsic value of shares based on latest available closing market price (Rs.)	278.80
Total amount to be amortized over the vesting period (Rs. in Lacs)	4,465.00
Charge to Statement of profit and loss for the year (Rs. in Lacs)	1,011.09
Compensation in respect of lapsed cases (Rs. in Lacs)	36.87
Unamortized amount carried forward (Rs. in Lacs)	3,417.04

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

Vesting date	Grant dated October 21, 2014	
	Expected Vesting	Fair Value (Rs.) per share
October 21, 2015	320299	267.23
October 21, 2016	320299	
October 21, 2017	320299	
October 21, 2018	320299	
October 21, 2019	320311	
	1601507	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	Grant dated 21 st October, 2014
1) Risk free interest rate	8.50%
2) Expected life	3.25 years
3) Expected volatility	38.83%
4) Dividend yield	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

Summary of Stock Options	As at March 31, 2015		As at March 31, 2014	
	No. of stock options	Weighted average exercise price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	11,63,249	12.70	16,44,675	21.61
Options granted during the year	16,01,507	2.00	1,17,625	2.00
Options forfeited/lapsed during the year #	26,249	11.07	94,107	37.64
Options exercised during the year	6,15,552	21.84	5,04,944	34.57
Options outstanding at the end of the year	21,22,955	2.00	11,63,249	12.70
Options vested but not exercised at the end of the year	1,24,345	2.00	4,36,039	30.55

including 13,225 (March 2014: 4,085) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding :

Grant date / Exercise price	As at March 31, 2015		As at March 31, 2014	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005 :				
18 th September, 2008 at Rs.46.60	-	-	2,79,150	5 months
(a)			2,79,150	
Scheme 2010 :				
7 th February, 2011 at Rs.2.00	3,55,735	13 months	6,34,749	18 months
25 th January, 2012 at Rs.2.00	95,790	19 months	1,35,810	26 months
22 nd July, 2013 at Rs.2.00	38,504	28 months	48,130	34 months
21 st October, 2013 at Rs.2.00	44,644	31 months	65,410	37 months
21 st October, 2014 at Rs.2.00 #	15,88,282	37 months	-	-
(b)			8,84,099	
Total (a + b)			11,63,249	

net of 13,225 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
23-Apr-2014	247.08
19-May-2014	273.10
23-May-2014	314.43
18-Jun-2014	282.44
25-Jul-2014	238.78
21-Aug-2014	274.40
3-Sep-2014	286.16
23-Sep-2014	278.33
28-Oct-2014	287.62
17-Nov-2014	314.66
22-Dec-2014	294.69
19-Jan-2015	288.62
24-Feb-2015	252.75
23-Mar-2015	265.00

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note no. 43 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2005 :

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010 :

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

29) Loan provisions and write offs

- a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2014 is Rs. Rs.53,319.01 Lacs (March 2014 : Rs. 35,253.77 Lacs).
- b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1,057.00 Lacs (March 2014 : Rs. 2,110.00 Lacs).

The total amount of provision on Standard assets of Rs.12,682.00 Lacs (March 2014 : Rs.11,625.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs. 4,758.00 Lacs as at 31st March, 2015 (March 2014 : Rs.4,370.00 Lacs).

- c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.
- d. In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 31.87 Lacs on account of restructured advance which are included under this head.

30) MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

Classification of loans are given below:				
	Standard assets	Sub standard assets	Bad and doubtful assets	Total
As at March 31, 2015				
Housing loans	1,97,566.35	8,274.60	3,990.68	2,09,831.63
Other loans	313.50	-	-	313.50
Percentage to total loans	94.16%	3.94%	1.90%	100.00%
As at March 31, 2014				
Housing loans	1,29,200.71	4,923.87	1,372.19	1,35,496.77
Other loans	227.88	-	-	227.88
Percentage to total loans	95.36%	3.63%	1.01%	100.00%

31) MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2015 is Rs. 283.57 Lacs (previous year Rs. 140.91 Lacs).

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issue by National housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

	Standard	Sub Standard	Doubtful	Loss
Provisions made :				
As at March 31, 2015				
Housing loans	790.30	1,438.36	1,267.68	80.34
Other loans	1.35	-	-	-
As at March 31, 2014				
Housing loans	516.90	857.61	397.04	152.33
Other loans	0.92	-	-	-

32) Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

33) Employee Benefits :

Defined benefit plans – as per actuarial valuation: Leave Benefits (Non-funded)

Defined Benefit Plans -As per actuarial valuation on 31st March, 2015			
		As at March 31, 2015	As at March 31, 2014
I.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March		
	Current service cost	1,291.84	1,060.34
	Interest cost	213.20	171.65
	Expected return on plan assets	0.00	0.00
	Actuarial (Gains)/Losses	(969.32)	(812.68)
	Total expense	535.72	419.30

Defined Benefit Plans -As per actuarial valuation on 31st March, 2015			
		As at March 31, 2015	As at March 31, 2014
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	1,468.12	1,194.65
	Fair value of plan assets as at 31st March	0.00	-
	Funded status (Surplus/(Deficit))	(1,468.12)	(1,194.65)
	Net asset/(liability) as at 31st March	(1,468.12)	(1,194.65)
III.	Change in the obligations during the year ended 31st March		
	Present Value of Defined Benefit obligation at the beginning of the year	1,137.71	950.53
	Current service cost	1,291.84	1,060.34
	Interest cost	213.20	171.65
	Actuarial (Gains)/Losses	(969.32)	(812.68)
	Benefits paid	(205.31)	(175.19)
	Present Value of Defined Benefit obligation at the end of the period	1,468.12	1,194.65
IV.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	-	-
	Others		
V.	Actuarial Assumptions		
	Discount Rate (p.a.)	8%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Gratuity (funded): Defined Benefit Plans -As per actuarial valuation on 31st March, 2015

		As at March 31, 2015	As at March 31, 2014
I.	Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March		
	Current service cost	1,002.05	838.04
	Interest cost	120.89	94.61
	Expected return on plan assets	(136.90)	(90.83)
	Actuarial (Gains)/Losses	(421.23)	(408.01)
	Funded amount to be transferred to Gratuity Fund	(70.18)	-
	Adjustment due to change in opening balance of plan assets	(97.67)	(193.03)
	Total expense	396.96	240.77

		As at March 31, 2015	As at March 31, 2014
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	1,771.78	1,371.09
	Fair value of plan assets as at 31st March	1,811.28	1,320.08
	Funded status (Surplus/(Deficit))	39.50	(51.01)
	Net asset/(liability) as at 31st March	39.50	(51.01)
III.	Change in the obligations during the year ended 31st March		
	Present Value of Defined Benefit obligation at the beginning of the year	1,336.79	1,046.46
	Transfer of Projected benefit obligation from MBCSPL	0.30	-
	Current service cost	1,002.05	838.04
	Interest cost	120.89	94.61
	Actuarial (Gains)/Losses	(553.74)	(488.66)
	Benefits paid	(134.51)	(119.36)
	Present Value of Defined Benefit obligation at the end of the period	1,771.78	1,371.09
IV.	Change in the fair value of plan assets during the year ended 31st March		
	Fair value of plan assets at the beginning of the year	1,256.92	967.88
	Expected return on plan assets	136.73	90.83
	Contributions by employer	517.04	271.57
	Actuarial (Gains)/Losses	(133.91)	(85.00)
	Funded amount to be transferred to Gratuity Fund	70.18	-
	Adjustment due to change in opening balance of Plan assets	98.83	193.03
	Actual Benefits paid	(134.51)	(118.24)
	Fair value of plan assets at the end of the year	1,811.28	1,320.08
V.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
VI.	Actuarial Assumptions		
	Discount Rate (p.a.)	8%	8%
	Expected rate of return on plan assets (p.a.)	8%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	

Experience Adjustments (Gratuity)

	Year ending				
	31/03/2011	31/03/2012	31/03/2013	31/03/2014	31/03/2015
Defined Benefit obligation at the end of the year	489.26	764.35	1,046.46	1,371.09	1,771.78
Plan assets at the end of the year	428.44	564.89	967.88	1,320.08	1,811.28
Funded status Surplus / (Deficit)	(60.82)	(199.46)	(78.58)	(51.01)	39.50
Experience adjustments on plan liabilities (gain) / loss	(56.66)	(112.32)	(111.33)	(65.61)	(190.55)
Experience adjustments on plan assets gain / (loss)	(8.53)	(10.77)	(18.89)	(25.00)	(34.22)

34) Securitisation / assignment transactions :

- a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 27907 contracts (March 2014: 47122 contracts) amounting to Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) for a consideration of Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) and de-recognised the assets from the books.
- b) During the year, the Company has without recourse assigned loan receivables of NIL contracts (March 2014: 6490 contracts) amounting to Rs. NIL (March 2014 : Rs. 19,850.83 Lacs) for a consideration of Rs. NIL (March 2014 : Rs. 15,554.19 Lacs) towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs. Nil (March 2014: Rs.1,985.08 Lacs) (equivalent to 10% of the receivables) have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 13 and 18).
The amount of profit in cash of Rs. Nil (March 2014: Rs.314.94 Lacs) on this assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines (refer note no. 4 and 8).
- c) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs. 8,807.91 Lacs (March 2014 : Rs. 4,189.65 Lacs) considered no longer necessary (refer Accounting policy 4 (vii) A (iii)).
- d) In terms of the accounting policy stated in 4 (vi) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).
- e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs. 11,024.71 Lacs (March 2014 : Rs. 5,146.47 Lacs).
- f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2013-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

S. No.	Particulars		As at March 31, 2015	As at March 31, 2014
	1	No of SPVs sponsored by the NBFC for securitization transactions		12
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC		1,54,321.26	1,92,645.41
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet			
	a)	Off-balance sheet exposures		
	*	First loss - Credit enhancement in the form of corporate undertaking (refer note no.52 (i) (c))	8,307.81	4,782.00
	*	Others		-
	b)	On-balance sheet exposures		
	*	First loss – Cash collateral term deposits with banks (refer note no.17 (a) (ii))	20,085.00	18,040.00
	*	Others – Retained interest in Pass Through Certificates (refer note no.13 and 18)	1,242.81	2,213.95
4	Amount of exposures to securitization transactions other than MRR			
	a)	Off-balance sheet exposures	-	-
	i)	Exposure to own securitizations		
	*	First loss	-	-
	*	Loss	-	-
	ii)	Exposure to third party securitizations		
	*	First loss	-	-
	*	Others – Excess Interest Spread	27,176.87	25,938.12
b)	On-balance sheet exposures			
	i)	Exposure to own securitizations		
	*	First loss		-
	*	Others – Cash collateral term deposits with banks	2,000.00	2,156.00
	ii)	Exposure to third party securitizations		
	*	First loss		-
*	Others		-	

g) Details of Assignment transactions undertaken by NBFCs (during the year)

Particulars		As at March 31, 2015	As at March 31, 2014
(i)	No. of accounts	-	6490
(ii)	Aggregate value (net of provisions) of accounts sold	-	19,850.83
(iii)	Aggregate consideration	-	15,554.19
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	0.00

35) Secured long-term borrowings :

i) **Secured non-convertible debentures**

As on 31st March, 2015

	Rate range	(a)Non-current	(b)Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 5 years	8.70%-8.95%	53,000.00	-	53,000.00
Maturity between 3 years to 5 years	8.65%-10.25%	1,22,760.00	-	1,22,760.00
Maturity between 1 year to 3 years	8.65%-10.20%	1,81,280.00	-	1,81,280.00
Maturity within 1 year	8.60%-9.95%	-	1,52,270.00	1,52,270.00
Total		3,57,040.00	1,52,270.00	5,09,310.00

As on 31st March, 2014

	Rate range	(a)Non-current	(b)Current maturity	Total
1) Repayable on maturity :				
Maturity between 3 years to 5 years	9.25%-10.25%	44,550.00	-	44,550.00
Maturity between 1 year to 3 years	9.00%-10.20%	2,52,470.00	-	2,52,470.00
Maturity within 1 year	9.04%-10.25%	-	1,69,020.00	1,69,020.00
		2,97,020.00	1,69,020.00	4,66,040.00
Total				
2) Repayable in yearly installments :				
Maturity between 1 year to 3 years	9.95%	24,500.00	-	24,500.00
Maturity within 1 year	9.95%-13.00%	-	14,500.00	14,500.00
Total		24,500.00	14,500.00	39,000.00
Total (1+2)		3,21,520.00	1,83,520.00	5,05,040.00

ii) Secured term loans from banks :

As on 31st March, 2015

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 3 years	10.25%	30,000.00	-	30,000.00
Maturity between 1 year to 3 years	9.70%- 10.30%	2,37,500.00	-	2,37,500.00
Maturity within 1 year	9.45%- 10.40%	-	1,27,000.00	1,27,000.00
Total		2,67,500.00	1,27,000.00	3,94,500.00
2) Repayable in installments :				
i) Bimonthly-				
Maturity within 1 year	10.25%	-	6,200.00	6,200.00
Total		-	6,200.00	6,200.00
ii) Quarterly-				
Maturity beyond 3 years	10.00%	3,095.24	-	3,095.24
Maturity between 1 year to 3 years	9.95%- 10.80%	1,00,768.46	-	1,00,768.46
Maturity within 1 year	9.95%- 10.80%	-	36,054.34	36,054.34
Total		1,03,863.70	36,054.34	1,39,918.04
iii) Half-yearly-				
Maturity beyond 3 years	10.25%	21,666.67	-	21,666.67
Maturity between 1 year to 3 years	10.0%- 10.25%	2,26,066.67	-	2,26,066.67
Maturity within 1 year	10.0%- 10.25%	-	1,67,200.00	1,67,200.00
Total		2,47,733.33	1,67,200.00	4,14,933.33
iv) Yearly-				
Maturity beyond 3 years	10.20%- 10.25%	55,333.33	-	55,333.33
Maturity between 1 year to 3 years	10.20%- 10.25%	1,13,166.67	-	1,13,166.67
Maturity within 1 year	10.25%	-	7,500.00	7,500.00
Total		1,68,500.00	7,500.00	1,76,000.00
Total for repayable in installments		5,20,097.03	2,16,954.34	7,37,051.37
Total (1+2)		7,87,597.03	3,43,954.34	11,31,551.37

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 3 years	10.20% - 10.25%	73,500.00	-	73,500.00
Maturity between 1 year to 3 years	9.70% - 10.40%	2,94,000.00	-	2,94,000.00
Maturity within 1 year	7.75% - 10.35%	-	62,500.00	62,500.00
Total		3,67,500.00	62,500.00	4,30,000.00
2) Repayable in installments :				
i) Bimonthly-				
Maturity between 1 year to 3 years	10.25%	6,200.00	-	6,200.00
Maturity within 1 year	-	-	-	-
Total		6,200.00	-	6,200.00
ii) Quarterly-				
Maturity beyond 3 years	10.00%	27,445.87	-	27,445.86
Maturity between 1 year to 3 years	10.00% - 10.80%	54,972.18	-	54,972.18
Maturity within 1 year	10.00% - 10.80%	-	49,167.42	49,167.42
Total		82,418.04	49,167.42	1,31,585.47
iii) Half-yearly-				
Maturity beyond 3 years	10.25%	85,233.33	-	85,233.33
Maturity between 1 year to 3 years	10.20% - 10.25%	3,30,533.34	-	3,30,533.33
Maturity within 1 year	10.20% - 10.25%	-	1,45,533.33	1,45,533.33
Total		4,15,766.67	1,45,533.33	5,61,300.00
iv) Yearly-				
Maturity beyond 3 years	10.20% - 10.25%	81,666.66	-	81,666.66
Maturity between 1 year to 3 years	10.20% - 10.25%	73,333.33	-	73,333.33
Maturity within 1 year	9.25% - 10.25%	-	55,000.00	55,000.00
Total		1,54,999.99	55,000.00	2,09,999.99
Total for repayable in installments		6,59,384.70	2,49,700.76	9,09,085.46
Total (1+2)		10,26,884.70	3,12,200.76	13,39,085.46

iii) Secured term loans from others :

As on 31st March, 2015

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments :				
Maturity beyond 5 years	9.15%-10.05%	2,305.80	-	2,305.80
Maturity between 3 years to 5 years	9.15%-10.05%	7,786.39	-	7,786.39
Maturity between 1 year to 3 years	6.00%-10.15%	11,590.30	-	11,590.30
Maturity within 1 year	6.00%-10.30%	-	7,039.44	7,039.44
Total for repayable on installments		21,682.49	7,039.44	28,721.93

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments :				
Maturity beyond 5 years	9.45%-10.25%	3,579.68	-	3,579.68
Maturity between 3 years to 5 years	6.5%-10.25%	8,554.79	-	8,554.79
Maturity between 1 year to 3 years	6%-10.30%	11,409.66	-	11,409.66
Maturity within 1 year	6%-10.30%	-	6,219.68	6,219.68
Total for repayable on installments		23,544.13	6,219.68	29,763.81

iv) Foreign currency loans from banks

As on 31st March, 2015

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity between 1 year to 3 years	8.95%	12,500.00		12,500.00
Maturity within 1 year	9.05%-9.98%	-	42,044.47	42,044.47
Total		12,500.00	42,044.47	54,544.47

As on 31st March, 2014

	Rate range	(a)Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity between 1 year to 3 years	9.05%-9.98%	40,305.51		40,305.51
Maturity within 1 year	9.60%	-	11,983.00	11,983.00
Total		40,305.51	11,983.00	52,288.51

**v) Foreign currency loans from others
As on 31st March, 2015**

	Rate range	(a)Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 5 years	1.99% - 3.69%	4,045.72	-	4,045.72
Maturity between 3 years to 5 years	1.99% - 3.69%	22,282.02	-	22,282.02
Maturity between 1 year to 3 years	1.99% - 3.69%	48,773.57	-	48,773.67
Maturity within 1 year	1.99% - 3.69%	-	35,853.50	35,853.50
Total		75,101.31	35,853.50	1,10,954.81

As on 31st March, 2014

	Rate range	(a)Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 5 years	1.99% - 3.17%	2,980.32	-	2,980.32
Maturity between 3 years to 5 years	1.99% - 3.17%	13,942.47	-	13,942.47
Maturity between 1 year to 3 years	1.99% - 3.17%	31,626.30	-	31,626.30
Maturity within 1 year	1.99% - 3.17%	-	22,539.68	22,539.68
Total		48,549.09	22,539.68	71,088.77

36) Unsecured borrowings :

**i) Subordinated debts (long-term)
As on 31st March, 2015**

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	9.18%-10.50%	78,550.00	-	78,550.00
Maturing between 3 years to 5 years	9.85%-11.75%	15,480.00	-	15,480.00
Maturing between 1 year to 3 years	10.50%-12.00%	6,880.00	-	6,880.00
TOTAL		1,00,910.00	-	1,00,910.00

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	9.50%-10.50%	71,550.00	-	71,550.00
Maturing between 3 years to 5 years	10.50%-12.00%	7,860.00	-	7,860.00
TOTAL		79,410.00	-	79,410.00

ii) Term loan from banks

As on 31st March, 2015

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	10%	10,000.00	-	10,000.00
		10,000.00	-	10,000.00

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	10%	10,000.00	-	10,000.00
		10,000.00	-	10,000.00

iii) Fixed deposits

As on 31st March, 2015

	Rate range	Short-Term	Long-term		Total
			(a) Non-current	(b) Current	
a) Maturing beyond 3 years	8.90%-10.10%	0.00	6,561.15	0	6,561.15
b) Maturing between 1 year to 3 years	9.15%-10.60%	0.00	3,15,132.68	0	3,15,132.68
c) Maturing within 1 year	8.40%-10.75%	6,943.06	0	1,29,621.50	1,36,564.56
TOTAL		6,943.06	3,21,693.83	1,29,621.50	4,58,258.39

As on 31st March, 2014

	Rate range	Long-term			Total
		(a) Short-Term	(b) Non-current	(c) Current maturity	
Maturing beyond 3 years	9.4%-10.25%	-	4,608.37	-	4,608.37
Maturing between 1 year to 3 years	8.65%-10.75%	-	2,70,554.77	-	2,70,554.77
Maturing within 1 year	8.65%-10.75%	5,931.15	-	76,425.51	82,356.66
TOTAL		5,931.15	2,75,163.14	76,425.51	3,57,519.80

37) Short – term borrowings

i) Secured term loans from banks and cash credit facilities

As on 31st March, 2015

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	14.00%-10.15%	1,35,354.56
TOTAL		1,35,354.56

As on 31st March, 2014

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	10.5%-13.25%	1,14,232.21
TOTAL		1,14,232.21

ii) Foreign currency loans from others (secured)

As on 31st March, 2015

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	0.60%	36,064.98
TOTAL		36,064.98

As on 31st March, 2014

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	0.63%	28,664.24
TOTAL		28,664.24

iii) Unsecured term loans from banks

As on 31st March, 2015

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	10%	10,000.00	-	10,000.00
		10,000.00	-	10,000.00

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing within 1 year	9.75%	-	2,200.00	2,200.00
Maturing between 1 year to 3 years	10%	10,000.00	-	10,000.00
		10,000.00	2,200.00	12,200.00

iv) Commercial papers

As on 31st March, 2015

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	8.88%-9.15%	347500.00
TOTAL		347500.00

As on 31st March, 2014: Nil

38) During the year, the Company has incurred expenditure of Rs. 2,532.24 Lacs towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.113.56 Lacs towards the CSR activities undertaken by the Company (refer note no. 26).

39) SCHEME OF AMALGAMATION

a. Scheme details and balance sheet position:

In terms of Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956 (the "Scheme") between the Company and Mahindra Business & Consulting Services Private Ltd. ("MBCSPL"), an erstwhile wholly owned subsidiary of the Company

and their respective shareholders, all the assets and liabilities, including reserves, of MBCSPL were transferred and vested in the Company effective from April 01, 2014 ("the Appointed date"). The Scheme was approved by the Honourable High Court of judicature at Bombay ("the Court") vide its order dated March 20, 2015. The said Scheme became effective from April 18, 2015 (the "Effective date") on filing of the certified Court order with Registrar of Companies, Maharashtra.

With effect from the appointed date, the whole of assets, properties, liabilities of the MBCSPL including all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description relating to the said business is transferred to and vested in and / or be deemed to be transferred to and vested in the Company.

Break up of assets and liabilities transferred to the Company as per the Court scheme as under:

Particulars	As at April 01, 2014
Assets	1,837.54
Liabilities	1,837.54
Net amount adjusted in opening balance of surplus in the statement of profit and loss	529.87

b. Consideration:

The Scheme entails the amalgamation of MBCSPL, a wholly owned subsidiary of the Company with its parent MMFSL, with the consequent dissolution without winding up of MBCSPL. Accordingly, the scheme does not envisage any issue of shares or payment of the consideration.

c. Accounting:

- a. The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statement of the Company at their existing carrying amount.
- b. 1,00,000 Equity Shares of Rs.10/- each fully paid up in MBCSPL, held as investment by the Company stand cancelled and the difference, if any, is debited to opening balance of surplus in the statement of profit and loss.
- c. All inter-corporate deposits, loans and advances, outstanding balances or other obligations between MBCSPL and the Company, stands cancelled and there shall be no obligation/ outstanding in that behalf.
- d. In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore the certain figures may not be exactly comparable with the previous year's figures.

40) The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of

Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest
Mahindra Finance USA, LLC	United States of America	49.00%

41) The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

42) The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. May 17, 2013 for next 3 years.

43) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Net profit after tax (Rs. in Lacs)	91,290.54	95,442.14	91,358.91	95,473.03
Weighted average number of equity shares of Rs.2/- each – Basic	563837362	563184678	563837362	563184678
Weighted Average number of equity shares of Rs.2/- each – Diluted	568764960	568764960	568764960	568764960
Basic Earnings Per Share (Rs.)	16.19	16.95	16.20	16.95
Diluted Earnings Per Share # (Rs.)	16.05	16.78	16.06	16.79

Dilution in Earnings per share is on account of 46,24,289 equity shares (March 2014 : 52,39,841 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 68.37 Lacs (March 2014 : Rs. 30.89 Lacs).

44) As per section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at year end. The company does not anticipate any withdrawal from Special Reserve in foreseeable future.

45) Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

46) In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

47) Disclosure on Derivatives :

Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2015

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 872.71 Lacs (March 2014 : US \$ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2015.

48) There were 119 cases (March 2014: 77 cases) of frauds amounting to Rs.353.81 Lacs (March 2014 : Rs 560.32 Lacs) reported during the year. The Company has recovered an amount of Rs. 107.39 Lacs (March 2014: Rs 46.38 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

49) The gold loans outstanding as a percentage of total assets is at 0.02% (March 2014: 0.03%)

50) The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The company has appointed an expert to consult on the matter, who have opined that the company has a strong case on merits to defend and the chances of getting an unfavourable outcome is remote.

51) Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which has transaction with our Company during the year:

Holding Company	:	Mahindra & Mahindra Limited
Fellow subsidiary Companies	:	2 x 2 Logistics Private Limited Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra First Choice Services Ltd. Mahindra Defence Systems Ltd. Mahindra Retail Pvt Ltd.
Key Management Personnel	:	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel	:	Ms Janaki Iyer
		Ms Ramlaxmi Iyer
		Mr Risheek Iyer

B) Related Parties transactions are as under:

Sr. No	Nature of transactions	Holding Company	Fellow subsidiary Companies	Key Management Personnel*
1	Income			
	Loan income	-	3.52	-
		-	(1.79)	-
	Subvention income	3,663.07	-	
		(2,322.68)	-	
	Other income	64.21	-	-
		(1.02)	(54.11)	-
2	Expenses			
	Interest	-	-	20.11
		(339.45)	-	(18.09)
	Other Expenses	1,503.21	432.33	-
		(1,414.56)	(168.99)	-
	Remuneration to MD	-	-	657.05
		-	-	(394.88)
3	Purchase of Fixed Assets	413.60	-	-
		(524.84)	(9.51)	-

Sr. No	Nature of transactions	Holding Company	Fellow subsidiary Companies	Key Management Personnel*
4	Finance			
	Fixed deposits taken	-	-	202.90
		-	-	(207.50)
	Fixed deposits repaid	-	-	188.25
		-	-	(187.50)
	Dividend paid – for previous year	11,065.89 (10,483.48)	- -	23.71 (18.99)
5	Inter corporate deposits taken	- (50,000.00)	- -	- -
	Inter corporate deposits repaid	- (50,000.00)	- -	- -
	Other transactions			
5	Reimbursement from parties	- (112.54)	- -	- -
	Reimbursement to parties	- -	119.72 (113.75)	- -
6	Balances as at the end of the period			
	Receivables	1,234.25 (363.69)	- (1,091.74)	- -
	Loan given (including interest accrued but not due)	- -	43.29 -	- -
	Payables	- -	157.98 (107.79)	- -
	Fixed deposits (including interest accrued but not due)	- -	- -	231.80 (214.83)

Notes:

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

C) The significant related party transactions are as under:

The significant related party transactions are as under:				
Nature of transactions		Holding Company	Fellow subsidiary Companies	Key Management Personnel*
Income				
<u>Revenue from operations</u>				
Subvention income	Mahindra & Mahindra Limited	3,663.07 (2,322.68)		
Loan income	Mahindra Retail Pvt Ltd		3.28 -	
Expenses				
<u>Other expenses</u>				
Commission & Valuation charges	Mahindra First Choice Wheels Limited		417.19 (157.88)	
Purchase of fixed assets	Mahindra & Mahindra Limited	413.60 (421.36)		
Finance				
Fixed Deposits	Ramesh Iyer and relatives			202.90 (207.50)
Fixed deposits matured	Ramesh Iyer and relatives			188.25 (187.50)
Dividend paid - for previous year	Mahindra & Mahindra Limited	11,065.89 (10,483.48)		
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	1,234.25 (363.69)		
Loan outstanding	Mahindra Retail Pvt Ltd		30.08 -	

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

52) Contingent liabilities and commitments (to the extent not provided for)

	As at March 2015	As at March 2014
Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
i) Income tax	4,416.81	7,476.77
ii) Value Added Tax (VAT)	191.98	60.92
b) Corporate guarantees towards assignment transactions	31,338.63	55,631.29
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 34 (f))	8,307.81	4,782.00
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3,126.01	2,755.55
	47,381.24	70,706.46
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	606.62	445.74
(b) Uncalled liability on shares and other investments partly paid (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share)	0.00	2,190.00
	606.62	2,635.74
Total	47,987.86	73,342.20

53) Changes in provisions :

	As at 01.04.2014	Additional Provision	Utilisation/ Reversal	As at 31.03.2015
Provision for Standard assets	12,142.82	1,330.83	-	13,473.65
Provision for Non-performing assets	65,207.86	63,492.57	28,745.34	99,955.09

54) The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of The Companies Act, 2013 is not given.

55) Segment information as per Accounting Standard 17:

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2015:

	Year ended 31st March 2015			Year ended 31st March 2014		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
External revenue	5,96,345.22	9,745.34	6,06,090.56	5,20,167.77	9,887.51	5,30,055.28
Inter segment revenue	1,938.24	2,875.03	4,813.27	1,377.80	18,067.13	19,444.93
Total revenue	5,98,283.46	12,620.37	6,10,903.83	5,21,545.57	27,954.64	5,49,500.21
Segment results (Profit before tax and after interest on financing segment)	1,33,467.22	6,519.64	1,39,986.86	1,39,338.73	6,928.56	1,46,267.29
Less: Interest on unallocated reconciling items	-	-	-	-	114.54	114.54
Net Profit before tax	1,33,467.22	6,519.64	1,39,986.86	1,39,338.73	6,814.02	1,46,152.75
Less: Income taxes	-	-	47,500.11	-	-	49,675.33
Net profit	-	-	92,486.75	-	-	96,477.42
Other information:						
Segment assets	38,25,440.90	1,735.87	38,27,176.77	33,64,910.73	2,098.08	33,67,008.81
Unallocated corporate assets			48,469.25			38,740.65
Total assets	38,25,440.90	1,735.87	38,75,646.02	33,64,910.73	2,098.08	34,05,749.46
Segment liabilities	32,48,207.89	1,062.22	32,49,270.11	28,71,477.47	1,254.64	28,72,732.11
Unallocated corporate liabilities			-			-

	Year ended 31st March 2015			Year ended 31st March 2014		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
Total liabilities	32,48,207.89	1,062.22	32,49,270.11	28,71,477.47	1,254.64	28,72,732.11
Capital expenditure	4,053.74	164.62	4,218.36	4,279.71	46.59	4,326.30
Depreciation / amortisation	4,426.64	124.12	4,550.76	2,572.84	35.21	2,608.05
Non cash expenditure other than depreciation	37,243.79	152.29	37,396.08	28,060.24	41.54	28,101.78

56) Disclosure required under Schedule III of Companies Act, 2013

Name of Entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In lacs)	As % of consolidated profit & loss	Amount (Rs. In lacs)
Parent				
Mahindra & Mahindra Financial Services Limited	95.63%	5,73,002.49	89.12%	82,422.16
Subsidiaries				
Indian				
1. Mahindra Insurance Brokers Limited	1.75%	10,466.17	3.95%	3,649.54
2. Mahindra Rural Housing Finance Limited	1.29%	7,751.09	4.18%	3,865.17
3. Mahindra Asset Management Company Limited	0.00%	-6.27	-0.01%	-5.78
4. Mahindra Trustee Company Private Limited	0.00%	-2.53	0.00%	-2.53
Foreign				
Minority Interests in all Subsidiaries	0.82%	4,929.6	1.29%	1,196.21
Associates				
Indian				
Foreign				

Name of Entity	Net Assets		Share in profit or loss	
	As % of	Amount	As % of	Amount
	consolidated	(Rs. In lacs)	consolidated	(Rs. In lacs)
	net assets		profit & loss	
Joint Ventures (as per proportionate consolidation / investment as per the equity method				
Indian				
Foreign				
1. Mahindra Finance USA, LLC	0.51%	3,060.75	1.47%	1,361.98
TOTAL	100.00%	5,99,201.30	100.00%	92,486.75

57) MAMCL was incorporated under the Companies Act, 1956 on June 20, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as an investment manager to the proposed "Mahindra Mutual Fund". The company is in the process of applying for a license from SEBI. Consequently, during the period under audit the company has not started its operations.

58) MTCPL was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The company is incorporated to function as a Trustee to the proposed "Mahindra Mutual Fund". The company is in the process of applying for a license from SEBI. Consequently, during the period under audit the company has not started its operations.

59) Previous year figures have been regrouped / reclassified wherever found necessary.

For FY 2013-14:

28) Employee Stock Option Plan

- a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,30,37,934 equity shares to employees (March 2013 : 1,25,32,990 equity shares) up to 31st March, 2014, of which 5,04,944 equity shares (March 2013 : 8,31,035 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under:

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

- b) During the year, the Company has granted 1,17,625 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated 22nd July, 2013	Grant dated 21st October, 2013
No. of options granted	48130	69495
Intrinsic value of shares based on latest available closing market price (Rs.)	210.35	270.40
Total amount to be amortized over the vesting period (Rs. in Lacs)	101.24	187.92
Charge to Statement of profit and loss for the year (Rs. in Lacs)	34.67	40.38
Compensation in respect of lapsed cases (Rs. in Lacs)	Nil	11.05
Unamortized amount carried forward (Rs. in Lacs)	66.57	136.48

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

Vesting period in years	Grant dated 22 nd July, 2013		Grant dated 21 st October, 2013	
	Expected Vesting	Fair Value (Rs.)	Expected Vesting	Fair Value (Rs.)
1	9626	} 198.64	13899	} 259.46
2	9626		13899	
3	9626		13899	
4	9626		13899	
5	9626		13899	
	48130		69495	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables	Grant dated 22 nd July, 2013	Grant dated 21 st October, 2013
1) Risk free interest rate	7.61%	8.60%
2) Expected life	3.5 years	3.25 years
3) Expected volatility	35.53%	39.27%
3) Dividend yield	1.70%	1.32%
4) Price of the underlying share in the market at the time of option grant (Rs.)	212.35	272.40

c) Summary of stock options

Summary of Stock Options	As at March 2014		As at March 2013	
	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	16,44,675	21.61	24,85,550	24.59
Options granted during the year	1,17,625	2.00	-	-
Options forfeited/lapsed during the year #	94,107	37.64	9,840	7.11
Options exercised during the year	5,04,944	34.57	8,31,035	30.69
Options outstanding at the end of the year	11,63,249	12.70	16,44,675	21.61
Options vested but not exercised at the end of the year	4,36,039	30.55	6,04,090	45.81

including 4085 (March 2013: Nil) options forfeited/lapsed out of the options granted during the year

d) Information in respect of options outstanding :

Grant date / Exercise price	As at March 2014		As at March 2013	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005 :				
24 th July, 2007 at Rs.42.20	-	-	82,985	12 months
25 th March, 2008 at Rs.60.80	-	-	1,99,915	11 months
18 th September, 2008 at Rs.46.60	2,79,150	5 months	3,84,680	17 months
(a)	2,79,150		6,67,580	
Scheme 2010 :				
7 th February, 2011 at Rs.2.00	6,34,749	18 months	7,90,985	27 months
25 th January, 2012 at Rs.2.00	1,35,810	26 months	1,86,110	31 months
22 nd July, 2013 at Rs.2.00	48,130	34 months	-	-
21 st October, 2013 at Rs.2.00 #	65,410	37 months	-	-
(b)	8,84,099		9,77,095	
Total (a + b)	11,63,249		16,44,675	

net of 4085 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of exercise	Average share price (Rs.)
25-Apr-2013	228.46
16-May-2013	251.69
20-Jun-2013	266.69
19-Jul-2013	251.01
20-Aug-2013	240.09
21-Aug-2013	234.40
23-Sep-2013	258.45
17-Oct-2013	270.36
22-Nov-2013	293.20
16-Dec-2013	303.71
17-Jan-2014	277.86
19-Feb-2014	254.59
21-Mar-2014	257.16
25-Mar-2014	253.40

f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which

the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 43 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2005 :

Variables	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
3) Dividend yield	5%	1.59%	1.59%	1.64%
4) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010 :

Variables	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%
3) Dividend yield	2.28%	2.11%	1.70%	1.32%
4) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40

29) Loan provisions and write offs

- a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the

Company as on 31st March, 2014 is Rs. 35253.77 Lacs (March 2013 : Rs. 19692.65 Lacs).

- b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 2110.00 Lacs (March 2013 : Rs. 5165.00 Lacs, including additional / accelerated provision of Rs. 3568.00 Lacs, refer note no. 27).

The total amount of provision on Standard assets of Rs.11625.00 Lacs (March 2013 : Rs. 9515.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs.4370.00 Lacs as at 31st March, 2014 (March 2013 : Rs.3568.00 Lacs).

- c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

30) MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

Classification of loans are given below:

	Standard assets	Sub standard assets	Bad and doubtful assets	Total
As at March 31, 2014				
Housing loans	129200.71	4923.87	1372.19	135,496.77
Other loans	227.74	-	-	227.74
Percentage to total loans	95.36%	3.63%	1.01%	100.00%
As at March 31, 2013				
Housing loans	85895.40	1,368.94	682.24	87946.58
Other loans	21.85			21.85
Percentage to total loans	97.67%	1.56%	0.78%	100.00%

31) MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2014 is Rs. 140.91 Lacs (previous year Rs. 33.94 Lacs).

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issue by National housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

	Standard	Sub Standard	Doubtful	Loss
Provisions made :				
As at March 31, 2014				
Housing loans	516.90	857.61	397.04	152.33
Other loans	0.92			
As at March 31, 2013				
Housing loans	343.60	230.89	135.40	203.54
Other loans	0.09	-	-	-

32) Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

33) Employee Benefits :

**Defined benefit plans – as per actuarial valuation:
Leave Benefits (Non-funded)**

Defined Benefit Plans -As per actuarial valuation on 31st March, 2014			
		As at March 2014	As at March 2013
I.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March		
	Current service cost	1060.34	526.67
	Interest cost	171.65	36.11
	Expected return on plan assets	0.00	0.00
	Actuarial (Gains)/Losses	(812.68)	205.42
	Total expense	419.30	768.20
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	1194.65	950.53
	Fair value of plan assets as at 31st March	-	-
	Funded status (Surplus/(Deficit))	(1194.65)	(950.53)
	Net asset/(liability) as at 31st March	(1194.65)	(950.53)
III.	Change in the obligations during the year ended 31st March		
	Present Value of Defined Benefit obligation at the beginning of the year	950.53	282.84

Defined Benefit Plans -As per actuarial valuation on 31st March, 2014			
		As at March 2014	As at March 2013
	Current service cost	1060.34	526.67
	Interest cost	171.65	36.11
	Actuarial (Gains)/Losses	(812.68)	214.02
	Benefits paid	(175.19)	(109.11)
	Present Value of Defined Benefit obligation at the end of the period	1194.65	950.53
IV.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	-	-
	Others		
V.	Actuarial Assumptions		
	Discount Rate (p.a.)	8%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Gratuity (funded):

Defined Benefit Plans -As per actuarial valuation on 31st March, 2014

		As at March 2014	As at March 2013
I.	Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March		
	Current service cost	838.04	666.65
	Interest cost	94.61	70.44
	Expected return on plan assets	(90.83)	(64.23)
	Actuarial (Gains)/Losses	(408.01)	(337.09)
	Adjustment due to change in opening balance of plan assets	(193.03)	-
	Total expense	240.77	335.77
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	1371.09	1046.46
	Fair value of plan assets as at 31st March	1320.08	967.88
	Funded status (Surplus/(Deficit))	(51.01)	(78.58)

		As at March 2014	As at March 2013
	Net asset/(liability) as at 31st March	(51.01)	(78.58)
III.	Change in the obligations during the year ended 31st March		
	Present Value of Defined Benefit obligation at the beginning of the year	1046.46	764.35
	Current service cost	838.04	666.65
	Interest cost	94.61	70.44
	Actuarial (Gains)/Losses	(488.66)	(382.33)
	Benefits paid	(119.36)	(72.65)
	Present Value of Defined Benefit obligation at the end of the period	1371.09	1046.46
IV.	Change in the fair value of plan assets during the year ended 31st March		
	Fair value of plan assets at the beginning of the year	967.88	564.89
	Expected return on plan assets	90.83	64.23
	Contributions by employer	271.57	444.41
	Actuarial (Gains)/Losses	(85.00)	(33.00)
	Adjustment due to change in opening balance of Plan assets	193.03	-
	Actual Benefits paid	(118.24)	(72.65)
	Fair value of plan assets at the end of the year	1320.08	967.88
V.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
VI.	Actuarial Assumptions		
	Discount Rate (p.a.)	8%	8%
	Expected rate of return on plan assets (p.a.)	8%	8%
	Rate of Salary increase (p.a.)	5%	5%
	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Experience Adjustments (Gratuity)

	Year ending				
	31/03/2010	31/03/2011	31/03/2012	31/03/2013	31/03/2014
Defined Benefit obligation at the end of the year	374.27	489.26	764.35	1,046.46	1,371.09
Plan assets at the end of the year	342.02	428.44	564.89	967.88	1,320.08
Funded status Surplus / (Deficit)	(32.25)	(60.82)	(199.46)	(78.58)	(51.01)
Experience adjustments on plan liabilities (gain) / loss	(43.39)	(56.66)	(112.32)	(111.33)	(65.61)
Experience adjustments on plan assets gain / (loss)	(6.69)	(8.53)	(10.77)	(18.89)	(25.00)

34) Securitisation / assignment transactions :

- a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 47122 contracts (March 2013: 54374 contracts) amounting to Rs. 126292.70 Lacs (March 2013: Rs. 143361.38 Lacs) for a consideration of Rs.126292.70 Lacs (March 2013: Rs. 143361.38 Lacs) and de-recognised the assets from the books.
- b) During the year, the Company has without recourse assigned loan receivables of 6490 contracts (March 2013: NIL contracts) amounting to Rs.19850.83 Lacs (March 2013 : Rs.NIL) for a consideration of Rs.15554.19 Lacs (March 2013 : Rs.NIL) towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs.1985.08 Lacs equivalent to 10% of the receivables have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 13 and 18).

The amount of profit in cash of Rs.314.94 Lacs on this assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines (refer note no. 4 and 8).

- c) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs.4189.65 Lacs (March 2013 : Rs. 3193.08 Lacs) considered no longer necessary (refer Accounting policy 4 (vi) A (iii)).
- d) In terms of the accounting policy stated in 4 (vi) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).

- e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.5146.47 Lacs (March 2013 : Rs. 106.98 Lacs).
- f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2013-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

S. No.	Particulars	As at March 2014	As at March 2013
1	No of SPVs sponsored by the NBFC for securitization transactions	8	5
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	192645.41	141347.26
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First loss - Credit enhancement in the form of corporate undertaking (refer note no.49 (i) (c))	4782.00	2922.00
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss – Cash collateral term deposits with banks (refer note no.17 (a) (ii))	18040.00	7293.00
	* Others – Retained interest in Pass Through Certificates (refer note no.13 and 18)	2213.95	3844.37
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures	-	-
	i) Exposure to own securitizations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	* First loss	-	-

S. No.	Particulars			As at March 2014	As at March 2013
		*	Others – Cash collateral term deposits with banks (refer note no.17 (a) (ii))	2156.00	1856.00
		ii)	Exposure to third party securitizations		
		*	First loss	-	-
		*	Others	-	-

35) Secured long-term borrowings :

i) Secured non-convertible debentures

As on 31st March, 2014

	Rate range	(a)Non-current	(b)Current maturity	Total
1) Repayable on maturity :				
Maturity between 3 years to 5 years	9.25% - 10.25%	44550.00	-	44550.00
Maturity between 1 year to 3 years	9.00% - 10.20%	252470.00	-	252470.00
Maturity within 1 year	9.04% - 10.25%	-	169020.00	169020.00
Total		297020.00	169020.00	466040.00
2) Repayable in installments :				
Yearly installments -				
Maturity between 1 year to 3 years	9.95%	24500.00	-	24500.00
Maturity within 1 year	9.95% - 13.00%	-	14500.00	14500.00
Total		24500.00	14500.00	39000.00
Total (1+2)		321520.00	183520.00	505040.00

As on 31st March, 2013

	Rate range	(a)Non-current	(b)Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 5 years	9.34%-9.43%	7350.00	-	7350.00
Maturity between 3 years to 5 years	9.25%-9.45%	5100.00	-	5100.00
Maturity between 1 year to 3 years	9.23%-10.25%	262510.00	-	262510.00
Maturity within 1 year	8.30%-10.47%	-	151770.00	151770.00
Total		274960.00	151770.00	426730.00
2) Repayable in installments :				
Yearly installments -				
Maturity beyond 3 years	9.95%-13.00%	25000.00	-	25000.00
Maturity between 1 year to 3 years	9.95%	14000.00	-	14000.00

	Rate range	(a)Non-current	(b)Current maturity	Total
Maturity within 1 year	10.50%-13.00%	-	16070.00	16070.00
Total		39000.00	16070.00	55070.00
Total (1+2)		313960.00	167840.00	481800.00

ii) Secured term loans from banks :

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 3 years	10.20% - 10.25%	73500.00	-	73500.00
Maturity between 1 year to 3 years	9.70% - 10.40%	294000.00	-	294000.00
Maturity within 1 year	7.75% - 10.35%	-	62500.00	62500.00
Total		367500.00	62500.00	430000.00
2) Repayable in installments :				
i) Bimonthly-				
Maturity between 1 year to 3 years	10.25%	6200.00	-	6200.00
Maturity within 1 year	-	-	-	-
Total		6200.00	-	6200.00
ii) Quarterly-				
Maturity beyond 3 years	10.00%	27445.87	-	27445.86
Maturity between 1 year to 3 years	10.00% - 10.80%	54972.18	-	54972.18
Maturity within 1 year	10.00% - 10.80%	-	49167.42	49167.42
Total		82418.04	49167.42	131585.47
iii) Half-yearly-				
Maturity beyond 3 years	10.25%	85233.33	-	85233.33
Maturity between 1 year to 3 years	10.20% - 10.25%	330533.34	-	330533.33
Maturity within 1 year	10.20% - 10.25%	-	145533.33	145533.33
Total		415766.67	145533.33	561300.00
iv) Yearly-				
Maturity beyond 3 years	10.20% - 10.25%	81666.66	-	81666.66

	Rate range	(a) Non-current	(b) Current maturity	Total
Maturity between 1 year to 3 years	10.20% - 10.25%	73333.33	-	73333.33
Maturity within 1 year	9.25% - 10.25%	-	55000.00	55000.00
Total		154999.99	55000.00	209999.99
Total for repayable in installments		659384.70	249700.76	909085.46
Total (1+2)		1026884.70	312200.76	1339085.46

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 3 years	10.15%- 10.35%	49000.00	-	49000.00
Maturity between 1 year to 3 years	7.75%- 10.35%	175000.00	-	175000.00
Maturity within 1 year	5.50%- 10.35%	-	128500.00	128500.00
Total		224000.00	128500.00	352500.00
2) Repayable in installments :				
i) Quarterly-				
Maturity beyond 3 years	7% - 10.30%	2710.53	--	2710.53
Maturity between 1 year to 3 years	6% - 10.30%	62933.22	--	62933.22
Maturity within 1 year	6% - 10.30%	--	27877.61	27877.61
Total		65643.75	27877.61	93521.36
ii) Half-yearly-				
Maturity beyond 3 years	10.25%	94400.00	--	94400.00
Maturity between 1 year to 3 years	10.20%- 10.25%	271400.00	--	271400.00
Maturity within 1 year	7.90%- 10.45%	--	45366.67	45366.67
Total		365800.00	45366.67	411166.67
iii) Yearly-				
Maturity between 1 year to 3 years	9.25%- 10.25%	90000.00	--	90000.00
Maturity within 1 year	9.25%	--	40000.00	40000.00
Total		90000.00	40000.00	130000.00
Total for repayable in installments		521443.75	113244.28	634688.03
Total (1+2)		745443.75	241744.28	987188.03

iii) Secured term loans from others :
As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments :				
Maturity beyond 5 years	9.45% - 10.25%	3579.68	-	3579.68
Maturity between 3 years to 5 years	6.5% - 10.25%	8554.79	-	8554.79
Maturity between 1 year to 3 years	6% - 10.30%	11409.66	-	11409.66
Maturity within 1 year	6% - 10.30%	-	6219.68	6219.68
Total for repayable on installments		23544.13	6219.68	29763.81

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments :				
Maturity beyond 5 years	7% - 10.30%	3130.11	-	3130.11
Maturity between 3 years to 5 years	6% - 10.25%	6751.15	-	6751.15
Maturity between 1 year to 3 years	6% - 10.30%	8893.23	-	8893.23
Maturity within 1 year	6% - 10.30%	-	4487.68	4487.68
Total for repayable on installments		18774.49	4487.68	23262.17

iv) Foreign currency loans from banks

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity between 1 year to 3 years	9.05%-9.98%	40305.51		40305.51
Maturity within 1 year	9.60%	-	11983.00	11983.00
Total		40305.51	11983.00	52288.51

As on 31st March, 2013

	Rate range	(a)Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity between 1 year to 3 years	9.60%-11.65%	27142.50	10809.57	37952.07
Total		27142.50	10809.57	37952.07

v) **Foreign currency loans from others**

As on 31st March, 2014

	Rate range	(a)Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 5 years	1.99% - 3.17%	2980.32	-	2980.32
Maturity between 3 years to 5 years	1.99% - 3.17%	13942.47	-	13942.47
Maturity between 1 year to 3 years	1.99% - 3.17%	31626.30	-	31626.30
Maturity within 1 year	1.99% - 3.17%	-	22539.68	22539.68
Total		48549.09	22539.68	71088.77

As on 31st March, 2013

	Rate range	(a)Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 5 years	2.07% - 3.17%	1200.37	-	1200.37
Maturity between 3 years to 5 years	2.07% - 3.17%	7579.31	-	7579.31
Maturity between 1 year to 3 years	2.07% - 3.17%	15976.80	-	15976.80
Maturity within 1 year	2.07% - 3.17%	-	10158.60	10158.60
Total		24756.47	10158.60	34915.07

36) Unsecured borrowings :

i) **Subordinated debts (long-term)**

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	9.50%-10.50%	71550.00	-	71550.00

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing between 3 years to 5 years	10.50%-12.00%	7860.00	-	7860.00
TOTAL		79410.00	-	79410.00

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	9.80%-11.75%	52530.00	-	52530.00
Maturing between 3 years to 5 years	10.50%-12.00%	6880.00	-	6880.00
Maturing within 1 year	10.20%-10.40%	-	3100.00	3100.00
TOTAL		59410.00	3100.00	62510.00

ii) Term loan from banks

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	10%	10000.00	-	10000.00
		10000.00	-	10000.00

As on 31st March, 2013 - NIL

iii) Fixed deposits

As on 31st March, 2014

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
Maturing beyond 3 years	9.4%-10.25%	-	4608.37	-	4608.37
Maturing between 1 year to 3 years	8.65%-10.75%	-	270554.77	-	270554.77
Maturing within 1 year	8.65%-10.75%	5931.15	-	76425.51	82356.66
TOTAL		5931.15	275163.14	76425.51	357519.80

As on 31st March, 2013

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
Maturing beyond 3 years	8.65%-10.75%	-	116827.59	-	116827.59
Maturing between 1 year to 3 years	8.65%-10.75%	-	75225.60	-	75225.60
Maturing within 1 year	8.65%-10.50%	3362.41	-	37377.62	40740.03
TOTAL		3362.41	192053.19	37377.62	232793.22

37) Short – term borrowings

i) Secured term loans from banks and cash credit facilities

As on 31st March, 2014

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	10.5%-14%	114232.21
TOTAL		114232.21

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20%-13.65%	117027.03
TOTAL		117027.03

ii) Foreign currency loans from others (secured)

As on 31st March, 2014

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	0.63%	28664.24
TOTAL		28664.24

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	0.71%	30782.02
TOTAL		30782.02

iii) Unsecured term loans from banks

As on 31st March, 2014

	Rate range	Amount
Repayable on maturity :		
Maturing within 1 year	9.75%	2200.00
TOTAL		2200.00

As on 31st March, 2013: Nil

iv) Commercial papers

As on 31st March, 2014: NIL

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20%-9.35%	5000.00
TOTAL		5000.00

38) The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest
Mahindra Finance USA, LLC	United States of America	49.00%

39) The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

40) The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. May 17, 2013 for next 3 years.

41) As per section 29C (i) of the National Housing Bank Act, 1987, MRHFL is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by MRHFL under Section 36(1)(viii)

of the Income Tax Act, 1961 is considered to be an eligible transfer. MRHFL has transferred amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at the year end. MRHFL does not anticipate any withdrawal from Special Reserve in foreseeable future.

42) Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

43) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee Share-based Payments” is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at Mar.2014	As at Mar.2013	As at Mar.2014	As at March 2013
Net profit after tax (Rs. in Lacs)	95442.14	92703.54	95473.03	92742.93
Weighted average number of equity shares of Rs.2/- each – Basic	563184678	531949491	563184678	531949491
Weighted Average number of equity shares of Rs.2/- each – Diluted	568764960	538178537	568764960	538178537
Basic Earnings Per Share (Rs.)	16.95	17.43	16.95	17.43
Diluted Earnings Per Share # (Rs.)	16.78	17.23	16.79	17.23

Dilution in Earnings per share is on account of 52,39,841 equity shares (March 2013 : 57,44,785 equity shares held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.30.89 Lacs (March 2013 : Rs. 39.39 Lacs).

44) In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

45) Disclosure on Derivatives :

Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2014

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 872.71 Lacs (March 2013 : US \$ 699.13 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2014.

46) There were 77 cases (March 2013 : 28 cases) of frauds amounting to Rs. 560.32 Lacs (March 2013 : Rs 450.31 Lacs) reported during the year. The Company has recovered an amount of Rs. 46.38 Lacs (March 2013 : Rs 31.53 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the unrecovered losses have been lodged with the insurance companies.

47) The gold loans outstanding as a percentage of total assets is at 0.03% (March 2013 : 0.05%)

48) Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which has transaction with our Company during the year:

Holding Company	:	Mahindra & Mahindra Limited
Fellow subsidiary Companies	:	Mahindra Trucks & Buses Ltd. (merged with Mahindra & Mahindra Ltd. w.e.f. April 01, 2013) Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. Bristlecone India Limited Mahindra Yueda (Yancheng) Tractor Co.Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra Construction Company Ltd. Mahindra Two Wheelers Ltd. Mahindra First Choice Services Ltd.
Key Management Personnel	:	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel	:	Ms Janaki Iyer
		Ms Ramlaxmi Iyer
		Mr Risheek Iyer

B) Related Parties transactions are as under:

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Key Management Personnel
1	<u>Income</u>			
	Loan income	-	1.79	-
		-	(10.51)	-
	Subvention income [Note (iii)]	2,322.68 (1,048.52)	- (431.58)	
	Other income	812.85 (691.66)	54.11 (10.18)	- -

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Key Management Personnel
2	<u>Expenses</u>			
	Interest	339.45 (334.41)	- -	18.09 (16.75)
	Other Expenses	1,414.56 (1,422.08)	168.99 (58.66)	- -
	Remuneration to Key Management Personnel	- -	- -	274.80 (235.02)
3	Purchase of Fixed Assets	524.84 (213.36)	9.51 -	- -
4	<u>Finance</u>			
	Fixed deposits	- -	- -	207.50 (168.00)
	Fixed deposits matured	- -	- -	187.50 -
	Dividend paid – for previous year	10,483.48 (8,153.81)	- -	18.99 (15.11)
	Inter corporate deposits taken	50,000.00 (50,000.00)	- -	- -
	Inter corporate deposits repaid	50,000.00 (50,000.00)	- -	- -
	Inter corporate deposits given	- -	- (2,000.00)	- -
	Inter corporate deposits refunded	- -	2,000.00 -	- -
5	<u>Other transactions</u>			
	Reimbursement from parties	112.54 -	- -	- -
	Reimbursement to parties	- -	113.75 -	- -
6	<u>Balances at the year end</u>			
	Receivables [Note (iii)]	437.39 (101.84)	1,091.74 (3,289.26)	- -
	Loans given (including interest accrued but not due) [Note (ii)]	- -	334.33 (334.33)	- -

Sr. No.	Nature of transactions		Holding Company	Fellow subsidiary Companies
	Inter Corporate Deposits given (including interest accrued but not due) [Note (ii)]	-	113.38	-
		-	(2,122.01)	-
	Payables	-	107.79	-
		-	(66.33)	-
	Fixed deposits held (including interest accrued but not due)	-	-	214.79
		-	-	(195.24)

Notes:

- i) Figures in bracket represent corresponding figures of previous year.
- ii) An amount of Rs 113.38 lacs of inter corporate deposits and Rs 334.33 lacs of loan given to Mahindra Construction Company Ltd is provided as Non Performing Asset in the books of account.
- iii) Mahindra Trucks and Buses Ltd is merged with Mahindra & Mahindra Ltd (holding company) w.e.f. April 01, 2013. However, transactions in the form of subvention income of the previous year amounting to Rs 431.52 lacs and balance receivable as at March 31, 2013 amounting to Rs 380.15 lacs is disclosed in the column pertaining to fellow subsidiary companies.

C) The significant related party transactions are as under:

Nature of transactions		Holding Company	Fellow subsidiary Companies	Key Management Personnel
Income <u>Revenue from operations</u> Subvention income	Mahindra and Mahindra Limited	2,322.68 (1,048.52)	- -	- -
Other Income Manpower supply income	Mahindra and Mahindra Limited	811.83 (691.66)	- -	- -
Expenses <u>Interest</u> Interest expense on inter corporate deposits and nonconvertible debentures	Mahindra and Mahindra Limited	339.45 (334.41)	- -	- -

Nature of transactions		Holding Company	Fellow subsidiary Companies	Key Management Personnel
Purchase of fixed assets	Mahindra and Mahindra Limited	524.84 (213.36)	- -	- -
Finance				
Fixed deposits	Ramesh Iyer	-	-	44.50
	Janaki Iyer	-	-	(25.00)
		-	-	153.00
		-	-	(133.00)
Fixed deposits matured	Ramesh Iyer	-	-	44.50
	Janaki Iyer	-	-	-
		-	-	133.00
		-	-	-
Dividend paid - for previous year	Mahindra and Mahindra Limited	10,483.48 (8,153.81)	- -	- -
Inter corporate deposits taken	Mahindra and Mahindra Limited	-	113.38 (113.38)	- -
Inter corporate deposits repaid	Mahindra and Mahindra Limited	-	334.33 (334.33)	- -
Inter corporate deposits given	Mahindra Two Wheelers Limited	-	- (2000.00)	- -
Inter corporate deposits refunded	Mahindra Two Wheelers Limited	-	2000.00 -	- -
Balances at the year end				
Receivables	Mahindra Holidays & Resorts India Limited	-	1,091.74 (2,909.11)	- -
	Mahindra & Mahindra Limited	437.39 (101.84)	- -	- -
Inter Corporate Deposits given (including interest accrued but not due)	Mahindra Construction Company Limited	-	113.38 (113.38)	- -

Nature of transactions		Holding Company	Fellow subsidiary Companies	Key Management Personnel
Loans given (including interest accrued but not due)	Mahindra Construction Company Limited	-	334.33	-
		-	(334.33)	-

Figures in bracket represent corresponding figures of previous year.

49) Contingent liabilities and commitments (to the extent not provided for)

	As at March 2014	As at March 2013
Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
i) Income tax	7476.77	5472.52
ii) Value Added Tax (VAT)	60.92	-
b) Corporate guarantees towards assignment transactions	55631.29	71572.12
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 34 (f))	4782.00	2922.00
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	2755.55	2036.07
	70706.46	82002.71
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	445.74	624.91
(b) Uncalled liability on shares and other investments partly paid (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share)	2190.00	-
	2635.74	624.91
Total	73342.20	82627.62

50) Changes in provisions :

	As at 31.03.2013	Additional Provision	Utilisation/ Reversal	As at 31.03.2014
Provision for Standard assets	9858.69	2284.13	-	12142.82
Provision for Non-performing assets	39736.94	41956.51	16503.21	65190.23

51) The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of The Companies Act, 1956 is not given.

52) Segment information as per Accounting Standard 17:

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2014:

	Year ended 31st March 2014			Year ended 31st March 2013		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
External revenue	520,167.77	9,887.51	530,055.28	403,237.91	8,058.23	411,296.14
Inter segment revenue	1,377.80	18,067.13	19,444.93	3,124.40	14,770.11	17,894.51
Total revenue	521,545.57	27,954.64	549,500.21	406,362.31	22,828.34	429,190.65
Segment results (Profit before tax and after interest on financing segment)	139,338.73	6,928.56	146,267.29	129,891.57	5,548.50	135,440.07
Less: Interest on unallocated reconciling items	-	114.54	114.54	-	174.26	174.26
Net Profit before tax	139,338.73	6,814.02	146,152.75	129,891.57	5,374.24	135,265.81
Less: Income taxes	-	-	49,675.33	-	-	42,375.08
Net profit	-	-	96,477.42	-	-	92,890.73
Other information:						
Segment assets	3,364,910.73	2,098.08	3,367,008.81	2,671,894.61	2,688.26	2,674,582.87

	Year ended 31st March 2014			Year ended 31st March 2013		
	Financing activities	Other reconciling items	Financing activities	Other reconciling items	Financing activities	Other reconciling items
Unallocated corporate assets			38,740.65			32,496.24
Total assets	3,364,910.73	2,098.08	3,405,749.46	2,671,894.61	2,688.26	2,707,079.11
Segment liabilities	2,846,319.65	1,254.64	2,847,574.29	2,245,088.86	1,667.53	2,246,756.39
Unallocated corporate liabilities			-			-
Total liabilities	2,846,319.65	1,254.64	2,847,574.29	2,245,088.86	1,667.53	2,246,756.39
Capital expenditure	4,279.71	46.59	4,326.30	3,501.15	72.91	3,574.06
Depreciation / amortisation	2,572.84	35.21	2,608.05	2,332.59	33.31	2,365.90
Non cash expenditure other than depreciation	28,060.24	2.30	28,062.54	11,911.24	2.05	11,913.29

53) During the current financial year, the Company has incorporated Mahindra Trustee Company Private Limited (MTCPL) and has proposed to subscribe 49,998 equity shares of Rs. 10/- each amounting to Rs. 4.99 lacs being 99.99% of the shareholding as a promoter shareholder. However, the Company has not made any investment during the year in MTCPL.

54) Previous year figures have been regrouped / reclassified wherever found necessary.

For FY 2012-13

28) Employee Stock Option Plan

- a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February,2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The trust had issued 1,25,32,990 equity shares (March 2012 : 1,17,01,955 equity shares) up to 31st March, 2013 and 8,31,035 equity shares (March 2012 : 11,73,035 equity shares) for the current year to the employees.

The details of Employees stock option schemes are as under :

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 months from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

- b) Summary of stock options

Summary of Stock Options	As at March 2013		As at March 2012	
	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	24,85,550	24.59	38,13,940	24.02
Options granted during the year	-	-	2,12,130	2.00
Options forfeited/lapsed during the year	9,840	7.11	367,485	10.38
Options exercised during the year	8,31,035	30.69	11,73,035	23.10
Options outstanding at the end of the year	16,44,675	21.61	24,85,550	24.59
Options vested but not exercised at the end of the year	6,04,090	45.81	8,05,605	43.93

c) Information in respect of options outstanding :

Grant date / Exercise price	As at March 2013		As at March 2012	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005 :				
24 th July, 2007 at Rs.42.20	82,985	12 months	60,792	15 months
25 th March, 2008 at Rs.60.80	1,99,915	11 months	63,947	23 months
18 th September, 2008 at Rs.46.60	3,84,680	17 months	1,12,636	29 months
(a)	6,67,580		2,37,375	
Scheme 2010 :				
7 th February, 2011 at Rs.2.00	7,90,985	27 months	2,17,988	34 months
25 th January, 2012 at Rs.2.00	1,86,110	31 months	41,747	40 months
(b)	9,77,095		2,59,735	
Total (a + b)	16,44,675		4,97,110	

d) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of exercise	Average share price (Rs.)	Face value (Rs.)
9-May-2012	663.86	10.00
1-Jun-2012	636.96	10.00
2-Jul-2012	649.22	10.00
6-Aug-2012	734.55	10.00
4-Sep-2012	742.65	10.00
4-Oct-2012	898.99	10.00
29-Oct-2012	888.48	10.00
19-Nov-2012	987.93	10.00
19-Dec-2012	1097.88	10.00
22-Jan-2013	1052.77	10.00
1-Feb-2013	1067.11	10.00
19-Feb-2013	216.48	2.00
20-Feb-2013	215.03	2.00

e) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

f) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 43 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008	7-Feb-2011	25-Jan-2012
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%	7.73%	8.11%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years	4.5 years	5.5 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%	42.38%	46.08%
3) Dividend yield	5%	1.59%	1.59%	1.64%	2.28%	2.11%
4) Price of the underlying share in the market at the time of option grant (Rs.)	65.53*	230.00	318.10	252.45	693.00	665.70

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

29) Loan provisions and write offs

- a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. The Company also makes additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2012 is Rs. 19692.65 Lacs (March 2012 : Rs. 13178.47 Lacs).
- b. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the standard assets, the Company has made a provision of Rs.5165.00 Lacs on the standard assets as on 31st March 2013 (March 2012 : Rs. 4350.00 Lacs). With effect from the current year, the Company has on a prudent basis, decided to make additional / accelerated general provision for its standard assets and has provided Rs. Rs.3568.00 Lacs on this account, which is reflected "Exceptional Item" in the Statement of profit and loss. The total amount of provision for standard assets of Rs.9515.00 Lacs is shown separately as "Contingent provision for standard assets" under "Provisions" in the balance sheet.

30) MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts and has made adequate provision for Non-performing assets as prescribed under Housing Finance Companies (NHB) Directions, 2010.

In line with notification no. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, MRHFL has made a provision of Rs. 343.69 Lacs (March 2012: Rs. 210.29 Lacs) @ 0.40% on outstanding Standard assets.

Classification of loans are given below:

	Standard assets	Sub standard assets	Bad and doubtful assets	Total
As at March 31, 2013				
Housing loans	85895.40	1131.02	920.16	87946.58
Other loans	21.85	-	-	21.85
Percentage to total loans	97.67%	1.29%	1.05%	100.00%
As at March 31, 2012				
Housing loans	52550.46	630.89	341.96	53523.31
Other loans	19.21	-	-	19.21
Percentage to total loans	98.18%	1.18%	0.64%	100.00%

Loan receivable includes Rs. 2343.51 Lacs outstanding towards financing of insurance as of March 31st, 2013 and Rs. 1485.57 Lacs as of March 31st, 2012.

31) The total provision carried by MRHFL in terms of the Housing Finance Companies (NHB) Directions, 2010 in respect of loans is as follows:

	Standard	Sub Standard	Doubtful	Loss
Provisions made :				
As at March 31, 2013				
Housing loans	343.60	171.41	194.88	203.54
Other loans	0.09	-	-	-
As at March 31, 2012				
Housing loans	210.21	94.63	76.83	72.46
Other loans	0.08	-	-	-

32) Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

33) Employee Benefits :

Defined benefit plans – as per actuarial valuation:

Defined Benefit Plans -As per actuarial valuation on 31st March, 2013			
	Leave Benefits *	TOTAL	
		As at March 2013	As at March 2012
I.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March		
	Current service cost	538.77	298.45
	Interest cost	20.76	11.89
	Expected return on plan assets	-	-
	Actuarial (Gains)/Losses	258.93	(189.32)
	Total expense	818.46	121.02
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
	Present Value of Defined Benefit obligation as at 31st March	950.53	241.18
	Fair value of plan assets as at 31st March	-	-
	Funded status (Surplus/(Deficit))	(950.53)	(241.18)
	Net asset/(liability) as at 31st March	(950.53)	(241.18)
III.	Change in the obligations during the year ended 31st March		
	Present Value of Defined Benefit obligation at the beginning of the year	241.18	120.17
	Current service cost	538.77	298.45
	Interest cost	20.76	11.89
	Actuarial (Gains)/Losses	258.93	(189.32)
	Benefits paid	(109.11)	-
	Present Value of Defined Benefit obligation at the end of the period	950.53	241.19
IV.	Change in the fair value of plan assets during the year ended 31st March		
	Fair value of plan assets at the beginning of the year	-	-
	Expected return on plan assets	-	-
	Contributions by employer	-	-
	Actuarial (Gains)/Losses	-	-
	Actual Benefits paid	-	-
	Fair value of plan assets at the end of the year	-	-
V.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
	Others		
Defined Benefit Plans -As per actuarial valuation on 31st March, 2013			

		TOTAL	
		As at March 2013	As at March 2012
Leave Benefits *			
VI. Actuarial Assumptions			
Discount Rate		8% p.a.	8% p.a.
Rate of Salary increase		5% p.a	5% p.a
In-service Mortality		LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

* - There are no previous year figures in respect of privilege leave, as the actuarial valuation is done with effect from current year.

Gratuity:

Defined Benefit Plans -As per actuarial valuation on 31st March, 2013		TOTAL	
Gratuity		As at March 2013	As at March 2012
I. Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March			
Current service cost		666.65	466.99
Interest cost		70.44	47.47
Expected return on plan assets		(64.23)	(41.96)
Actuarial (Gains)/Losses		(337.09)	(171.47)
Total expense		335.77	301.03
II. Net asset/(liability) recognised in the Balance Sheet as at 31st March			
Present Value of Defined Benefit obligation as at 31st March		1046.46	764.36
Fair value of plan assets as at 31st March		967.88	563.54
Funded status (Surplus/(Deficit))		(78.58)	(200.82)
Net asset/(liability) as at 31st March		(78.58)	(200.82)
III. Change in the obligations during the year ended 31st March			
Present Value of Defined Benefit obligation at the beginning of the year		764.35	489.26
Current service cost		666.65	466.99
Interest cost		70.44	47.47
Actuarial (Gains)/Losses		(382.33)	(209.92)
Benefits paid		(72.65)	(29.44)
Present Value of Defined Benefit obligation at the end of the period		1046.46	764.36
Defined Benefit Plans -As per actuarial valuation on 31st March, 2013			

	Gratuity	TOTAL	
		As at March 2013	As at March 2013
IV.	Change in the fair value of plan assets during the year ended 31st March		
	Fair value of plan assets at the beginning of the year	564.89	428.44
	Expected return on plan assets	64.23	43.31
	Contributions by employer	444.41	162.39
	Actuarial (Gains)/Losses	(33.00)	(39.81)
	Actual Benefits paid	(72.65)	(29.44)
	Fair value of plan assets at the end of the year	967.88	564.89
V.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
	Others		
VI.	Actuarial Assumptions		
	Discount Rate	8% p.a.	8% p.a.
	Rate of Salary increase	5% p.a.	5% p.a.
	In-service Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

Experience Adjustments

	Year ending				
	31/03/2009	31/03/2010	31/03/2011	31/03/2012	31/03/2013
Defined Benefit obligation at the end of the year	272.36	374.27	489.26	764.35	1,046.46
Plan assets at the end of the year	231.63	342.02	428.44	564.89	967.89
Funded status Surplus / (Deficit)	(40.73)	(32.25)	(60.82)	(199.46)	(78.57)
Experience adjustments on plan liabilities (gain) / loss	(66.01)	(43.39)	(56.66)	(112.32)	(111.33)
Experience adjustments on plan assets gain / (loss)	0.44	(6.69)	(8.53)	(10.77)	(18.89)

34) Securitisation / assignment transactions :

- a) During the year, the company has without recourse securitised on "at par" basis vide PTC route loan receivables of 54374 contracts (March 2012: 56559 contracts) amounting to Rs. 143361.38 Lacs (March 2012: Rs. 148741.39 Lacs, including future interest receivable) for a consideration of Rs. 143361.38 Lacs

(March 2012: Rs. 148741.39 Lacs) and de-recognised the assets from the books.

- b) During the year, the Company has without recourse assigned loan receivables of Nil contracts (March 2012 : 56559 contracts) amounting to Rs. Nil (March 2012 : Rs.148741.39 Lacs) for a consideration of Rs. Nil (March 2012 : Rs.148741.39 Lacs) and de-recognised the assets from the books. The income booked in respect of assignment of receivables includes certain amount towards cost of future servicing of the assigned pool and an appropriate amount has been provided towards expenditure for future services.
- c) Income from assignment / securitization includes write back of provision in respect of assignment transactions amounting to Rs. 3193.08 Lacs (March 2012: Rs. 2479.18 Lacs) considered no longer necessary.
- d) In terms of the accounting policy stated in 3 (iv), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).
- e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation amounting to Rs.106.98 Lacs (March 2012 : Rs. Nil)
- f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012

(applicable for transactions effected after the date of circular)

S. No.	Particulars		No. / Amount
1	No of SPVs sponsored by the NBFC for securitization transactions		19
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC		141347.26
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a)	Off-balance sheet exposures	
	*	First loss-Credit enhancement in the form of corporate undertaking (refer note no 51)	2922.00
	*	Others	
	b)	On-balance sheet exposures	
*	First loss-Cash collateral term deposits with banks (refer note no 17)	7293.00	

S. No.	Particulars		No. / Amount
	*	Others- Retained interest in Pass Through Certificates (refer note no 13 and 18)	3844.37
4	Amount of exposures to securitization transactions other than MRR		
	a)	Off-balance sheet exposures	
	i)	Exposure to own securitizations	
	*	First loss	
	*	Loss	
	ii)	Exposure to third party securitisations	
	*	First loss	
	*	Others	
	b)	On-balance sheet exposures	
	i)	Exposure to own securitizations	
	*	First loss	
	*	Others- Cash collateral term deposit with banks (refer note no 17)	1856.00
	ii)	Exposure to third party securitizations	
	*	First loss	
	*	Others	

35) Secured long-term borrowings :

i) Secured non-convertible debentures

As on 31st March, 2013

	Rate range	(a)Non-current	(b)Current maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 5 years	9.34%-9.43%	7350.00	-	7350.00
b) Maturity between 3 years to 5 years	9.25%-9.45%	5100.00	-	5100.00
c) Maturity between 1 year to 3 years	9.23%-10.25%	262510.00	-	262510.00
d) Maturity within 1 year	8.30%-10.47%	-	151770.00	151770.00
Total		274960.00	151770.00	426730.00
2) Repayable in installments :				
Yearly installments -				
a) Maturity beyond 3 years	9.95%-13.00%	25000.00	-	25000.00
b) Maturity between 1 year to 3 years	9.95%	14000.00	-	14000.00
c) Maturity within 1 year	10.50%-13.00%	-	16070.00	16070.00

	Rate range	(a)Non-current	(b)Current maturity	Total
Total		39000.00	16070.00	55070.00
Total (1+2)		313960.00	167840.00	481800.00

As on 31st March, 2012

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
a) Maturing within 1 year	8.35% - 9.90%	-	36100.00	36100.00
b) Maturing between 1 year to 3 years	8.30% - 10.47%	192400.00		192400.00
c) Maturing beyond 3 years	-	-	-	-
d) Maturing beyond 5 years	-	-	-	-
Total		192400.00	36100.00	228500.00
2) Repayable in installments :				
Yearly Installments -				
a) Maturing within 1 year	10.50% - 13.00%	-	15715.00	15715.00
b) Maturing between 1 year to 3 years	9.95% - 13.00%	30570.00	-	30570.00
c) Maturing between 3 years to 5 years	9.95%	24500.00	-	24500.00
d) Maturing beyond 5 years	-	-	-	-
Total		55070.00	15715.00	70785.00
TOTAL (1+2)		247470.00	51815.00	299285.00

ii) **Secured term loans from banks :**

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 3 years	10.15%-10.35%	49000.00	-	49000.00
b) Maturity between 1 year to 3 years	7.75%-10.35%	175000.00	-	175000.00
c) Maturity within 1 year	5.50%-10.35%	-	128500.00	128500.00
Total		224000.00	128500.00	352500.00

	Rate range	(a) Non-current	(b) Current maturity	Total
2) Repayable in installments :				
i) Quarterly-				
a) Maturity beyond 3 years	7% - 10.30%	2710.53	--	2710.53
b) Maturity between 1 year to 3 years	6% - 10.30%	62933.22	--	62933.22
c) Maturity within 1 year	6% - 10.30%	--	27877.61	27877.61
Total		65643.75	27877.61	93521.36
ii) Half-yearly-				
a) Maturity beyond 3 years	10.25%	94400.00	--	94400.00
b) Maturity between 1 year to 3 years	10.20%-10.25%	271400.00	--	271400.00
c) Maturity within 1 year	7.90%-10.45%	--	45366.67	45366.67
Total		365800.00	45366.67	411166.67
iii) Yearly-				
a) Maturity beyond 3 years	-	--	--	--
b) Maturity between 1 year to 3 years	9.25%-10.25%	90000.00	--	90000.00
c) Maturity within 1 year	9.25%	--	40000.00	40000.00
Total		90000.00	40000.00	130000.00
Total for repayable in installments		521443.75	113244.28	634688.03
Total (1+2)		745443.75	241744.28	987188.03

As on 31st March, 2012

	Rate range	(a) Non-current	(b) Current Maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 3 years	10.70-10.75%	105000.00	-	105000.00
b) Maturity between 1 year to 3 years	5.50%-10.80%	141000.00	-	141000.00
c) Maturity within 1 year	7.25%-10.75%	-	119000.00	119000.00
Total for repayable on maturity		246000.00	119000.00	365000.00

	Rate range	(a) Non-current	(b) Current Maturity	Total
2) Repayable in installments :				
i) Quarterly -				
a) Maturity beyond 3 years	10.41% - 10.70%	7105.26	-	7105.26
b) Maturity between 1 year to 3 years	7.90%- 10.75%	82718.91	-	82718.91
c) Maturity within 1 year	6.15%- 10.75%	-	65363.33	65363.33
Total		89824.17	65363.33	155187.50
ii) Half yearly -				
a) Maturity beyond 3 years		800.00	-	800.00
b) Maturity between 1 year to 3 years	6.25%- 10.20%	105266.66	-	105266.66
c) Maturity within 1 year	10.20%- 10.75%	-	7266.67	7266.67
Total		106066.66	7266.67	113333.33
iii) Yearly -				
a) Maturity beyond 3 years		-	-	-
b) Maturity between 1 year to 3 years	9.25%- 10.75%	90000.00	-	90000.00
c) Maturity within 1 year	9.25%- 10.25%	-	40366.67	40366.67
Total		90000.00	40366.67	130366.67
Total for repayable in installments		285890.83	112996.67	398887.50
TOTAL (1+2)		531890.83	231996.67	763887.50

iii) Secured term loans from others :

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments :				
a) Maturity beyond 3 years	7% - 10.30%	9881.26	-	9881.26
b) Maturity between 1 year to 3 years	6% - 10.30%	8893.23	-	8893.23
c) Maturity within 1 year	6% - 10.30%	-	4487.68	4487.68
Total for repayable on installments		18774.49	4487.68	23262.17

As on 31st March, 2012

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on installments :				
a) Maturity beyond 3 years	6% - 10.30%	4942.89	-	4942.89
b) Maturity between 1 year to 3 years	6% - 10.30%	8936.35	-	8936.35
c) Maturity within 1 year	6% - 10.30%	-	3006.16	3006.16
Total for repayable on installments		13879.24	3006.16	16885.40

iv) Foreign currency loans from banks

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 3 years	-	-	-	-
b) Maturity between 1 year to 3 years	9.60%-11.65%	27142.5	10809.57	37952.07
c) Maturity within 1 year	-	-	-	-
Total		27142.5	10809.57	37952.07

As on 31st March, 2012

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
a) Maturing within 1 year	7.85%	-	10000.00	10000.00
b) Maturing between 1 year to 3 years	9.75%	9800.00		9800.00
c) Maturing beyond 3 years	-	-	-	-
TOTAL		9800.00	10000.00	19800.00

v) Foreign currency loans from others

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 5 years	2.07% - 3.17%	1200.37	-	1200.37
b) Maturity between 3 years to 5 years	2.07% - 3.17%	7579.31	-	7579.31
c) Maturity between 1 year to 3 years	2.07% - 3.17%	15976.80	-	15976.80
d) Maturity within 1 year	2.07% - 3.17%	-	10158.60	10158.60
Total		24756.47	10158.60	34915.07

As on 31st March, 2012

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 5 years	2.14% - 3.17%	300.59	-	300.59
b) Maturity between 3 years to 5 years	2.14% - 3.17%	3530.88	-	3530.88
c) Maturity between 1 year to 3 years	2.14% - 3.17%	26805.55	-	26805.55
Total		30637.02	-	30637.02

36) Unsecured borrowings :

i) Subordinated debts (long-term)

As on 31st March, 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	9.80%-11.75%	52530.00	-	52530.00
Maturing between 3 years to 5 years	10.50%-12.00%	6880.00	-	6880.00
Maturing between 1 year to 3 years	-	-	-	-
Maturing within 1 year	10.20%-10.40%	-	3100.00	3100.00
TOTAL		59410.00	3100.00	62510.00

As on 31st March, 2012

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
a) Maturing within 1 year	9.40% - 9.40%	-	3140.00	3140.00
b) Maturing between 1 year to 3 years	10.20% - 10.40%	3100.00	-	3100.00
c) Maturing between 3 years to 5 years	-	-	-	-
d) Maturing beyond 5 years	9.80% - 12.00%	47910.00	-	47910.00
TOTAL		51010.00	3140.00	54150.00

ii) Fixed deposits

As on 31st March, 2013

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
a) Maturing beyond 3 years	8.65%-10.75%	-	116827.59	-	116827.59
b) Maturing between 1 year to 3 years	8.65%-10.75%	-	75225.60	-	75225.60
c) Maturing within 1 year	8.65%-10.50%	3362.41	-	37377.62	40740.03
TOTAL		3362.41	192053.19	37377.62	232793.22

As on 31st March, 2012

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
a) Maturing within 1 year	8.15% - 10.25%	1385.20	-	29688.54	31073.74
b) Maturing between 1 year to 3 years	8.15%-10.75%	-	99450.81	-	99450.81
c) Maturing between 3 years to 5 years	8.65%-10.25%	-	6962.84	-	6962.84
d) Maturing beyond 5 years	-	-	-	-	-
TOTAL		1385.20	106413.65	29688.54	137487.39

37) Short – term borrowings

i) Secured term loans from banks and cash credit facilities

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20%-13.65%	117027.03
TOTAL		117027.03

As on 31st March, 2012

	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	10.75% - 13.50%	117001.33
b) Maturing beyond 1 year	-	-
TOTAL		117001.33

ii) Foreign currency loans from others

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	0.71%	30782.02
TOTAL		30782.02

As on 31st March, 2012 : Nil

iii) Unsecured term loans from banks

As on 31st March, 2013 : Nil

As on 31st March, 2012 :

	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	11.50%	22500.00
b) Maturing beyond 1 year	-	-
TOTAL		22500.00

iv) Commercial papers

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20%-9.35%	5000.00
TOTAL		5000.00

As on 31st March, 2012

	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	9.93%	3000.00
b) Maturing beyond 1 year	-	-
TOTAL		3000.00

38) The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest
Mahindra Finance USA, LLC	United States of America	49.00%

considered on the basis of unaudited financial statements.

39) The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

40) MIBL was operating under Direct Broker licence since 18th May 2004, which was changed to Composite broker licence (Direct and Reinsurance) on 23rd September 2011.

41) The Board of Directors of the Company at its meeting held on 9th October, 2012, and special resolution passed by the members by way of show of hands at the Extraordinary General Meeting held on 6th November, 2012, had approved the infusion of share capital.

Pursuant to the passing of the above resolutions and in accordance with Chapter VIII of Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations, 2009, as amended, the Company allotted 97,50,257 equity shares of face value of Rs.10/- each at price of Rs.889/- per equity share including a premium of Rs.879/- per equity share aggregating to Rs.86,679.78 Lacs to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP). This has resulted in an

increase of equity share capital by Rs. 975.02 Lacs and securities premium reserve by Rs. 85,704.76 Lacs.

The share issue expenses amounting to Rs.1280.06 Lacs is adjusted against the securities premium reserve in accordance with the provisions of The Companies Act, 1956.

The utilization of the funds received from the QIP are as under:

	Amount
Sources of Funds :	
QIP Proceeds	86679.78
Utilization of Funds :	
QIP Issue Expenses	1280.06
Disbursement of retail loans to customers	85399.72
Total	86679.78

42) As per section 29C (i) of the National Housing Bank Act, 1987, MRHFL is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by MRHFL under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. MRHFL has transferred an amount of Rs. 55,500,000/- (March 2012: Rs. 36,136,184/-) to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended. MRHFL does not anticipate any withdrawal from Special Reserve in foreseeable future.

43) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at Mar.2013	As at Mar.2012	As at Mar.2013	As at March 2012
Net profit after tax (Rs. in Lacs)	88269.18	62011.67	88308.57	62062.70
Weighted average number of equity shares of Rs.2/- each – Basic	531949491	512790825	531949491	512790825
Weighted Average number of equity shares of Rs.2/- each – Diluted	538178537	520013675	538178537	520013675
Basic Earnings Per Share (Rs.)	16.59	12.09	16.60	12.10
Diluted Earnings Per Share # (Rs.)	16.40	11.93	16.41	11.93

Dilution in Earnings per share is on account of 57,44,785 equity shares of face value of Rs.2/- each (March 2012 : 65,75,820 equity shares of face value of Rs.2/- each held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method is Rs.476.72 Lacs (March 2012 : Rs.698.62 Lacs).

- 44) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.
- 45) Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.
- 46) In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

47) Disclosure on Derivatives :

Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2013

The Company has outstanding Foreign Currency Non-Repatriable [FCNR (b)] loans of US \$ 699.13 Lacs (March 2012: USD199.13 Lacs and JPY 18451.97 Lacs). The loan of US \$ 699.13 Lacs (March 2012: USD199.13 Lacs and JPY 18451.97 Lacs) and interest thereon has been fixed to INR liability using a cross currency swap. There is no un-hedged foreign currency exposure as on 31st March, 2013.

- 48) There were 28 cases (March 2012 : 22 cases) of frauds amounting to Rs. 450.31 Lacs (March 2012: Rs 33.46 Lacs) reported during the year. The company has recovered an amount of Rs.31.53 Lacs (March 2012 : Rs 14.92 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.
- 49) The gold loans outstanding as a percentage of total assets is at 0.05% (March 2012 : 0.05%)

50) Related Party Disclosure as per Accounting Standard 18:

A) List of the related parties which has transaction with our Company during the year:

Holding Company	:	Mahindra & Mahindra Limited
Fellow subsidiary Companies Mahindra Navistar Automotives Ltd. Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. Mahindra Auto Developers Pvt Ltd. Mahindra Yueda (Yancheng) Tractor Co.Ltd.	:	NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra Retail Pvt. Ltd. Mahindra Two Wheelers Ltd. Mahindra Logistics Ltd. Mahindra First Choice Services Ltd.
Key Management Personnel	:	Mr. Ramesh Iyer (Managing Director) Dr. Jaideep Devare (Managing Director) Mr. Anuj Mehra (Managing Director)

B) Related Parties transactions are as under:

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Key Management Personnel
1	Income			
	Loan income	-	10.51	-
		-	(39.67)	-
2	Subvention income	1,048.52	431.58	-
		(823.00)	(288.04)	-
	Other income	691.66	10.18	-
		-	(243.08)	-
2	Expenses			
	Interest	334.41	-	2.74
		(718.39)	(10.71)	(1.86)
3	Other Expenses	1,422.08	58.66	385.44
		(1,668.88)	(21.06)	(331.98)
3	Purchase of Vehicles	213.36	-	-
		(231.14)	(34.67)	-
4	Finance			
	Fixed deposits held (including interest accrued but not due)	-	-	48.51
		-	-	(20.77)
	NCD held (including interest accrued but not due)	-	-	-
		(2,645.73)	-	-

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Key Management Personnel
	Dividend paid – for previous year	8,153.81 (5,824.15)	- -	15.11 (4.85)
	Inter Corporate Deposits given (including interest accrued but not due)	- -	2,008.63 -	- -
	Loan given (including interest accrued but not due)	- -	- (260.46)	- -
5	Other transactions Reimbursement to parties	- -	- (17.87)	- -
6	Outstanding Receivables	234.60 (295.01)	3,289.26 (5,895.04)	- -
	Payables	132.76 (242.49)	66.33 (8.75)	- -

Figures in bracket represent corresponding figures of previous year.

C) The significant related party transactions are as under:				
Nature of transactions		Holding Company	Fellow subsidiary Companies	Key Management Personnel
Income <u>Revenue from operations</u> Subvention income	Mahindra and Mahindra Limited Mahindra Navistar Automotives Limited	1,048.52 (823.00)	431.52 (287.87)	
Expenses <u>Interest</u> Interest expense on inter corporate deposits and nonconvertible debentures	Mahindra and Mahindra Limited	334.41 (718.39)		

Nature of transactions		Holding Company	Fellow subsidiary Companies	Key Management Personnel
Purchase of fixed assets	Mahindra and Mahindra Limited	173.73 (166.55)		
Finance				
Fixed deposits (including interest accrued but not due)	Mr. Ramesh Iyer			48.51 (20.77)
Dividend paid - for previous year	Mahindra and Mahindra Limited	8,153.81 (5,824.15)		
Inter corporate deposits taken (including interest accrued but not due)	Mahindra Two Wheelers Limited		2,008.63 -	
Outstanding Receivables				
	Mahindra Holidays & Resorts India Limited		2,909.11 (5,834.89)	
	Mahindra Navistar Automotives Limited		380.15 (60.07)	

Figures in bracket represent corresponding figures of previous year.

51) Contingent liabilities and commitments (to the extent not provided for)

	As at March 2013	As at March 2012
Contingent liabilities		
(a) Demand against the company not acknowledged as debts on taxation matters (income tax)	5472.52	4629.06

	As at March 2013	As at March 2012
(b) Corporate guarantees towards assignment transactions in favor of purchaser	71572.12	86274.38
(c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 34 (f))	2922.00	-
(d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the company	2036.07	2081.51
	82002.71	92984.95
Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account ;	624.91	447.13
	624.91	447.13
Total	82627.62	93432.08

52) Changes in provisions :

	As at 31.03.2012	Additional Provision	Utilisation/ Reversal	As at 31.03.2013
Provision for Standard assets	4560.29	5298.40	-	9858.69
Provision for Non-performing assets	33311.10	21524.34	15125.26	39710.18

53) Segment information as per Accounting Standard 17:

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2013:

	Year ended 31st March 2013			Year ended 31st March 2012		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
External revenue	403,237.91	8,058.23	411,296.14	287,098.87	3,933.28	291,032.15
Inter segment revenue	3,124.40	14,770.11	17,894.51	1,942.07	10,780.22	12,722.29
Total revenue	406,362.31	22,828.34	429,190.65	289,040.94	14,713.50	303,754.44
Segment results (Profit before tax and after interest on financing segment)	129,891.57	5,548.50	135,440.07	94,108.36	2,112.32	96,220.68
Less: Interest on unallocated reconciling items	-	174.26	174.26	-	90.89	90.89
Net Profit before tax	129,891.57	5,374.24	135,265.81	94,108.36	2,021.43	96,129.79
Less: Income taxes	-	-	42,375.08	-	-	31,677.68
Net profit	-	-	92,890.73	-	-	64,452.11
Other information:						
Segment assets	2,671,894.34	2,688.26	2,674,582.60	1,913,080.25	1,451.82	1,914,532.07
Unallocated corporate assets			32,496.24			27,491.89
Total assets	2,671,894.34	2,688.26	2,707,078.84	1,913,080.25	1,451.82	1,942,023.96
Segment liabilities	2,221,201.47	1,667.53	2,222,869.00	1,636,766.14	1,379.77	1,638,145.91
Unallocated corporate liabilities			-			-
Total liabilities	2,221,201.47	1,667.53	2,222,869.00	1,636,766.14	1,379.77	1,638,145.91
Capital expenditure	3,501.15	72.91	3,574.06	4,691.64	93.71	4,785.35
Depreciation / amortization	2,332.59	33.31	2,365.90	2,003.62	24.90	2,028.52
Non cash expenditure other than depreciation	11,911.24	2.05	11,913.29	(1,376.63)	0.30	(1,376.33)

54) Previous year figures have been regrouped / reclassified wherever found necessary.

For FY 2011-12

28) The Company had allotted 26,86,550 Equity shares on 6th December 2005 and 9,69,005 Equity shares on 3rd February, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company.

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options	No. of stock options	Weighted Average Exercise Price (Rs)
Options outstanding on 1 st April, 2011	762788	120.08
Options granted during the period	42426	10.00
Options forfeited/lapsed during the year	73497	51.92
Options exercised during the year	234607	115.49
Options outstanding on 31 st March,2012	497110	122.93
Options vested but not exercised on 31 st March,2012	161121	219.64

Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average Share Price (Rs)
9 th May, 2011	720.71
30 th August,2011	628.76
6 th Spetember,2011	649.75
24 th October,2011	644.56
1 st November,2011	665.98
4 th November,2011	669.54
11 th January,2012	625.08
17 th February,2012	722.11
2 nd March,2012	708.52
21 st March,2012	680.72

Information in respect of options outstanding as on 31st March,2012 :

<u>Exercise price</u> <u>remaining life</u>	<u>No. of Options</u>	<u>Weighted</u> <u>average</u>
Rs. 211.00 (Grant dated 24 th July,2007)	60,792	15 months
Rs. 304.00 (Grant dated 25 th March,2008)	63,947	23 months
Rs. 233.00 (Grant dated 18 th Sept.2008)	1,12,636	29 months
Rs. 10.00 (Grant dated 7 th Feb.2011)	2,17,988	34 months
Rs. 10.00 (Grant dated 25 th Jan 2012)	41,747	40 months

29) The Company has made adequate provision for the Non-performing Assets identified, in accordance with the guidelines issued by The Reserve Bank of India. The Company also

makes additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2012 is Rs. 13178.47 lacs (Previous year : Rs. 14477.68 lacs).

- 30)** In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by the Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the standard assets, the Company has made a provision of Rs. 4350.00 lacs on the standard assets as on 31st March 2012 (Previous year: Rs. 3143.00 lacs). The amount of provision on standard assets is shown separately as "Contingent Provision against Standard Assets" under provisions in the balance sheet.
- 31)** In case of MRHFL, the Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing Assets in preparation of accounts. The Company has made adequate provision on Non-performing Assets as prescribed by under Housing Finance Companies (NHB) Direction, 2010. In line with notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the company has made (a) provision @ 0.40 % on Standard Assets outstanding as on 31st March 2012 amounting to Rs. 208.61 lacs. Hitherto, till previous year the company was making a voluntary provision @0.25% on outstanding standard assets. In view of this increase in provisioning, an additional provision of Rs. 78.23 lacs during the year and (b) additional provision at higher percentage on substandard, doubtful and loss assets amounting to Rs. 48.17 lacs. The total additional provision for the year is Rs. 126.40 lacs.
- 32)** Deposits/Advances received are on account of loan against assets, which are repayable / adjusted over the period of the contract.

33) Employee Benefits :

Leave Benefits:

Defined Benefit Plans -As per actuarial valuation on 31st March, 2012			
		As at Mar-12	As at Mar-11
I.	Expense recognised in the Statement of Profit & Loss Account for the year ended 31st March		
1	Current service cost	298.45	164.63
2	Interest cost	11.89	6.64
3	Expected return on plan assets	0.00	0.00
4	Actuarial (Gains)/Losses	(189.32)	(115.65)
5	Total expense	121.02	55.62

Defined Benefit Plans -As per actuarial valuation on 31st March, 2012			
		As at Mar-12	As at Mar-11
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
1	Present Value of Defined Benefit obligation as at 31st March	241.20	120.19
2	Fair value of plan assets as at 31st March	0.00	0.00
3	Funded status (surplus/(deficit))	(241.20)	(120.19)
4	Net asset/(liability) as at 31st March	(241.20)	(120.19)
III.	Change in the obligations during the year ended 31st March		
1	Present Value of Defined Benefit obligation at the beginning of the year	120.18	64.56
2	Current service cost	298.45	164.63
3	Interest cost	11.89	6.64
4	Actuarial (Gains)/Losses	(189.32)	(115.65)
5	Benefits paid	0.00	0.00
6	Present Value of Defined Benefit obligation at the end of the period	241.20	120.18
IV.	Change in the fair value of plan assets during the year ended 31st March		
1	Fair value of plan assets at the beginning of the year	0.00	0.00
2	Expected return on plan assets	0.00	0.00
3	Contributions by employer	0.00	0.00
4	Actuarial (Gains)/Losses	0.00	0.00
5	Actual Benefits paid	0.00	0.00
6	Fair value of plan assets at the end of the year	0.00	0.00
V.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
	Others		
VI.	Actuarial Assumptions		
1	Discount Rate	8% p.a.	8% p.a.
2	Rate of Salary increase	5% p.a	5% p.a
3	In-service Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

Gratuity:

Defined Benefit Plans -As per actuarial valuation on 31st March, 2012			
		As at Mar-12	As at Mar-11
I.	Expense recognised in the Statement of Profit & Loss Account for the year ended 31st March		
1	Current service cost	466.99	317.56
2	Interest cost	47.47	34.34
3	Expected return on plan assets	(43.31)	(34.03)
4	Actuarial (Gains)/Losses	(170.12)	(151.07)
5	Total expense	301.03	166.80
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March		
1	Present Value of Defined Benefit obligation as at 31st March	764.36	489.26
2	Fair value of plan assets as at 31st March	563.54	428.44
3	Funded status (surplus/(deficit))	(200.82)	(60.82)
4	Net asset/(liability) as at 31st March	(200.82)	(60.82)
III.	Change in the obligations during the year ended 31st March		
1	Present Value of Defined Benefit obligation at the beginning of the year	489.26	374.27
2	Current service cost	466.99	317.56
3	Interest cost	47.47	34.34
4	Actuarial (Gains)/Losses	(209.92)	(184.13)
5	Benefits paid	(29.44)	(52.78)
6	Present Value of Defined Benefit obligation at the end of the period	764.36	489.26
IV.	Change in the fair value of plan assets during the year ended 31st March		
1	Fair value of plan assets at the beginning of the year	428.44	342.02
2	Expected return on plan assets	43.31	34.03
3	Contributions by employer	162.39	138.23
4	Actuarial (Gains)/Losses	(41.15)	(33.06)
5	Actual Benefits paid	(29.44)	(52.78)
6	Fair value of plan assets at the end of the year	563.55	428.44
V.	Major category of plan assets as a percentage of total plan		
	Funded with LIC	100%	100%
	Others		
VI.	Actuarial Assumptions		
Defined Benefit Plans -As per actuarial valuation on 31st March, 2012			

		As at Mar-12	As at Mar-11
1	Discount Rate	8% p.a.	8% p.a.
2	Rate of Salary increase	5% p.a.	5% p.a.
3	In-service Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

In case of subsidiary company (MIBL)

a) In accordance with the provisions of Accounting Standard – 15 (revised) issued by the Institute of Chartered Accountants of India; cost of employee benefits in the form of compensated absences for the period ended 31st March 2012 is Rs. 28.82 lacs (Previous Year Rs. 27.93 lacs) and has been recognised in the Profit & Loss Account as such. The Present Value of obligation on account of such compensated absences is Rs. 50.26 lacs (Previous Year Rs. 41.11 lacs) as on 31st March 2012.

34) a) During the year, the company has without recourse assigned loan receivables of 56559 contracts (Previous year: 36618 contracts) amounting to Rs.148741.39 lacs (Previous year: Rs.122764.34 lacs, including future interest receivable) for a consideration of Rs.148741.39 lacs (Previous year: Rs. 108930.92 lacs) and de-recognised the assets from the books. The income booked in respect of assignment of receivables includes certain amount towards cost of future servicing of the assigned pool and an appropriate amount has been provided towards expenditure for future services. On assignment of receivables income recognised upfront for the current period is Rs. Nil (Previous year: Rs. 15152.22 lacs) against which a provision for estimated loss/expenses of Rs. Nil (Previous year: Rs. 9830.08 lacs) is made.

During the year, all the assignment transactions are on “at par” basis as against “premium structure” transactions during the previous year.

b) During the year, the provision in respect of assignment transactions amounting to Rs.2479.18 lacs (Previous year: Rs. 3648.00 lacs) considered no longer necessary has been written back.

35) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited, the Holding Company, its subsidiary companies namely Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited and Mahindra Business & Consulting Services Private Limited and its Joint Venture entity, Mahindra Finance USA, LLC. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) “Consolidated Financial Statements” and Accounting Standard 27 (AS27) “Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India. The Consolidated Financial Statements have been prepared on the following basis.

- a. The Financial Statements of the Company, its subsidiary companies and the joint venture have been combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealised profits or losses.
- b. The difference between the cost of investment in the subsidiary companies over the Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve.
- c. The difference between the foreign exchange rates prevailing at the time making the investment and on the date on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.
- d. The Financial Statements of the subsidiary companies and the joint venture are drawn upto 31st March 2012.
- e. The subsidiary companies and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the group) considered in the presentation of these consolidated financial statements are :

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest
Mahindra Insurance Brokers Limited (MIBL)	India	100.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Business & Consulting Services Pvt. Ltd. (MBCSPL)	India	100.00%
Mahindra Finance USA, LLC	USA	49.00%

- 36)** The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest
Mahindra Finance USA, LLC	United States of America	49.00%

considered on the basis of unaudited financial statements.

- 37)** The subsidiary company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. The company does not expect any significant variation in the book balances.
- 38)** In case of MIBL, the company was operating under Direct Broker licence since 18th May 2004, which was changed to Composite broker licence (Direct and Reinsurance) on 23rd September 2011.

39) During the year, the Company has granted 42,426 Stock Options to the eligible employees under the newly approved Employees' Stock Option Scheme 2010. The details of the Employee Stock Option Scheme 2010 are as under :

The company has adopted intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares is based on the latest available closing market price, prior to the date of meeting of the board of directors in which the options were granted on the stock exchange in which the shares of the company are listed. The difference between the intrinsic value & the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 25 th January,2012
Intrinsic Value of shares based on latest available closing market price	Rs.665.70
Total Amount to be amortized over the vesting period	Rs.278.19 Lacs
Charge to Profit & Loss Account for the year	Rs.31.25 Lacs
Compensation in respect of lapsed cases	Rs.4.45 Lacs
Unamortized Amount Carried Forward	Rs.242.49 Lacs

The fair value of options, based on the valuation of the independent valuer as of date of grant are :

Vesting period in years	Grant dated 25 th January,2012	
	Expected Vesting	Fair Value (Rs.)
1	8482	586.55
2	8482	
3	8482	
4	8482	
5	8498	
	42426	

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Grant dated 25 th January,2012
Risk free interest rate	8.11%
Expected life	5.5 Years
Expected volatility	46.08%
Expected dividend yield	2.11%
Exercise price	Rs.10.00
Stock price	Rs. 665.70

40) Bad debts & Write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such Hire Purchase/Leased/Loan assets on account of poor financial position of such customers.

41) Commission & Brokerage mainly represents amount incurred in respect of acquisition of customers & mobilisation of public deposits.

42) In the opinion of the Board, Current assets, Loans & Advances are approximately of the value stated if realised in the ordinary course of business.

43) Disclosure on Derivatives :

There were no Derivative instruments (Previous year: 2) for hedging interest rate risk outstanding as on 31st March, 2012.

44) During the year, Company has acquired without recourse portfolio of Rs.Nil (Previous year: Rs. 2076.46 lacs) for a consideration of Rs. Nil (previous year: Rs. 2010.05 lacs) through assignment agreements. Accounting for the same is in line with the other loans against assets given by the company. The Company has received cash collateral amounting to Rs. Nil (previous year: Rs. 221.11 lacs) and over collateral of Rs. Nil (previous year Rs. 417.26 lacs) against these assignments.

45) Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee share-based Payments" is as follows:

	Particulars	Intrinsic Value Method		Fair Value Method	
		As at Mar. 2012	As at Mar. 2011	As at Mar. 2012	As at Mar. 2011
A	Net Profit After Tax (Rs. in lacs)	64349.71	49277.13	64370.64	49230.95
B	Weighted Average number of Equity Shares of Rs.10/- each (Basic)	10255816 5	96773669	10255816 5	96773669
C	Weighted Average number of Equity Shares of Rs.10/- each (Diluted)	10400273 5	10400273 5	10400273 5	10400273 5
D	Basic Earning per Share (Rs.)	62.74	50.92	62.77	50.87
E	Diluted Earning per Share @ (Rs.)	61.87	47.38	61.89	47.34

@ Dilution in Earning per share is on account of 13,15,164 Equity shares (Previous period : 15,49,771 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

46) Related Party Disclosure as per Accounting Standard 18:

List of the related parties which has transaction with our Company during the year:

Holding Company	:	Mahindra & Mahindra Limited
Subsidiary Companies	:	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Business & Consulting Services Private Limited
Joint Ventures	:	Mahindra Finance USA, LLC

Fellow subsidiary Companies Mahindra Navistar Automotives Ltd (formerly known as Mahindra International Ltd) Mahindra USA, Inc Mahindra Holidays & Resorts Ltd Mahindra Auto Developers Pvt Ltd (formerly known as Mahindra Renault Pvt. Ltd.) Mahindra Yueda (Yancheng) Tractor Co.Ltd. Mahindra First Choice Services Ltd	As per list given below NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra Retail Pvt. Ltd. Mahindra Two Wheelers Private Ltd. Mahindra Life Space Developers Ltd
Key Management Personnel	Mr. Ramesh Iyer (Managing Director) Dr. Jaideep Devare (Managing Director) Mr. Anuj Mehra (Managing Director)

Related Parties transactions are as under:

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
1	Income				
	Loan income	823.00 (761.44)	327.71 (377.70)	- -	- -
	Other income	182.73 -	243.08 (267.29)	- -	- -
2	Expenses				
	Interest	718.39 (386.40)	10.71 (213.66)	- -	- -
	Other Expenses	1,668.35 (781.18)	21.03 (15.66)	- -	317.64 (264.02)
3	Investment in share capital	-	-	249.36	-
		-	-	-	-
4	Purchase of Vehicles	231.14	34.67	-	-
		(352.26)	(3.41)	-	-
5	Finance				
	NCD held (incl int accd)	2,645.73 (2,646.71)	- -	- -	- -
	Dividend paid – for previous year	5,824.15 (4,368.11)	- -	- -	4.85 (3.98)
	Inter Corporate Deposits taken (including interest accrued by not due)	- -	- (6,518.08)	- -	- -
	Inter Corporate Deposits given (including interest accrued by not due)	- -	- (2,034.92)	- -	- -

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
	Loan given (including interest accrued by not due)	-	260.46	-	-
		-	(491.98)	-	-
6	Other Transactions				
	Reimbursement to parties	-	17.87	-	-
		(1.86)	(86.73)	-	-
7	Outstandings				
	Receivables	327.23	5,895.04	-	-
		(73.71)	(10383.56)	-	-
	Payables	242.49	8.75	-	-
		(124.10)	(10.97)	-	-

Figures in bracket represent corresponding figures of previous year.

47) Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 2012	As at March 2011
a) Contingent liabilities		
(a) Demand against the company not acknowledged as debts on taxation matters (income tax)	4629.06	5569.24
(b) Corporate Guarantees towards assignment transactions	86274.38	73253.29
(c) Legal suits filed by customers in Consumer Forums and Civil courts claiming compensation from the company	2067.45	1721.99
(d) Any other money for which the company is contingently liable	0.00	0.00
	92970.89	80544.52
b) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for;	447.13	599.16
(b) Uncalled liability on shares and other investments partly paid	0.00	1400.00
	447.13	1999.16
Total	93418.02	82543.68

48) The company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of the Companies Act, 1956 is not given.

49) Segment information as per Accounting Standard 17:

Segment Report for the year ended March 31, 2012:

Particulars	Year ended 31st March 2012			Year ended 31st March 2011		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
External Revenue	287,100.34	3,935.85	291,036.19	201,809.76	7,880.21	209,689.97
Inter Segment Revenue	1,942.07	10,780.22	12,722.29	803.44	3,291.66	4,095.10
Total Revenue	289,042.41	14,716.07	303,758.48	202,613.20	11,171.87	213,785.07
Segment Results (Profit before tax and after interest on Financing Segment)	94,108.36	2,114.31	96,222.67	71,462.06	3,343.44	74,805.50
Less: Interest on Unallocated reconciling items	-	92.88	92.88	-	34.10	34.10
Net Profit before tax	94,108.36	2,021.43	96,129.79	71,462.06	3,309.34	74,771.40
Less: Income taxes	-	-	31,677.68	-	-	25,405.21
Net profit	-	-	64,452.11	-	-	49,366.19
Other information:						
Segment Assets	1,913,194.72	1,501.75	1,914,696.47	1,354,487.44	5,935.69	1,360,423.13
Unallocated corporate assets			27,491.90			26,610.27
Total Assets	1,913,194.72	1,501.75	1,942,188.37	1,354,487.44	5,935.69	1,387,033.40
Segment Liabilities	1,620,064.44	1,429.71	1,621,494.15	1,129,923.67	2,143.59	1,132,067.26
Unallocated corporate liabilities			-			-
Total Liabilities	1,620,064.44	1,429.71	1,621,494.15	1,129,923.67	2,143.59	1,132,067.26
Capital Expenditure	4,691.64	93.71	4,785.35	4,824.29	61.91	4,886.20
Depreciation / Amortisation	2,003.62	24.90	2,028.52	1,598.72	15.97	1,614.69
Non cash expenditure other than depreciation	(1,376.63)	0.30	(1,376.33)	(1,784.01)	7.50	(1,776.51)

50) Previous year figures have been regrouped wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – IV and V

For B. K. Khare and Co.
Chartered Accountants
FRN:105102W

Ramesh Iyer
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825

Place: Mumbai
Date: March 15, 2016

**Auditors' Report as required by Section 26 of the Companies Act, 2013 read with Rule 3 of the
Companies (Prospectus and Allotment of Securities) Rules, 2014**

**Report of auditors on the Reformatted Standalone Financial Statements of Mahindra &
Mahindra Financial Services Limited as at and for each of the years ended March 31, 2015,
March 31, 2014, March 31, 2013, March 31, 2012, and March 31, 2011**

The Board of Directors
Mahindra & Mahindra Financial Services Limited
4th Floor, Mahindra Towers
P. K. Kurne Chowk, Worli
Mumbai 400018

Dear Sirs

We have examined the Reformatted Standalone Financial Statements (the "Reformatted Statements") of Mahindra & Mahindra Financial Services Limited (the "Company") as at and for the each of the years ended March 31, 2015, March 31 2014, March 31, 2013, March 31, 2012 and March 31, 2011 annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed Public Issue of Debt Securities. Such financial statements, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of:

- a) Section 26(1)(b) of the Companies Act, 2013 ("the Act") and Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014; and
- b) the Securities & Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI"), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992

The preparation of such Reformatted Statements is the responsibility of the Company's management. Our responsibility is to report on such statements based on our procedures.

1. The Reformatted Statements have been extracted by the Management from the audited Financial Statements of the Company as at March 31, 2015, March 31 2014, March 31 2013, March 31, 2012 and March 31, 2011 and from the books of account underlying such

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financial statements of the Company which were approved by the Board of Directors on April 23, 2015, April 23, 2014, April 23, 2013, April 23, 2012 and April 25, 2011 respectively, which have been audited by us and in respect of which we have issued our audit opinions dated April 23, 2015, April 23, 2014, April 23, 2013, April 23, 2012 and April 25, 2011 respectively to the members of the Company.

2. We have examined such reformatted financial information taking into consideration:
 - a. the terms of reference received from the Company requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed Public Issue of Debt Securities; and
 - b. the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
3. In consideration of the requirements of Section 26(1)(b) of the Act and Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations, terms of our engagement agreed with you, we further report that:

The Reformatted Standalone Summary Statement of Assets and Liabilities and Schedules forming part thereof, the Reformatted Standalone Summary Statement of Profits and Losses and Schedules forming part thereof and the Reformatted Standalone Summary Statement of Cash Flows (together referred to as "Reformatted Standalone Summary Statements") of the Company, including as at and for the each of the year ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 examined by us are set out in Annexure I to III to this report. These Reformatted Standalone Summary Statements are after making adjustments and regrouping as in the management opinion, are appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (Refer Annexure IV);

4. Based on our examination as above, we further report that:
 - a) The Reformatted Standalone Summary Statements have to be read in conjunction with the notes given in Annexure V;
 - b) the figures of earlier periods have been regrouped (but not restated retrospectively for changes in accounting policies), wherever necessary, to conform to the classification adopted for the Reformatted Standalone Summary Statements as at and for the year ended March 31, 2015;



- c) there are no extraordinary items which need to be disclosed separately in the attached Reformatted Standalone Summary Statements;
 - d) there are no qualifications in the auditors' reports, which require any adjustments to the Reformatted Standalone Summary Statements; and
 - e) in the preparation and presentation of Reformatted Statements based on audited financial statements as referred to in paragraph 1 above, no adjustments have been made for any events occurring subsequent to dates of the audit reports specified in paragraph 1 above.
5. As stated in our audit reports referred to in paragraph 1 above, we conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India to enable us to issue an opinion on the General Purpose Financial Statements. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. Our audits referred to in paragraph 1 above were carried out for the purpose of certifying the general purpose financial statements taken as a whole. For none of the periods referred to in paragraph 1 above, did we perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion on the reformatted financial statements.
7. We have not audited any financial statements of the Company as of any date or for any period subsequent to September 30, 2015. Accordingly, we express no audit opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to September 30, 2015. We have undertaken a limited review of the unaudited financial information provided to us by the Company for the quarter and



nine months ended December 31, 2015 and corresponding period in the prior year as furnished to us by the Company, in accordance with (i) the requirements of Clause 41 of the listing agreements with Indian stock exchanges where equity shares of the Company are listed and (ii) Standard of Review Engagement (SRE) 2410 , “Engagements to Review Financial Statements” issued by the Institute of Chartered Accountants of India (“ICAI”) (“Limited Review Statements”)

Other Standalone Financial Information

8. At the Company’s request, we have also examined the following Standalone financial information proposed to be included in the Offer document prepared by the Management and approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for each of the year ended March 31, 2015, March 31, 2014, March 31, 2013, March 31, 2012 and March 31, 2011 :
 - a) Statement of Dividend paid/proposed; Rates of Dividend, as appearing in Annexure VI;
 - b) Statement of Contingent Liabilities, as appearing in Annexure VII
9. In our opinion, the reformatted Standalone financial information as disclosed in the Annexure to this report read with respective significant accounting policies and notes disclosed in Annexure IV and after making adjustments and regrouping as considered appropriate and disclosed in Annexure IV has been prepared in accordance with Section 26(1)(b) of the Companies Act 2013 (“the Act”) and Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Regulations.
10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

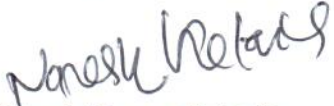


12. This report is intended solely for your information and for inclusion in the offer document prepared in connection with the proposed Public Issue of Debt Securities of the Mahindra & Mahindra Financial Services Limited and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Place: Mumbai
Date: March 15, 2016



For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W


Naresh Kumar Kataria
Partner
Membership No. 037825

ANNEXURE I
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED
REFORMATTED BALANCE SHEET

(Rs. in Lacs unless otherwise stated)

As at March 31

	Note no.	2015	2014	2013	2012	2011
I. EQUITY & LIABILITIES						
1) Shareholders' funds						
a) Share capital	1	11282.81	11270.50	11260.40	10268.75	10245.29
b) Reserves and surplus	2	555658.09	498151.10	434197.48	284832.31	238764.13
		<u>566940.90</u>	<u>509421.60</u>	<u>445457.88</u>	<u>295101.06</u>	<u>249009.42</u>
2) Non-current liabilities						
a) Long-term borrowings	3	1478714.78	1690318.88	1301532.69	929073.95	649401.44
b) Other long-term liabilities	4	30247.97	27641.82	24297.19	7804.35	5102.06
c) Long term provisions	5	32796.05	31801.27	31038.95	35371.24	44437.22
		<u>1541758.80</u>	<u>1749761.97</u>	<u>1356868.83</u>	<u>972249.54</u>	<u>698940.72</u>
3) Current liabilities						
a) Short-term borrowings	6	487098.39	124428.36	130124.23	144913.51	67655.80
b) Trade payables	7	47790.43	43785.76	47884.32	37653.68	28553.37
c) Other current liabilities	8	748764.20	649114.91	503721.46	360059.68	287696.08
d) Short term provisions	9	115061.82	90059.68	65184.98	46178.35	36441.87
		<u>1398714.84</u>	<u>907388.71</u>	<u>746914.99</u>	<u>588805.22</u>	<u>420347.12</u>
TOTAL		3507414.54	3166572.28	2549241.70	1856155.82	1368297.26
II. ASSETS						
1) Non-current assets						
a) Fixed assets	10					
i) Tangible assets		10507.74	11436.25	10409.79	9614.47	7027.47
ii) Intangible assets		466.04	494.10	150.32	95.11	147.39
iii) Capital work-in-progress		31.54	22.99	117.57	182.72	722.00
b) Non-current investments	11	75992.00	52627.59	34511.43	21313.04	14297.67
c) Deferred tax assets (net)	12	41526.17	31506.64	23820.72	20121.03	21672.96
d) Long-term loans and advances	13	1700368.74	1577945.52	1291978.98	925770.91	631214.32
e) Other non-current assets	14	23203.46	13593.00	17056.50	1517.00	3821.00
		<u>1852095.69</u>	<u>1687626.09</u>	<u>1378045.31</u>	<u>978614.28</u>	<u>678902.81</u>
2) Current assets						
a) Current investments	15	9375.00	34289.13	21585.34	28937.55	53157.78
b) Trade receivables	16	567.25	1435.36	981.30	768.40	694.62
c) Cash and bank balances	17	47937.84	55328.88	34542.75	23004.03	25940.99
d) Short-term loans and advances	18	1592606.84	1383752.32	1111860.38	824077.07	609023.63
e) Other current assets	19	4831.92	4140.50	2226.62	754.49	577.43
		<u>1655318.85</u>	<u>1478946.19</u>	<u>1171196.39</u>	<u>877541.54</u>	<u>689394.45</u>
TOTAL		3507414.54	3166572.28	2549241.70	1856155.82	1368297.26

Summary of significant accounting policies and notes to the financial statements

IV & V

The notes referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our report of even date.

For B K Khare and Co.
Chartered Accountants
FRN:105102W

Ramesh Iyer
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825
Place: Mumbai
Date: March 15, 2016

ANNEXURE II
MAHINDRA AND MAHINDRA FINANCIAL SERVICES LIMITED

Reformatted Statement of Profit and Loss

	Note No.	For the year ended March 31				
		2015	2014	2013	2012	2011
I. Revenue from operations	20	553605.61	492163.21	385672.15	276811.05	196530.23
II. Other income	21	4864.99	3137.24	3797.75	2648.33	1220.60
III. Total Revenue (I + II)		558470.60	495300.45	389469.90	279459.38	197750.83
IV. Expenses:						
Employee benefits expense	22	45908.20	29733.41	22340.20	19977.07	15150.49
Finance costs	23	249673.13	218801.45	161876.50	112032.35	66020.97
Depreciation and amortization expenses	24	4151.63	2429.62	2224.33	1956.32	1578.80
Loan provisions and write offs	25	82748.89	50578.57	28334.34	15702.00	13651.74
Other expenses	26	50624.35	59180.56	49632.86	37266.04	31104.01
Total Expenses		433106.20	360723.61	264408.23	186933.78	127506.01
V. Profit before exceptional items and taxes (III-IV)		125364.40	134576.84	125061.67	92525.60	70244.82
VI. Exceptional items (net) - income / (expense)	27	-	-	2858.21	0.00	0.00
VII. Profit before tax (V + VI)		125364.40	134576.84	127919.88	92525.60	70244.82
VIII Tax expense:						
Current tax		51995.00	53540.00	43350.39	28962.00	24914.00
Deferred tax		(9808.19)	(7685.91)	(3699.69)	1551.93	(980.10)
		42186.81	45854.09	39650.70	30513.93	23933.90
IX Profit (Loss) for the year (VII - VIII)		83177.59	88722.75	88269.18	62011.67	46310.92
X Earnings per equity share (Rupees) :	28 (h)					
(Face value - Rs.2/- per share)						
(1) Basic	and for FY2010-11 and FY2011-12, refer note no. 49	14.75	15.75	16.59	60.46	47.85
(2) Diluted		14.62	15.60	16.40	59.63	44.53
Summary of significant accounting policies and notes to the financial statements	IV & V					

The notes referred to above form an integral part of the Statement of Profit and Loss
This is the Statement of Profit and Loss referred in our report of even date.

For B K Khare and Co.
Chartered Accountants
FRN:105102W

Ramesh Iyer
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825
Place: Mumbai
Date: March 15, 2016

ANNEXURE III
REFORMATTED CASH FLOW STATEMENT

Particulars	For the year ended March 31					
	2015	2014	2013	2012	2011	
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit before taxes and contingencies and exceptional items	125364.40	134576.84	125061.67	92525.60	70244.82	
Add/(Less):						
<u>Non Cash Expenses :</u>						
Depreciation and amortisation expense	4151.63	2429.62	2224.33	1956.32	1578.80	
Provision for Non-performing assets	33259.02	24486.70	5814.48	(3629.13)	(5200.59)	
General provision for Standard assets	1057.00	2110.00	1597.00	1207.00	3143.00	
Higher provision & provision for diminution in the fair value of restructured advances	31.87	-	-	-	-	
Employee compensation expense on account of ESOP Scheme	1065.33	307.33	443.02	749.65	143.18	
	39564.85	29333.65	10078.83	283.84	(335.61)	
Add/(Less):						
<u>Income considered separately :</u>						
Income on investing activities	(4550.21)	(2933.95)	(3098.11)	(1156.82)	(907.19)	
(Profit)/Loss on sale of assets	(14.99)	(8.29)	(8.70)	(30.21)	(11.46)	
(Profit)/Loss on sale of current investments	(468.64)	(9.15)	(231.18)	(734.43)	(52.41)	
Income from Assignment / Securitisation transactions	(25622.33)	(21372.47)	(21454.93)	(9249.49)	(8970.14)	
	(30656.17)	(24323.86)	(24792.92)	(11170.95)	(9941.20)	
Operating profit before working capital changes	(I)	134273.08	139586.63	110347.58	59968.01	
Less:						
(Increase)/Decrease in interest accrued others	(50.79)	(1603.28)	(198.59)	(169.40)	(280.27)	
(Increase)/Decrease in Trade receivables	868.11	(454.06)	(212.90)	(73.78)	29.38	
(Increase)/Decrease in Loans and advances	(402744.06)	(700909.48)	(797896.16)	(657221.09)	(461893.26)	
	(401926.74)	(702966.82)	(798307.65)	(657464.27)	(462144.15)	
Add: Increase in current liabilities	(II)	22500.32	23857.91	36751.90	20102.85	
	(379426.42)	(679108.91)	(761555.75)	(643998.66)	(442041.30)	
Cash generated from / (used in) operations	(I+II)	(245153.34)	(539522.28)	(651208.17)	(562360.17)	(382073.29)
Advance taxes paid		(53744.93)	(52224.45)	(44065.45)	(30367.77)	(26303.81)
		(298898.27)	(591746.73)	(695273.62)	(592727.94)	(408377.10)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)		(298898.27)	(591746.73)	(695273.62)	(592727.94)	(408377.10)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of fixed Assets / software	(3978.71)	(3701.15)	(3092.66)	(3807.43)	(5052.87)	
Sale of fixed assets	590.18	98.79	61.04	63.60	68.37	
Purchase of investments	(272739.41)	(219320.11)	(95990.51)	(158462.92)	(378645.62)	
Investments in / maturity of term deposits with banks	(4516.77)	(19771.00)	(19388.00)	6400.00	(4022.50)	
Sale of investments	274757.77	188509.31	90368.73	176402.21	332835.52	
Income received from investing activities	4334.01	2696.78	2834.14	1149.16	753.55	
(Increase) / Decrease in Earmarked balances with banks	0.24	4.58	(8.04)	(11.61)	(8.19)	
Proceeds from sale of long-term investments in equity shares of Mahindra Insurance Brokers Limited	-	0.00	6432.99	0.00	0.00	
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		(1552.69)	(51482.80)	(18782.31)	21733.01	(54071.74)

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
C. CASH FLOW FROM FINANCING ACTIVITIES					
Issue of Equity shares (net of issue expenses)	238.90	91.46	85531.99	106.34	41826.59
Increase/(Decrease) in Bank borrowings (net)	(245042.73)	344064.87	200175.75	242648.54	290872.18
Increase/(Decrease) in Long term borrowings (net)	25720.00	39990.00	191450.00	131485.00	9600.00
Increase/(Decrease) in Short term borrowings (net)	344785.00	(5650.00)	4188.00	365.00	(14190.00)
Increase/(Decrease) in Fixed deposits (net)	107803.59	127426.58	95305.83	54113.22	35444.06
Proceeds from Assignment / Securitisation transactions (in the form of EIS, Collection charges recovered etc.)	89044.34	159029.71	161623.22	155511.72	108930.92
Dividend paid (including tax on dividend)	(25157.82)	(23887.38)	(16816.18)	(12087.46)	(8502.77)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	297391.28	641065.24	721458.61	572142.36	463980.98
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(3059.68)	(2164.29)	7402.68	1147.43	1532.14
Cash and Cash Equivalents at the beginning of the year	22182.63	24346.92	16944.24	15796.81	14264.67
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note no. 17)	19122.95	22182.63	24346.92	16944.24	15796.81

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

Examined and found correct.

For B K Khare and Co.

Chartered Accountants
FRN:105102W

Naresh Kumar Kataria

Partner

Membership No. 37825

Place: Mumbai

Date: March 15, 2016

Ramesh Iyer

Managing Director

V Ravi

Executive Director &
Chief Financial Officer

ANNEXURE IV

For FY 2014-15:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

1) Basis for preparation of financial statements:

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

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

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 30 of notes to the financial statements)

2) Use of estimates :

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

3) Revenue recognition :

I. General :

The Company follows the accrual method of accounting for recognition of income except for delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis. Unrealized interest recognized as

income in the previous period is reversed in the month in which the loan is classified as Non-performing.

II. Income from loans :

- a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

III. Subvention income :

Subvention received from manufacturers/dealers on retail cases is booked over the period of the contract.

IV. Income from assignment / securitization transactions :

A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):

- i. In case of receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.
- ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.
- iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):

i. Securitisation transactions:

- a) Securitised receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
- b) Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).
- c) Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread

on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

ii. Assignment transactions:

- a) Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).
- b) The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 4, 8 and 37)

V. Income from investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.
- c) Interest income from investments made in structured instruments are accounted based on implicit rate built in such instruments.

4) Fixed assets, depreciation and amortization:

a) Tangible assets :

- i. Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
- ii. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

b) Depreciation on Tangible assets:

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

- i) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

- ii) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- iii) Repossessed assets, which are primarily used vehicles, that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.10.
- iv) Residual value of the assets is considered as nil reflecting the estimate of realisable values at the end of the useful life of an asset.

c) Intangible assets :

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

d) Amortization of Intangible assets:

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

5) Foreign exchange transactions and translations :

i. Initial recognition

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

ii. Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- b. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

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

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

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

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

- a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate which is either a premium or discount arising at the inception of a forward contract is amortised over the life of the contract. Unamortised forward premium as at the year end is reflected as Other long-term / short-term liabilities depending on the period over which the premium is amortised.
- b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.
- c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.
- d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.
- e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

6) Investments :

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

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

7) Loans against assets :

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

8) Employee benefits :

(a) Contribution to provident fund -

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

(b) Gratuity -

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

(c) Superannuation -

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

(d) Leave encashment / compensated absences / sick leave -

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

9) Borrowing costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

10) Current and deferred tax:

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

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

11) Share issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

12) Impairment of assets :

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

13) Provisions and contingent liabilities :

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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

14) Employee Stock Compensation Costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis. The options which have lapsed are reversed by a credit to Employee compensation cost, equal to the amortised portion of value of lapsed portion and credit to Deferred employee compensation cost equal the unamortised portion.

15) Lease :

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

16) Earnings Per Share :

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

For FY 2013-14:

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2014**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under section 133 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 30 of notes to the financial statements)

2) Use of estimates :

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

3) Revenue recognition :

I. General :

The Company follows the accrual method of accounting for recognition of income except for delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis.

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

II. Income from loans :

- a) Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- b) Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

III. Subvention income :

Subvention received from manufacturers/dealers on retail cases is booked over the period of the contract.

IV. Income from assignment / securitization transactions :

A. Income accounted prior to the issuance of RBI Circular dated August 21, 2012 (the Circular):

- i. Receivables assigned/securitised by the Company, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser.
- ii. On de-recognition, the difference between book value of the receivables assigned/securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment/securitisation.
- iii. On the maturity of an underlying assignment/securitisation deal, estimated provision for loss/expenses and incidental expenses in respect of the said deal are reversed as the actual losses/expenses have already been debited to the Statement of profit and loss over the period.

B. Income accounted post the issuance of RBI Circular dated August 21, 2012 (the Circular):

i. Securitisation transactions:

- a. Securitised receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
- b. Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).
- c. Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit

and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront

ii. Assignment transactions:

- a. Receivables under the assignment transactions are de-recognized in the balance sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances (refer note no. 13 and 18).
- b. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 4, 8 and 37 (b))

V. Income from investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.

4) Fixed assets, depreciation and amortization:

a) Tangible assets :

- i. Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation.
- ii. Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

b) Depreciation on Tangible assets:

- I. Depreciation on tangible assets is charged on Straight Line Method (SLM) at rates specified in Schedule XIV to the Companies Act, 1956 on a pro-rata basis except for following assets :
 - a) Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
 - b) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
 - c) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
 - d) Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same

have been grouped under the head 'Vehicles' forming part of Company's Tangible assets in note no.10.

c) Intangible assets :

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

d) Amortization of Intangible assets:

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is 36 months.

5) Foreign exchange transactions and translations :

i. Initial recognition

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

ii. Conversion

- a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.
- b. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

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

- a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of profit and loss.

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

- a. In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract.
- b. Exchange differences on such contracts are recognised in the Statement of profit and loss in the period in which the exchange rate changes.

- c. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognised as income or expense for the period.
- d. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

6) Investments :

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

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

7) Loans against assets :

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

8) Employee benefits :

a) Contribution to provident fund -

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

b) Gratuity -

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

c) Superannuation -

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

d) Leave encashment / compensated absences / sick leave -

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

9) Borrowing costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of profit and loss. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

10) Current and deferred tax:

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

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

11) Share issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

12) Impairment of assets :

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

13) Provisions and contingent liabilities :

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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

14) Employee Stock Compensation Costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation cost is amortized over the vesting period of the option on a straight line basis.

15) Lease :

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

16) Earnings Per Share :

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

For FY 2012-13:

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

1) Basis for preparation of financial statements:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for Standard assets as prescribed by The Reserve Bank of India (RBI) for Non-Banking Financial Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 30 of notes to the financial statements)

2) Use of estimates :

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

3) Revenue recognition :

i. General :

The Company follows the accrual method of accounting for recognition of income except for delayed payment charges, fee based income and Interest on trade advances, which on account of uncertainty of ultimate collection are accounted on receipt basis. Further, in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis.

ii. Income from loans :

Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

iii. Income from subvention/service/document charges :

Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract. However, service charges and documentation charges are booked at the commencement of the contract.

iv. Income from assignment / securitization transactions :

In assignment of receivables, the assets are de-recognised as all the rights, title, future receivables and interest thereof are assigned to the purchaser. On de-recognition, the difference between book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment. Such assignment transactions were executed prior to issuance of RBI guidelines dated August 21, 2012 for accounting and disclosure of securitisation / assignment transactions

The recently issued guidelines as mentioned above are applicable to transactions effected on or after that date. Accordingly, securitisation transactions effected post issuance of the said guidelines are accounted as under :

- a) Securitised receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
- b) Gains arising on securitisation of assets are recognised over the tenure of securities issued by Special Purpose Vehicles Trust (SPV).
- c) Company's contractual rights to receive the share of future interest (i.e. interest spread) in the transferred assets from the SPV is capitalised at the present value as Interest Only (I/O) strip with a corresponding liability created for unrealised gains on loan transfer transactions. The excess interest spread on the securitisation transactions are recognised in the Statement of profit and loss only when it is redeemed in cash by the SPV. Losses, if any, are recognised upfront.

v. Income from investments:

- a) Dividend from investments is accounted for as income when the right to receive dividend is established.
- b) Interest income is accounted on accrual basis.

4) Tangible and intangible assets :

a. Tangible assets :

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

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

b. Intangible assets :

Intangible assets comprising of computer software is initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

5) Depreciation / Amortization :

- i. Depreciation on fixed assets, other than repossessed assets capitalised for own use, is charged on Straight Line Method (SLM) at rates specified in Schedule XIV to The Companies Act, 1956 on a pro-rata basis except that :
 - a) Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
 - b) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase and
 - c) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- ii. Repossessed assets that have been capitalised for own use are depreciated @ 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of 'Owned Assets'.
- iii. Computer software is amortized over the estimated useful life. The maximum period for such amortization is 36 months.

6) Foreign exchange transactions :

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.

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

In case of forward contracts with underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of a forward contract is recognised as income or expense and is amortised over the life of the contract. Such forward contracts outstanding at the year end are marked to market and gain or loss thereon

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

7) Investments :

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. Such amortisation of premium is adjusted against interest income from investments. The book value of the investments is reduced to the extent of amount amortised during the relevant accounting period.

Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever ever is less.

8) Loans against assets :

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

9) Employee benefits :

a. Defined contribution plans –

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

b. Gratuity –

Liabilities with regard to the gratuity benefit payable in future are determined by actuarial valuation at each balance sheet date using the projected unit credit method and contributed to employee gratuity fund managed by Life Insurance Corporation of India. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the Statement of profit and loss in the period in which they arise.

c. Superannuation -

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India. The Company has no obligation to the scheme beyond its monthly contributions.

d. Leave encashment / compensated absences –

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

Hitherto, the Company has determined liability on account of leave encashment on actual basis. With effect from the current year, the liability has been determined on actuarial basis. This change has no material impact on the financial statements of the Company.

10) Borrowing costs :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

11) Taxes on income :

Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

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

12) Share issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve in the year in which they are incurred.

13) Impairment of assets :

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

14) Provisions and contingent liabilities :

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

15) Employee Stock Compensation Costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic value method (i.e. excess of market value of shares over the exercise price of the option at the date of grant). Compensation expense is amortized over the vesting period of the option on a straight line basis.

16) Lease :

Payments under operating lease arrangements are recognized as per the terms of the lease.

17) Earnings Per Share :

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

For FY 2011-12:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

SIGNIFICANT ACCOUNTING POLICIES (SAP):

1) Basis for Preparation of Accounts :

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act.

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets & liabilities.

Further, the Company follows prudential norms for Income Recognition and provisioning for Non-performing Assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies.

2) Use of Estimates :

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

3) Revenue Recognition :

i. General :

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, fee based income and Interest on Trade advance, which on account of uncertainty of ultimate collection are accounted on receipt basis. Also in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognised on receipt basis.

- ii. **Income from Loan :**
Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

- iii. **Income from Subvention/Service/Document Charges :**
Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract. However, service charges & documentation charges are booked at the commencement of the contract.

- iv. **Income from Assignment Transactions :**
In case of assignment of receivables the assets are de-recognised as all the rights, title, future receivables & interest thereof are assigned to the purchaser. On de-recognition, the difference between book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expenses & incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

- v. **Income from Investments:**
 - a) Dividend from investments is accounted for as income when the right to receive dividend is established.
 - b) Interest income is accounted on accrual basis.

4) Fixed Assets :

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

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

5) Depreciation :

- i. Depreciation on fixed assets, other than repossessed assets capitalised for own use, is charged using Straight Line Method at rates specified in Schedule XIV to The Companies Act, 1956 on a pro-rata basis except for :
 - a) Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
 - b) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase and
 - c) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.

- ii. Repossessed assets that have been capitalised for own use are depreciated @ 15% using the Straight Line Method over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of 'Owned Assets'.

6) Foreign Exchange Transactions :

All assets and liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the period end, except those covered by forward exchange contracts which are translated at contracted rates, where the difference between the contracted rate and the spot rate on the date of the transaction is charged to Profit and Loss Account over the period of the contract.

In case of the current assets, current liabilities and long term liabilities the exchange differences are recognised in the Profit and Loss Account.

7) Investments :

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long-term investments are classified as current investments and valued at cost or fair value which ever is less.

8) Loans against Assets :

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

9) Employee benefits :

Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries.

a. Defined Contribution Plans –

Company's contribution paid/payable during the period to Provident Fund and Labour Welfare fund are recognised in the Profit and Loss Account.

b. Defined Benefit Plan –

Company's liabilities towards gratuity is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

c. Liability on account of encashment of privilege leave to employees is considered as short term compensated expense provided at actual and on account of sick leave is considered as long term unfunded benefit & recognized on the basis of actuarial valuation using Projected Unit Credit Method determined by appointed actuary.

10) Borrowing Cost :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that

necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortised over the tenure of the respective borrowings.

11) Lease Hold Improvements :

Expenditure incurred on improvements to leasehold premises is classified into Capital and Revenue. Addition to assets are capitalised under Fixed Assets and balance expenditure if any is debited to Profit & Loss Account.

12) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

13) Intangible Assets :

All intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

Software expenses are treated as an intangible asset and amortized over the useful life of the asset. The maximum period for such amortization is 36 months.

14) Miscellaneous Expenditure :

a. Preliminary Expenses :

Preliminary expenses are charged to Profit and Loss Account in the year of incurrence.

b. Share Issue Expenses :

Expenses incurred in connection with fresh issue of Share Capital are adjusted against Securities Premium account in the year in which they are incurred.

15) Impairment of Assets :

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

16) Provisions & Contingent Liabilities :

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

17) Derivatives :

The hedging contracts comprise of interest rate swap undertaken to hedge interest rate risk on certain liabilities. These hedges are accounted for like the underlying liabilities. The net interest payable is accounted on accrual basis over the life of the swap.

18) Employee Stock Compensation Costs :

Measurement and disclosure of the Employee Share-based Payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The Company measures compensation cost relating to employee stock options using the Intrinsic Value Method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

ANNEXURE V**NOTES TO THE FINANCIAL STATEMENTS**

Note : 1

Share capital

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Authorised capital :					
70,00,00,000 equity shares of Rs.2/- each	14000.00	14000.00	14000.00	14000.00	14000.00
50,00,00,000 Redeemable preference shares of Rs.100/- each	5000.00	5000.00	5000.00	5000.00	5000.00
Issued capital :					
56,87,64,960 equity shares of Rs.2/- each	11375.30	11375.30	11375.30	10400.27	10400.27
(March 2014 and March 2013 : 56,87,64,960 equity shares of Rs.2/- each ; March 2012 and March 2011 : 10,40,02,735 equity shares of Rs.10/- each)					
Subscribed and paid-up capital :					
56,87,64,960 equity shares of Rs.2/- each fully paid up	11375.30	11375.30	11375.30	10400.27	10400.27
(March 2014 and March 2013 : 56,87,64,960 equity shares of Rs.2/- each ; March 2012 and March 2011 : 10,40,02,735 equity shares of Rs.10/- each)					
Less : Shares issued to ESOS Trust but not allotted to employees (46,24,289 equity shares of Rs.2/- each) (March 2014 : 52,39,841 equity shares of Rs.2/- each, March 2013 : 57,44,785 equity shares of Rs.2/- each, March 2012: 13,15,164 equity shares of Rs.10/- each, March 2011 : 15,49,771 equity shares of Rs.10/- each))	92.49	104.80	114.90	131.52	154.98
Total	11282.81	11270.50	11260.40	10268.75	10245.29

For FY 2014-15:

As at March 31

	2015		2014	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares :				
Balance at the beginning of the year	568764960	11375.30	568764960	11375.30
Fresh allotment of shares / any other adjustment during the year :	-	-	-	-
Balance at the end of the year	568764960	11375.30	568764960	11375.30
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding company : Mahindra & Mahindra Limited	291207660	5824.15	291207660	5824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Limited	291207660	5824.15	291207660	5824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) Terms / rights attached to equity shares

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

e) Shares issued to ESOS Trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 31, 2014 : Rs. 104.80 Lacs), Securities premium reserve by Rs.64.39 Lacs (March 31, 2014 : Rs. 86.83 Lacs) in respect of 46,24,289 equity shares of face value of Rs.2/- each (March 31, 2014 : 52,39,841 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.

For FY 2013-14:

	March 2014		March 2013	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares :				
Balance at the beginning of the year	568764960	11375.30	104002735	10400.27
Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year :				
1) Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP) (Equity shares of face value Rs.10/-each)	-	-	9750257	975.03
2) Addition on account of sub-division of equity shares of Rs.10/- face value into equity shares of Rs.2/- face value	-	-	455011968	-
Balance at the end of the year	568764960	11375.30	568764960	11375.30
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding company : Mahindra & Mahindra Limited	291207660	5824.15	291207660	5824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Limited	291207660	5824.15	291207660	5824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) Terms / rights attached to equity shares

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

e) Shares issued to ESOS Trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs.104.80 Lacs (March 2013 : Rs. 114.90 Lacs), Securities premium reserve by Rs. 86.83 Lacs (March 2013 : Rs. 112.70 Lacs) in respect of 52,39,841 equity shares of face value of Rs.2/- each (March 2013 : 57,44,785 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.

For FY 2012-13:

	March 2013		March 2012	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares :				
Balance at the beginning of the year (Equity shares of face value Rs.10/- each)	104002735	10400.27	104002735	10400.27
Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year :				
1) Private placement to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP) (Equity shares of face value Rs.10/-each)	9750257	975.03	-	-
2) Addition on account of sub-division of equity shares of Rs.10/- face value into equity shares of Rs.2/- face value (on 18th February,2013)	455011968	-	-	-
Balance at the end of the year	568764960	11375.30	104002735	10400.27
(Equity shares of face value Rs.2- each ; March 2012 : Rs.10/- each)				

	March 2013		March 2012	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
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 (Equity shares of face value of Rs.2- each ; March 2012 : Equity shares of face value of Rs.10/- each)	291207660	5824.15	58241532	5824.15
Percentage of holding (%)	51.20%	51.20%	56.00%	56.00%
c) Shareholders holding more than 5 percent shares :				
Mahindra & Mahindra Limited (Equity shares of face value of Rs.2- each ; March 2012 : Equity shares of face value of Rs.10/- each)	291207660	5824.15	58241532	5824.15
Percentage of holding (%)	51.20%	51.20%	56.00%	56.00%

d) Sub-division of equity shares

Pursuant to recommendation of the Board of Directors of the Company at its meeting held on 21st December, 2012 and followed by approval of the members by way of postal ballot, each equity share of the face value of Rs.10/- fully paid up was sub-divided into five Equity shares of Rs.2/- each fully paid up in February, 2013. In accordance with the Accounting Standard 20 pertaining to Earnings Per Share, the Company has given effect to the above mentioned sub-division of shares in computing the Earnings Per Share for the applicable previous year.

e) 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.

f) Shares issued to ESOS Trust

As per Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment which requires that shares allotted to a trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly Company has reduced the Share capital by Rs.114.90 Lacs (March 2012 : Rs. 131.52 Lacs), Securities premium reserve by Rs.112.70 Lacs (March 2012 : Rs. 155.23 Lacs) in respect of 57,44,785 equity shares of face value of Rs.2/- each (March 2012 : 13,15,164 equity shares of face value of Rs.10/- each) held by the trust pending for transfer into the beneficiary accounts of the eligible employees.

For FY 2011-12:

Other quantitative information :		
Particulars	March 2012	March 2011
a) Reconciliation of number of equity shares -		
Number of equity shares outstanding at the beginning of the year	104002735	96900525
Add : Fresh allotment of shares during the year :		
1) Private placement to Qualified Institutional Buyers (QIBs) under Qualified Institutional Placement (QIP)	0.00	6133205
2) Shares issued under Employees' Stock Option Scheme	0.00	969005
	0.00	7102210
Number of equity shares outstanding at the end of the year	104002735	104002735
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 (Equity shares of Rs.10/- each)	58241532	58241532
Percentage of holding (%)	56.00%	56.00%
c) Shareholders holding more than 5 percent shares :		
Mahindra & Mahindra Limited	58241532	58241532
Percentage of holding (%)	56.00%	56.00%

As per Guidance note issued by The Institute of Chartered Accountants of India on Accounting for Employee Share-based payment which requires that shares allotted to a trust but not transferred to the employees be reduced from Share Capital and Reserves. Accordingly Company has reduced the Share Capital by Rs.131.52 lakhs (Previous year : Rs.154.98 lakhs), Securities Premium by Rs.155.23 lakhs (Previous year : Rs.238.11 lakhs) in respect of 13,15,164 shares (Previous year : 15,49,771 shares) held by the trust pending for transfer into the beneficiary accounts of the eligible employees.

Note : 2

Reserves and surplus

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Capital redemption reserve :					
Balance as at the beginning of the year	5000.00	5000.00	5000.00	5000.00	5000.00
Add : Transfers during the year	-	-	-	-	-
	5000.00	5000.00	5000.00	5000.00	5000.00
Less : Deductions during the year	-	-	-	-	-
Balance as at the end of the year	5000.00	5000.00	5000.00	5000.00	5000.00
Securities premium reserve:					
Balance as at the beginning of the year	201824.74	201558.08	116689.20	116434.98	75339.18
Add : Additions during the year on account of -					
i) Exercise of employee stock options	499.51	266.66	444.18	254.22	55.05
ii) Fresh issue of shares	-	-	85704.76	-	42012.45
	202324.25	201824.74	202838.14	116689.20	117406.68
Less :Deductions during the year in respect of share issue expenses	-	-	1280.06	-	971.70
Balance as at the end of the year	202324.25	201824.74	201558.08	116689.20	116434.98
Less: Premium on shares issued to ESOS Trust but not allotted to employees	64.39	86.83	112.70	155.23	238.11
Net balance	202259.86	201737.91	201445.38	116533.97	116196.87
Statutory reserve :					
Balance as at the beginning of the year	81532.62	63787.62	46133.62	33730.62	24467.62
Add : Transfers from Surplus in the Statement of profit and loss	16,636.00	17,745.00	17,654.00	12,403.00	9,263.00
	98168.62	81532.62	63787.62	46133.62	33730.62
Less : Deductions during the year	-	-	-	-	-
Balance as at the end of the year	98168.62	81532.62	63787.62	46133.62	33730.62
General reserve :					
Balance as at the beginning of the year	36176.78	27303.78	18476.78	12274.78	7642.78
Add : Transfers from Surplus in the Statement of profit and loss	8,318.00	8,873.00	8,827.00	6,202.00	4,632.00
	44494.78	36176.78	27303.78	18476.78	12274.78
Less : Deductions during the year	-	-	-	-	-
Balance as at the end of the year	44494.78	36176.78	27303.78	18476.78	12274.78
Employees stock options outstanding :					
A) Employees stock options outstanding -					
Balance as at the beginning of the year	1333.81	1347.77	1804.70	1803.51	144.04
Add : Fresh grant of options	4465.00	289.16	-	278.19	1,718.19
	5798.81	1636.93	1804.70	2081.70	1862.23
Less : Transfers / reversals during the year					
i) Transfers to Securities premium reserve on exercise of options	499.51	266.66	444.18	254.22	55.05
ii) Reversals for options lapsed	57.85	36.46	12.75	22.78	3.67
Balance as at the end of the year (A)	5241.45	1333.81	1347.77	1804.70	1803.51
B) Deferred employee compensation :					
Balance as at the beginning of the year	462.18	572.30	1101.19	1595.43	24.09
Add : Fresh grant of options	4465.00	289.16	-	278.19	1,718.19
	4927.18	861.46	1101.19	1873.62	1742.28
Less : Amortisation during the year					
i) Transfers to employee compensation expenses	1269.48	362.82	516.14	749.65	143.18
ii) Reversals for options lapsed	57.85	36.46	12.75	22.78	3.67
Balance as at the end of the year (B)	3599.85	462.18	572.30	1101.19	1595.43
Balance as at the end of the year (A-B)	1641.60	871.63	775.47	703.51	208.08
Surplus in Statement of profit and loss :					
Balance as at the beginning of the year	172832.16	135885.23	97984.43	71353.77	51065.59
Less : Transitional depreciation charge (net of deferred tax) on recomputation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil.	317.77	-	-	-	-
	172514.39	135885.23	97984.43	71353.77	51065.59
Add : Adjustment as per scheme of Amalgamation (refer note no. 52 for FY14-15)	529.87	-	-	-	-
Add : Profit for the year transferred from the Statement of profit and loss	83177.59	88722.75	88269.18	62011.67	46310.92
	256221.85	224607.98	186253.61	133365.44	97376.51
Less : Appropriations :					
General reserve	8318.00	8873.00	8827.00	6202.00	4632.00
Statutory reserve	16636.00	17745.00	17654.00	12403.00	9263.00
Proposed dividend on equity shares	22750.60	21,613.07	20,475.54	14,560.38	10,400.36
Corporate dividend tax on equity shares	4424.02	3,544.75	3,411.84	2,255.80	1,727.38
Excess provision for corporate dividend tax on equity shares for earlier year	-	-	-	(40.17)	-
	52128.62	51775.82	50368.38	35381.01	26022.74
Balance as at the end of the year	204093.23	172832.16	135885.23	97984.43	71353.77
Total	555658.09	498151.10	434197.48	284832.31	238764.13

Note : 3**Long-term borrowings :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
a) Secured - #					
Non-convertible debentures (refer note no. 43)\$	357040.00	321520.00	313960.00	247470.00	79385.00
Term loans :					
- from banks (refer note no. 43)	666930.95	960495.23	708192.00	514030.30	449762.50
Foreign currency loans from banks (refer note no. 43)	12500.00	40305.51	27142.50	9800.00	10000.00
Total	1036470.95	1322320.74	1049294.50	771300.30	539147.50
b) Unsecured -					
Unsecured bonds (Subordinate debts) (refer note no. 44) \$	100910.00	79410.00	59410.00	51010.00	44100.00
Term loans from banks (refer note no. 44)	10000.00	10000.00	-	-	-
Fixed deposits (refer note no. 44)	331333.83	277863.14	192053.19	106413.65	65853.94
Loans and advances from related parties (ICDs) (refer note no.44)	-	725.00	775.00	350.00	300.00
Total	442243.83	367998.14	252238.19	157773.65	110253.94
Total (a+b)	1478714.78	1690318.88	1301532.69	929073.95	649401.44

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

\$ The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

Note : 4**Other long-term liabilities :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Deposits / advances received against loan agreements (refer note no.34)	1804.35	1333.08	1260.70	987.04	1143.05
Interest accrued but not due on borrowings	19283.53	15552.99	15983.12	3887.14	2577.21
Deferred subvention income	2508.93	3031.55	3424.05	2930.17	1381.80
Unrealised gains on loan transfers under securitisation transactions (refer note no.37)	5175.94	6629.14	3629.32	-	-
Cash profit on loan transfers under assignment transactions pending recognition	35.22	140.57	-	-	-
Derivative contract payables	-	954.49	-	-	-
Deferred premium payable to bank under forward exchange contracts on FCNR loans	1440.00	-	-	-	-
Total	30247.97	27641.82	24297.19	7804.35	5102.06

Note : 5**Long-term provisions :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Provision for employee benefits (refer note no. 35)	1140.24	987.23	702.43	159.71	66.61
Others -					
- Provision for Non-performing assets (refer note no. 30)	24734.42	17685.49	9552.06	13123.41	19442.62
- Contingent provisions for Standard assets (refer note no. 30)	6896.00	6372.00	5220.00	2334.00	1619.00
- Higher provision on restructured standard advances (refer note no. 30)	17.77	-	-	-	-
- Provision for diminution in the fair value of restructured advances (refer note no. 30)	7.62	-	-	-	-
- Provision for estimated loss/expenses on assignments	-	6756.55	15564.46	19754.12	23308.99
Total	32796.05	31801.27	31038.95	35371.24	44437.22

Note : 6**Short-term borrowings**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
a) Secured #					
(refer note no. 45)					
Term loans from banks	72700.00	55500.00	40500.00	58900.00	36500.00
Cash credit facilities with banks	59105.33	57232.21	75027.03	57101.31	21478.89
Total	131805.33	112732.21	115527.03	116001.31	57978.89
b) Unsecured -					
Loans from banks :					
- Term loans (refer note no.44)	-	2,200.00	-	22,500.00	-
- Overdraft facilities	-	-	2019.79	-	-
Loans and advances from related parties (ICDs) (refer note no.44)	850.00	3565.00	4215.00	2027.00	2162.00
Fixed deposits (refer note no. 44)	6943.06	5931.15	3362.41	1385.20	5014.91
Commercial Papers (CPs) (refer note no. 45)	347500.00	-	5000.00	3000.00	2500.00
Total	355293.06	11696.15	14597.20	28912.20	9676.91
Total (a+b)	487098.39	124428.36	130124.23	144913.51	67655.80

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

Note : 7**Trade payables :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Trade payables					
- Finance	33991.48	30095.50	34932.38	28187.83	11232.72
- Expenses	13798.95	13690.26	12951.94	9465.85	17320.65
Total	47790.43	43785.76	47884.32	37653.68	28553.37

Note : 8**Other current liabilities :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Current maturities of long-term debt					
a) Secured #					
Non-convertible debentures (refer note no.43) \$	152270.00	183520.00	167840.00	51815.00	93515.00
Foreign currency loans from banks (refer note no. 43)	42044.47	11983.00	10809.57	10000.00	-
Term loans from banks (refer note no.43)	335730.95	306338.48	236298.67	227482.20	139423.88
Total	530045.42	501841.48	414948.24	289297.20	232938.88
b) Unsecured -					
Unsecured bonds (subordinate debts) (refer note no. 44) \$	-	-	3100.00	3140.00	5000.00
Fixed deposits (refer note no. 44)	129746.50	76425.51	37377.62	29688.54	12505.32
Loans and advances from related parties (ICDs) (refer note no. 44)	725.00	50.00	150.00	-	-
Total	130471.50	76475.51	40627.62	32828.54	17505.32
Current maturities of finance lease obligations					
Interest accrued but not due on borrowings	40027.46	29745.21	14227.10	15497.78	11962.13
Unclaimed dividends	57.69	57.93	62.52	53.78	42.16
Deposits / advances received against loan agreements (refer note no.34)	1460.65	1647.04	1728.60	1642.99	1096.91
Amount received in advance from ESOS trust	156.88	191.63	227.60	286.75	393.09
Credit balances in current accounts with banks as per books	14032.27	7242.04	9430.67	9597.77	8546.48
Deferred subvention income	2284.76	2623.37	1855.43	1743.41	2272.97

Unrealised gains on loan transfers under securitisation transactions (refer note no.37)	19175.40	15910.53	7447.22	-	-
Cash profit on loan transfers under assignment transactions pending recognition	85.42	168.42	-	-	-
Insurance premium payable	3840.65	3694.88	3155.66	2425.24	1691.70
Payables under assignment / securitisation transactions	2932.13	6157.50	7590.56	5093.90	9944.13
Taxes deducted at source (TDS)	3009.23	2333.20	1528.83	1101.54	879.43
Others	1184.74	1026.17	891.41	490.78	422.88
Total	748764.20	649114.91	503721.46	360059.68	287696.08

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

\$ The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

Note : 9

Short-term provisions :

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Employee benefits (refer note no. 35)	3455.50	5168.37	3493.65	4219.61	3331.76
Others -					
- Provision for estimated loss/expenses on assignments	6756.56	8807.92	4189.65	3193.08	2117.38
- Provision for Non-performing assets (refer note no. 30)	71882.66	45672.57	29319.30	19933.48	17341.10
- Contingent provisions for Standard assets (refer note no.30)	5786.00	5253.00	4295.00	2016.00	1524.00
- Higher provision on restructured standard advances (refer note no.30)	4.54	-	-	-	-
- Provision for diminution in the fair value of restructured advances (refer note no.30)	1.94	-	-	-	-
- Proposed dividend on equity shares #	22750.60	21613.07	20475.54	14560.38	10400.27
- Corporate dividend tax #	4424.02	3544.75	3411.84	2255.80	1727.36
Total	115061.82	90059.68	65184.98	46178.35	36441.87

The Board of Directors have recommended a dividend of Rs.4.00 per share on equity share of face value of Rs.2/- each (March 31, 2014 : Rs.3.80 per share on equity share of face value Rs.2/-each; March 31,2013 : Rs.3.60 per share on equity share of face value Rs. 2/- each, March 31,2012 : Rs.2.80 per share on equity share of face value Rs. 2/- each, March 31,2011 : Rs.2.00 per share on equity share of face value Rs. 2/- each) for the current financial year. The dividend will absorb a sum of Rs. 27174.62 Lacs (March 31, 2014 : Rs. 25157.82 Lacs, March 31, 2013 : Rs. 23,887.38Lacs, March 31, 2012 : Rs. 16,816.18 Lacs, March 31, 2011 : Rs.12,127.63 Lacs) including dividend distribution tax.

For FY 2014-15

Note : 10

Fixed assets :

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION					NET BLOCK	
	As at 1st April, 2014	Additions	Deductions / adjustments	As at 31st March 2015	As at 1st April, 2014	Transitional depreciation#	Additions	Deductions / adjustments	As at 31st March 2015	As at 31st March 2015	As at 1st April, 2014
i) Tangible assets :											
Premises	108.92	-	-	108.92	17.59	-	1.82	-	19.41	89.51	91.33
Computers	4096.06	970.18	45.06	5021.18	2099.10	401.44	1118.20	45.06	3573.68	1447.50	1996.96
Furniture and fixtures	6252.18	583.19	18.42	6816.95	2032.83	36.38	799.84	12.02	2857.03	3959.92	4219.35
Vehicles	4836.17	530.54	198.56	5168.15	2094.53	1.86	823.09	113.01	2806.47	2361.68	2741.64
Office equipments	4596.45	1432.65	30.56	5998.54	2209.48	41.71	1126.93	28.71	3349.41	2649.13	2386.97
Total (i)	19889.78	3516.56	292.60	23113.74	8453.53	481.39	3869.88	198.80	12606.00	10507.74	11436.25
March 2014 :	18648.46	3426.06	2184.74	19889.78	8238.67	-	2309.10	2094.24	8453.53	11436.25	10409.79
ii) Intangible assets :											
Computer software	1614.60	253.69	-	1868.29	1120.50	-	281.75	-	1402.25	466.04	494.10
Total (ii)	1614.60	253.69	-	1868.29	1120.50	-	281.75	-	1402.25	466.04	494.10
March 2014 :	1150.30	464.30	-	1614.60	999.98	-	120.52	-	1120.50	494.10	150.32
Total (i+ii)	21504.38	3770.25	292.60	24982.03	9574.03	481.39	4151.63	198.80	14008.25	10973.78	11930.35
March 2014 :	19798.76	3890.36	2184.74	21504.38	9238.65	-	2429.62	2094.24	9574.03	11930.35	10560.11

represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on recomputation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no.24).

For FY 2013-14

Note : 10

Fixed assets :

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1st April, 2013	Additions	Deductions / adjustments	As at 31st March 2014	As at 1st April, 2013	Additions	Deductions / adjustments	As at 31st March 2014	As at 31st March 2014	As at 1st April, 2013
i) Tangible assets :										
Premises	108.92	-	-	108.92	15.82	1.77	-	17.59	91.33	93.10
Computers	4529.66	709.09	1142.69	4096.06	2695.32	545.44	1141.66	2099.10	1996.96	1834.34
Furniture and fixtures	5734.20	775.54	257.56	6252.18	1812.81	453.15	233.13	2032.83	4219.35	3921.39
Vehicles	4050.98	1088.68	303.49	4836.17	1729.51	608.06	243.04	2094.53	2741.64	2321.47
Office equipment	4224.70	852.75	481.00	4596.45	1985.21	700.68	476.41	2209.48	2386.97	2239.49
Total (i)	18648.46	3426.06	2184.74	19889.78	8238.67	2309.10	2094.24	8453.53	11436.25	10409.79
March 2013 :	15855.29	2977.07	183.90	18648.46	6240.82	2129.41	131.56	8238.67	10409.79	9614.47
ii) Intangible assets :										
Computer software	1150.30	464.30	-	1614.60	999.98	120.52	-	1120.50	494.10	150.32
Total (ii)	1150.30	464.30	-	1614.60	999.98	120.52	-	1120.50	494.10	150.32
March 2013 :	1000.17	150.13	-	1150.30	905.06	94.92	-	999.98	150.32	95.11
Total (i+ii)	19798.76	3890.36	2184.74	21504.38	9238.65	2429.62	2094.24	9574.03	11930.35	10560.11
March 2013 :	16855.46	3127.20	183.90	19798.76	7145.88	2224.33	131.56	9238.65	10560.11	9709.58

For FY 2012-13

Note : 10

Fixed assets :

Asset description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at 1st April, 2012	Additions	Deductions / adjustments	As at 31st March, 2013	As at 1st April, 2012	Additions	Deductions / adjustments	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
i) Tangible assets :										
Premises	108.92	-	-	108.92	14.04	1.78	-	15.82	93.10	94.88
Computers	4075.59	462.03	7.96	4529.66	2189.88	513.19	7.75	2695.32	1834.34	1885.71
Furniture and fixtures	4645.46	1101.63	12.89	5734.20	1353.51	466.70	7.39	1812.82	3921.38	3291.95
Vehicles	3659.88	544.44	153.34	4050.98	1268.63	568.26	107.38	1729.51	2321.47	2391.25
Office equipment	3365.44	868.97	9.71	4224.70	1414.76	579.49	9.04	1985.21	2239.49	1950.68
Total (i)	15855.29	2977.07	183.90	18648.46	6240.82	2129.41	131.57	8238.67	10409.79	9614.47
March 2012 :	11600.89	4512.89	258.49	15855.29	4573.42	1892.51	225.10	6240.82	9614.47	7027.47
ii) Intangible assets :										
Computer software	1000.17	150.13	-	1150.30	905.06	94.92	-	999.98	150.32	95.11
Total (ii)	1000.17	150.13	-	1150.30	905.06	94.92	-	999.98	150.32	95.11
March 2012 :	988.64	11.53	-	1000.17	841.25	63.81	-	905.06	95.11	147.39
Total (i+ii)	16855.46	3127.20	183.90	19798.76	7145.88	2224.33	131.57	9238.64	10560.11	9709.58
March 2012 :	12589.53	4524.42	258.49	16855.46	5414.67	1956.32	225.10	7145.89	9709.57	7174.86

For FY 2011-12

Note : 10

Fixed Assets :

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK	
	Balance as at 1/04/2011	Additions for purchase / transfer	Deductions for Sale / transfer	Balance as at 31/03/2012	Balance as at 01/04/2011	Additions for purchase / transfer	Deductions for Sale / transfer	Balance as at 31/03/2012	As at 01/04/2011	As at 31/03/2012
i) Tangible Assets :										
Land	6.96	0.00	6.96	0.00	0.00	0.00	0.00	0.00	6.96	0.00
Premises	108.92	0.00	0.00	108.92	12.27	1.78	0.00	14.05	96.65	94.87
Computers	2975.81	1103.61	3.83	4075.59	1738.93	451.92	0.97	2189.88	1236.88	1885.71
Furniture and Fixtures	3126.00	1521.28	1.82	4645.46	963.95	389.78	0.22	1353.51	2162.05	3291.96
Vehicles	3200.34	704.89	245.35	3659.88	901.29	591.11	223.77	1268.63	2299.05	2391.26
Office Equipment	2182.86	1183.11	0.53	3365.44	956.98	457.92	0.14	1414.76	1225.88	1950.68
Total (i)	11600.89	4512.89	258.49	15855.29	4573.42	1892.50	225.10	6240.82	7027.47	9614.47
ii) Intangible Assets :										
Computer software	988.64	11.53	0.00	1000.17	841.25	63.81	0.00	905.06	147.39	95.11
Total (ii)	988.64	11.53	0.00	1000.17	841.25	63.81	0.00	905.06	147.39	95.11
Total (i+ii)	12589.53	4524.42	258.49	16855.46	5414.67	1956.31	225.10	7145.88	7174.86	9709.58
As on 31-03-2011	8220.34	4731.62	362.43	12589.53	4141.39	1578.80	305.52	5414.67	4078.95	7174.86

Note : 11

Non-current investments :

Particulars	As at March 31				
	2015	2014	2013	2012	2011
A) Quoted (at cost) : Trade					
(i) Government securities (refer note no. 11(i))	50612.79	37895.56	24168.13	14725.65	9359.64
(ii) Secured redeemable non-convertible debentures (Non-current portion of long term investments in secured redeemable non-convertible debentures)	5354.17	-			
(A)	55966.96	37895.56	24168.13	14725.65	9359.64
B) Unquoted (at cost) : Non-trade					
(a) Equity investment in subsidiary companies :					
(i) Mahindra Insurance Brokers Limited (2190722 equity shares @ Rs.10/- each fully paid up (refer note no. 11(ii)) March 2014 and March 2013 : 2190722 equity shares @ Rs.10/- each fully paid up ; March 2012 : 25,00,000 equity shares @ Rs.10/- each fully paid up, and March 2011: 5,00,000 equity shares @ Rs.10/- each fully paid up)	47.98	47.98	47.98	54.76	54.76
(ii) Mahindra Rural Housing Finance Limited - Fully paid-up : (575,20,003 equity shares of Rs.10/- each fully paid up ; Of which 17520003 equity shares are at a premium of Rs. 15/- per share) (March 2014 : Fully paid up : 4,00,00,000 equity shares of Rs.10/- each ; Partly paid up : 17520003 equity shares of face value of Rs.10/- each at a premium of Rs.15/- per share, Rs.12.50 paid up, including premium of Rs.7.50 per share) (March 2013 and March 2012 : Fully paid up : 4,00,00,000 equity shares of Rs.10/- each) March 2011 : Fully paid up : 50,00,000 equity shares of Rs.10/- each; Partly paid up : 3,50,00,000 equity shares of face value of Rs.10/- each , Rs.6/- per share paid up)	8380.00	6190.00	4000.00	4000.00	2600.00
(iii) Mahindra Business & Consulting Services Pvt. Ltd. (refer note no.52 for FY14-15) (March 2014, March 2013, March 2012 and March 2011 :10000 equity shares of Rs.10/- each fully paid up)	-	1.00	1.00	1.00	1.00
(iv) Mahindra Asset Management Company Private Ltd. - Fully paid-up : (10,50,000 equity shares of Rs.10/- each fully paid up ; Of which 1,00,000 equity shares of Rs.10/- per share were issued at par on rights basis in the ratio of 2:1 in September 2014 and 9,00,000 equity shares of Rs.10/- per share were issued at par on rights basis in the ratio of 6:1 on then share capital in January, 2015) (March 2014 : 50,000 equity shares of Rs.10/- each fully paid up; March 2013, March 2012 and March 2011 : Nil)	105.00	5.00	-	-	-
(vi) Mahindra Trustee Company Private Ltd. (50,000 equity shares of Rs.10/- each fully paid up ; March 2014, March 2013, March 2012 and March 2011 : Nil)	5.00	-	-	-	-
	8537.98	6243.98	4048.98	4055.76	2655.76
(b) Equity investment in Joint Venture :					
49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC. in United States of America) (refer note no. 11(iii))	10787.01	7788.05	5594.32	2531.63	2282.27
(c) Equity investment in other entities :					
New Democratic Electoral Trust (500 equity shares of Rs.10/- each fully paid up ; March 2014, March 2013, March 2012 and March 2011 : Nil)	0.05	-	-	-	-
	19325.04	14032.03	9643.30	6587.39	4938.03
(d) Investment in Bonds / Debentures :					
Less: Aggregate Provision for diminution in value of investments	-	-	-	-	-
70 11% Unsecured redeemable non-convertible subordinate debentures issued by Mahindra Rural Housing Finance Limited (Tenure : 5 years and 6 months ; Maturity : 28th Dec, 2018)	700.00	700.00	700.00	-	-
(B)	20025.04	14732.03	10343.30	6587.39	4938.03
Total (A + B)	75992.00	52627.59	34511.43	21313.04	14297.67

Additional Information :

Particulars	As at March 31				
	2015	2014	2013	2012	2011
a) Aggregate amount of quoted investments and market value -					
i) Aggregate amount	55966.96	37895.56	24168.13	14725.65	9359.64
ii) Market value	58916.61	36504.87*	24709.68	14501.98	9296.64
b) Aggregate amount of unquoted investments	20025.04	14732.03	10343.30	6587.39	4938.03

* Having regard to the long-term nature of the investments, the decline in market value as compared to carrying value is considered temporary, hence no provision for diminution in value is considered necessary.

For FY 2014-15:

i) Details of quoted Long-term investments in Government stock :

As at March 31, 2015:

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1084.47
Govt Stock 8.13%-21/09/2022	100	1500000	1507.06
Govt Stock 8.20%-15/02/2022	100	1000000	1006.17
Govt Stock 8.20%-15/02/2022	100	1000000	1001.80
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 7.16%-20/5/2023	100	1000000	900.55
Govt Stock 7.16%-20/5/2023	100	1000000	904.70
Govt Stock 8.83%-25/11/2023	100	2000000	2034.93
Govt Stock 9.15%-14/11/2024	100	2500000	2666.00
Govt Stock 9.15%-14/11/2024	100	1000000	1111.57
Govt Stock 8.28%-21/09/2027	100	1500000	1380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1867.90
Govt Stock 8.28%-21/09/2027	100	1000000	932.65
Govt Stock 8.24%-15/02/2027	100	2000000	1898.50
Govt Stock 8.24%-15/02/2027	100	1000000	959.15
Govt Stock 8.24%-15/02/2027	100	1000000	956.33
Govt Stock 8.28%-21/09/2027	100	2000000	2002.53
Govt Stock 8.97%-05/12/2030	100	1000000	1028.19
Govt Stock 8.97%-05/12/2030	100	1000000	1029.53
Govt Stock 8.97%-05/12/2030	100	500000	516.53
Govt Stock 8.97%-05/12/2030	100	1000000	1033.47
Govt Stock 8.97%-05/12/2030	100	500000	526.58
Govt Stock 8.97%-05/12/2030	100	1000000	1042.83
Govt Stock 8.97%-05/12/2030	100	1500000	1600.64
Govt Stock 8.97%-05/12/2030	100	1000000	1111.60
Govt Stock 8.97%-05/12/2030	100	1000000	1094.09
Govt Stock 8.97%-05/12/2030	100	1500000	1450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2204.88

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 8.28%-15/02/2032	100	2500000	2401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1469.33
Total		51000000	50612.79

As at March 31, 2014 :

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1098.16
Govt Stock 8.13%-21/09/2022	100	1500000	1508.00
Govt Stock 8.20%-15/02/2022	100	1000000	1007.06
Govt Stock 8.20%-15/02/2022	100	1000000	1002.06
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 9.15%-14/11/2024	100	2500000	2683.23
Govt Stock 9.15%-14/11/2024	100	1000000	1123.16
Govt Stock 8.28%-21/09/2027	100	1500000	1380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1867.90
Govt Stock 8.97%-05/12/2030	100	1000000	1029.99
Govt Stock 8.97%-05/12/2030	100	1000000	1031.42
Govt Stock 8.97%-05/12/2030	100	500000	517.58
Govt Stock 8.97%-05/12/2030	100	1000000	1035.60
Govt Stock 8.97%-05/12/2030	100	500000	528.28
Govt Stock 8.97%-05/12/2030	100	1000000	1045.56
Govt Stock 8.97%-05/12/2030	100	1500000	1607.06
Govt Stock 8.97%-05/12/2030	100	1000000	1118.72
Govt Stock 8.97%-05/12/2030	100	1000000	1100.08
Govt Stock 8.97%-05/12/2030	100	1500000	1450.20
Govt Stock 8.28%-15/02/2032	100	2500000	2401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1018.81
Govt Stock 8.83%-12/12/2041	100	1000000	1024.52
Govt Stock 8.83%-12/12/2041	100	1500000	1469.33
Total		38000000	37895.56

Quoted investments of Rs.50612.79 Lacs (March 31, 2014 : Rs. 37895.56 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.

ii) Details of investments in Secured redeemable non-convertible debentures :

As at March 31, 2015:

Sr. No	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.5	375	562.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1375.00
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
8	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
9	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1375.00

Sr. No	ISIN Description	Total Quantity	Face Value	(a) Non Current	(b) Current	Total
10	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
11	GRAMA VIDYAL MICRO FINANCE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	200	2000.00	833.33	1000.00	1833.33
12	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500.00	375.00	750.00	1125.00
13	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1375.00
14	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
	Total			5354.17	7875.00	13229.17

iii) During the year, the Company has made following equity investments –

- a) Rs. 2190.00 Lacs in Mahindra Rural Housing Finance Ltd., its subsidiary, being the payment towards final call money @ Rs. 12.50 per Equity share (including premium of Rs.7.50 per Equity share) on 1,75,20,003 Equity shares of Rs.10/- each issued on a rights basis in May, 2013 for cash at a premium of Rs.15/- per Equity share, which now stands fully paid up.
- b) Rs.100.00 lacs being the additional investment by subscription to 10,00,000 equity shares of face value of Rs.10/- each issued on a rights basis at par for cash in Mahindra Asset Management Company Private Limited, a wholly owned subsidiary.
- c) Rs. 5.00 Lacs as initial investment in 50,000 equity shares of face value of Rs.10/- each in Mahindra Trustee Company Private Limited, a newly formed subsidiary, which was incorporated on July 10, 2013.
- d) Rs. 2998.96 Lacs (US \$ 4.92 million) (March 2014 : Rs. 2193.73 Lacs equivalent to US \$3.84 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.
- e) Rs. 0.05 Lacs as investment in 500 equity shares of face value of Rs.10/- each in New Democratic Electoral Trust, a section 8 company formed by Mahindra & Mahindra Limited.

For FY 2013-14

i) Details of quoted Long-term investments in Government stock :

As on 31st March, 2014:

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1098.16
Govt Stock 8.13%-21/09/2022	100	1500000	1508.00
Govt Stock 8.20%-15/02/2022	100	1000000	1007.06
Govt Stock 8.20%-15/02/2022	100	1000000	1002.06
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 9.15%-14/11/2024	100	2500000	2683.23
Govt Stock 9.15%-14/11/2024	100	1000000	1123.16
Govt Stock 8.28%-21/09/2027	100	1500000	1380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1867.90
Govt Stock 8.97%-05/12/2030	100	1000000	1029.99
Govt Stock 8.97%-05/12/2030	100	1000000	1031.42
Govt Stock 8.97%-05/12/2030	100	500000	517.58
Govt Stock 8.97%-05/12/2030	100	1000000	1035.60
Govt Stock 8.97%-05/12/2030	100	500000	528.28
Govt Stock 8.97%-05/12/2030	100	1000000	1045.56
Govt Stock 8.97%-05/12/2030	100	1500000	1607.06
Govt Stock 8.97%-05/12/2030	100	1000000	1118.72
Govt Stock 8.97%-05/12/2030	100	1000000	1100.08
Govt Stock 8.97%-05/12/2030	100	1500000	1450.20
Govt Stock 8.28%-15/02/2032	100	2500000	2401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1018.81
Govt Stock 8.83%-12/12/2041	100	1000000	1024.52
Govt Stock 8.83%-12/12/2041	100	1500000	1469.33
Total		3800000	37895.56

As on 31st March,2013 :

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 10.25%-30/05/2021	100	1000000	1111.85
Govt Stock 8.13%-21/09/2022	100	1500000	1508.95
Govt Stock 8.20%-15/02/2022	100	1000000	1007.96
Govt Stock 8.20%-15/02/2022	100	1000000	1002.32
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 9.15%-14/11/2024	100	2500000	2700.47
Govt Stock 8.97%-05/12/2030	100	1000000	1031.78
Govt Stock 8.97%-05/12/2030	100	1000000	1033.30
Govt Stock 8.97%-05/12/2030	100	500000	518.64
Govt Stock 8.97%-05/12/2030	100	1000000	1037.74
Govt Stock 8.97%-05/12/2030	100	500000	529.97
Govt Stock 8.97%-05/12/2030	100	1000000	1048.29
Govt Stock 8.97%-05/12/2030	100	1500000	1613.47
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1019.49
Govt Stock 8.83%-12/12/2041	100	1000000	1025.41
Total		24000000	24168.13

Quoted investments of Rs. 37895.56 Lacs (March 2013 : Rs. 24168.13 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

ii) During the year, the Company has made following investments –

- a) Rs. 2190.00 Lacs in Mahindra Rural Housing Finance Ltd., its subsidiary, by subscription to 1,75,20,003 Equity shares of Rs.10/- each for cash at a premium of Rs.15/- per Equity share on a rights basis on which Rs.12.50 per Equity share (including premium of Rs.7.50 per Equity share) has been paid up.
- b) Rs.5.00 lacs being initial investment in 49998 equity shares of face value of Rs.10/- each in Mahindra Asset Management Company Private Limited, a newly formed subsidiary, which was incorporated on 20th June, 2013.

- c) Rs.2193.73 Lacs (US \$ 3.84 million) (March 2013 : Rs. 3062.69 Lacs equivalent to US \$5.68 million) being additional equity infusion in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

For FY 2012-13

(i) Details of quoted long-term investments in Government stock as on 31st March,2013

Particulars	Face value (Rs.)	Units	Amount
Govt stock 6.90%-13/07/2019	100	100000000	947.79
Govt stock 6.90%-13/07/2019	100	150000000	1427.50
Govt stock 6.90%-13/07/2019	100	100000000	932.55
Govt stock 10.25%-30/05/2021	100	100000000	1111.85
Govt stock 6.35%-02/01/2020	100	100000000	885.25
Govt stock 8.13%-21/09/2022	100	150000000	1508.95
Govt stock 8.20%-15/02/2022	100	100000000	1007.96
Govt stock 8.20%-15/02/2022	100	100000000	1002.32
Govt stock 7.80%-03/05/2020	100	50000000	488.65
Govt stock 8.13%-21/09/2022	100	50000000	490.95
Govt stock 8.13%-21/09/2022	100	50000000	490.71
Govt stock 8.13%-21/09/2022	100	100000000	955.80
Govt stock 8.30%-02/07/2040	100	150000000	1359.30
Govt stock 8.97%-05/12/2030	100	100000000	1031.78
Govt stock 8.97%-05/12/2030	100	100000000	1033.30
Govt stock 8.83%-12/12/2041	100	100000000	1019.49
Govt stock 8.83%-12/12/2041	100	100000000	1025.41
Govt stock 8.97%-05/12/2030	100	50000000	518.64
Govt stock 8.97%-05/12/2030	100	100000000	1037.74
Govt stock 8.97%-05/12/2030	100	50000000	529.97
Govt stock 8.97%-05/12/2030	100	100000000	1048.29
Govt stock 9.15%-14/11/2024	100	250000000	2700.47
Govt stock 8.97%-05/12/2030	100	150000000	1613.47
Total		2400000000	24168.13

Details of quoted long-term investments in Government stock as on 31st March 2012

Particulars	Face value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 10.25%-30/05/2021	100	1000000	1153.00
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 8.13%-21/09/2022	100	1500000	1511.55
Govt Stock 8.20%-15/02/2022	100	1000000	1010.35
Govt Stock 8.20%-15/02/2022	100	1000000	1003.00
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.97%-05/12/2030	100	1000000	1033.90
Govt Stock 8.97%-05/12/2030	100	1000000	1035.35
Total		15000000	14725.65

Quoted investments of Rs.24168.13 Lacs (March 2012 : Rs.14725.65 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

- ii. During the year, the Company has sold 3,09,278 equity shares of face value of Rs.10/- each representing 12.37% of holding in subsidiary company, Mahindra Insurance Brokers Ltd., at Rs. 2080/- per share for a consideration aggregating Rs.6432.98 Lacs to Inclusion Resources Private Limited (IRPL), a Singapore-based subsidiary of LeapFrog Financial Inclusion Fund (LFIF) vide corporate action dated March 28, 2013 and issue of transfer instruction dated March 30, 2013.

On account of a technical issue raised by the Depository Participant of IRPL, the actual transfer of 309,278 equity shares from the demat account of MMFSL, was recorded in the demat account of IRPL on April 2, 2013, being the next working day. The capital profit on this sale transaction amounting to Rs.6426.21 Lacs has been shown as an Exceptional items in the Statement of profit and loss.

- iii. During the year, the Company has made an additional investment of Rs. 3062.69 Lacs (US \$ 5.68 million) in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

For FY 2011-12

Details of quoted long-term investments in Government stock as on 31st March 2012

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 10.25%-30/05/2021	100	1000000	1153.00
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 8.13%-21/09/2022	100	1500000	1511.55
Govt Stock 8.20%-15/02/2022	100	1000000	1010.35
Govt Stock 8.20%-15/02/2022	100	1000000	1003.00
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Govt Stock 8.13%-21/09/2022	100	500000	490.95
Govt Stock 8.13%-21/09/2022	100	500000	490.71
Govt Stock 8.13%-21/09/2022	100	1000000	955.80
Govt Stock 8.30%-02/07/2040	100	1500000	1359.30
Govt Stock 8.97%-05/12/2030	100	1000000	1033.90
Govt Stock 8.97%-05/12/2030	100	1000000	1035.35
Total		15000000	14725.65

Details of quoted long-term investments in Government stock as on 31st March 2011

Particulars	Face Value (Rs.)	Units	Amount
Govt Stock 6.90%-13/07/2019	100	1000000	947.79
Govt Stock 6.90%-13/07/2019	100	1500000	1427.50
Govt Stock 6.90%-13/07/2019	100	1000000	932.55
Govt Stock 10.25%-30/05/2021	100	1000000	1153.00
Govt Stock 6.35%-02/01/2020	100	1000000	885.25
Govt Stock 8.13%-21/09/2022	100	1500000	1511.55
Govt Stock 8.20%-15/02/2022	100	1000000	1010.35
Govt Stock 8.20%-15/02/2022	100	1000000	1003.00
Govt Stock 7.80%-03/05/2020	100	500000	488.65
Total		9500000	9359.64

Quoted investments of Rs.14725.65 lakhs (Previous year : Rs.9359.64 lakhs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.

@ During the year, the Company has made an additional investment of Rs.249.36 lakhs (US \$ 0.49 million) in Mahindra Finance USA LLC, a 49% joint venture company formed jointly with De Lage Landen Financial Services Inc. in United States.

* During the year, the company has made an investment of Rs.1400.00 lakhs in Mahindra Rural Housing Finance Limited, its subsidiary, in response to call @ Rs.4/- per share being made on 3,50,00,000 equity shares of Rs.10/- each.

Note : 12**Deferred tax assets (net) :**

Particulars	As at March 31					
	2015	2014	2013	2012	2011	
(a) Deferred tax assets						
Provision for non performing assets / loss and expenses on assignments	35779.54	26825.77	19926.80	18,125.67	20107.51	
Provision on standard assets	4388.99	3951.34	3234.15	1,411.36	1019.75	
Other disallowances	694.60	748.64	675.02	626.28	559.82	
Difference between written down value as per books of account and Income Tax Act, 1961	663.04	-	-	-	-	
	(a)	41526.17	31525.75	23835.97	20163.31	21687.08
(b) Deferred tax liabilities						
Difference between written down value as per books of account and Income Tax Act, 1961	-	19.11	15.25	42.28	14.12	
	(b)	-	19.11	15.25	42.28	14.12
Net Deferred tax assets	(a) - (b)	41526.17	31506.64	23820.72	20121.03	21672.96

Note : 13**Long-term loans and advances :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Unsecured, considered good unless otherwise stated :					
Capital advances	238.55	38.64	133.27	102.66	280.37
Deposits for office premises / others	1834.70	1656.70	1411.54	1035.77	949.60
Loans and advances to related parties (Portfolio purchased from Mahindra Holidays & Resorts India Ltd.)	-	-	1091.74	2909.11	6077.52
Loans against assets (secured, including overdue loans) #	1684606.43	1564715.80	1277141.69	911486.00	621790.78
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 48 for FY14-15)	403.46	828.43	2041.02	-	-
Retained interest under assignment transactions	257.64	703.85	-	-	-
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 37(d))	5175.94	6629.14	3629.32	-	-
Loans and advances (including overdue loans) @	3195.52	3081.69	4793.76	5523.38	2116.05
Inter corporate deposits	4656.50	291.27	1736.64	4713.99	-
# Includes non-performing assets of Rs.45782.78 Lacs (March 2014 : Rs.34043.28 Lacs; March 2013 : Rs. 16158.20 Lacs; March 2012 : Rs. 17984.37 Lacs; March 2011 : Rs.19967.88 Lacs) (refer note no. 5, 9 and 31 (a))					
@ Includes non-performing assets of Rs.214.80 Lacs (March 2014 : Rs.57.80 Lacs; March 2013 : Rs. 56.91 Lacs; March 2012 : Rs.150.15 Lacs; March 2011 : Rs.101.39 Lacs) (refer note no. 5, 9 and 30)					
Total	1700368.74	1577945.52	1291978.98	925770.91	631214.32

Note : 14**Other non-current assets :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Term deposits with banks with original maturity greater than 12 months					
- Free	4086.77	2500.00	5000.00	-	1809.00
- Under lien (refer note no. 17 (a))	18354.12	11093.00	11777.00	1517.00	2012.00
Derivative contract receivables	-	-	279.50	-	-
Exchange gain receivable on forward contract on FCNR loans	168.00	-	-	-	-
Deferred premium on FCNR loan forward contracts	594.57	-	-	-	-
Total	23203.46	13593.00	17056.50	1517.00	3821.00

Note : 15**Current investments :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
i) Quoted -					
Secured redeemable non-convertible debentures (refer note no.11) (Current portion of long term investments in secured redeemable non-convertible debentures)	7875.00	-	-	-	-
	7875.00	-	-	-	-
ii) Unquoted (at cost) :					
Certificate of deposits with banks	-	24289.13	19585.34	28937.55	53157.78
Commercial Papers	1500.00	10000.00	2000.00	-	-
(100 CP instruments, face value of Rs.15.00 Lacs per CP issued by IKF Finance Limited ; March 2014: 2000 CPs, face value of Rs. 5.00 Lacs each issued by Citicorp Finance (India) Limited; March 2013 400 CPs of face value of Rs.5.00 lacs each issued by Manappuram Finance Limited: and March 2012 and March 2011 :Nil)	1500.00	34289.13	21585.34	28937.55	53157.78
Total	9375.00	34289.13	21585.34	28937.55	53157.78
Additional Information :					
Particulars	2015	2014	2013	2012	2011
Aggregate amount of quoted investments and market value -					
i) Aggregate amount	7875.00	-	-	-	-
ii) Market Value	7875.00*	-	-	-	-
Aggregate amount of unquoted investments	1500.00	34289.13	21585.34	28937.55	53157.78

* Book value is taken as market value since market quotes are not available in the absence of trades.

For FY 2014-15:-

Details of unquoted current investments in certificate of deposits :

As at March 31, 2015 : Nil

As at March 31, 2014 :

Particulars	Face Value (Rs.)	Units	Amount
Indian Bank	100000	5000	4924.83
Punjab National Bank	100000	2500	2297.66
Punjab National Bank	100000	2500	2297.66
Canara Bank	100000	5000	4944.74
Union Bank of India	100000	5000	4917.75
Indian Bank	100000	5000	4906.50
Total		25000	24289.13

For FY 2013-14:-

Details of unquoted current investments in certificate of deposits :

As on 31st March 2014 :

Particulars	Face Value (Rs.)	Units	Amount
Indian Bank	100000	5000	4924.83
Punjab National Bank	100000	2500	2297.66
Punjab National Bank	100000	2500	2297.66
Canara Bank	100000	5000	4944.74
Union Bank of India	100000	5000	4917.75
Indian Bank	100000	5000	4906.50
Total		25000	24289.13

As on 31st March 2013 :

Particulars	Face value (Rs.)	Units	Amount
Indian Overseas Bank	100000	20000	19585.34
Total		20000	19585.34

For FY 2012-13:-

Details of unquoted current investments in certificate of deposits as on 31st March 2013

Particulars	Face value (Rs.)	Units	Amount
Indian Overseas Bank	100000	20000	19585.34
Total		20000	19585.34

Details of unquoted current investments in certificate of deposits as on 31st March 2012

Particulars	Face value (Rs.)	Units	Amount
Corporation Bank	100000	5000	4532.72
Central Bank of India	100000	10000	9774.42
Oriental Bank of Commerce	200000	10000	9759.36
UCO Bank	100000	5000	4871.05
Total		30000	28937.55

For FY 2011-12:-

Details of unquoted current investments in certificate of deposits as on 31st March 2012

Particulars	Face Value (Rs.)	Units	Amount
Corporation Bank	100000	5000	4532.72
Central Bank of India	100000	10000	9774.42
Oriental Bank of Commerce	200000	10000	9759.36
UCO Bank	100000	5000	4871.05
Total		30000	28937.55

Details of unquoted current investments in certificate of deposits as on 31st March 2011

Particulars	Face Value (Rs.)	Units	Amount
Central Bank of India	100000	20000	19585.18
Canara Bank	100000	5000	4544.19
Central Bank of India	100000	10000	9803.34
Punjab National Bank	100000	5000	4877.19
Bank of India	100000	5000	4540.00
Syndicate Bank	100000	10000	9807.88
Total		55000	53157.78

Note : 16**Trade receivables**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Secured, considered doubtful unless otherwise stated :					
Trade receivable on hire purchase transactions # (outstanding for a period exceeding six months)	375.53	377.66	379.57	381.69	384.06
Unsecured, considered good unless otherwise stated :					
Debts outstanding for a period exceeding six months	29.08	0.12	35.85	44.25	-
Debts outstanding for a period not exceeding six months	162.64	1057.58	565.88	342.46	310.56
# Includes non-performing assets of Rs.375.53 Lacs (March 2014 : Rs.377.66 Lacs; March 2013 : Rs.379.57 Lacs; March 2012 : Rs.381.69 Lacs; March 2011 : Rs.384.06 Lacs) (refer note no. 5, 9 and 30)					
Total	567.25	1435.36	981.30	768.40	694.62

Note : 17**Cash and bank balances :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Cash and cash equivalents :					
- Cash on hand	1622.33	2542.72	2106.46	836.87	669.56
- Cheques and drafts on hand	296.98	608.52	484.46	65.95	92.71
- Balances with banks in current accounts	17203.64	19031.39	21756.00	16041.42	15034.54
-Term deposits with original/remaining maturity up to 3 months	-	-	-	-	10100.00
	19122.95	22182.63	24346.92	16944.24	25896.81
Other bank balances :					
Earmarked balances with banks -					
- Unclaimed dividend accounts	59.01	59.25	63.83	55.79	44.18
Term deposits with original maturity up to 12 months	0.00	5000.00	-	-	-
Term deposits under lien (refer note no. 17 (a))	28755.88	28087.00	10132.00	6004.00	-
	28814.89	33146.25	10195.83	6059.79	44.18
Total	47937.84	55328.88	34542.75	23004.03	25940.99

For FY 2014-15

a) Details of Term deposits #

	As at March 31, 2015			As at March 31, 2014		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
(i) Term deposits for SLR	10783.00	13722.00	24505.00	17963.00	501.00	18464.00
(ii) Collateral deposits for securitization transactions	17469.88	4615.12	22085.00	9621.00	10575.00	20196.00
(iii) Legal deposits	3.00	17.00	20.00	3.00	17.00	20.00
(iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	500.00	-	500.00	500.00	-	500.00
Total	28755.88	18354.12	47110.00	28087.00	11093.00	39180.00

Term deposits with scheduled banks under lien include:

- i) Rs.24505.00 Lacs (March 31, 2014 : Rs. 18464.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated January 04, 2007 issued by The Reserve Bank of India.
- ii) Rs.22085.00 Lacs (March 31, 2014 : 20196.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no.48 (iv)).
- iii) Rs.20.00 Lacs (March 31, 2014 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.
- iv) Rs.500.00 Lacs (March 31, 2014 : 500.00 lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

For FY 2013-14

b) Details of Term deposits# :

	March 2014			March 2013		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
Term deposits for SLR (i)	17963.00	501.00	18464.00	6780.00	5960.00	12740.00
Collateral deposits for securitization transactions (ii)	9621.00	10575.00	20196.00	3349.00	5800.00	9149.00
Legal deposits (iii)	3.00	17.00	20.00	3.00	17.00	20.00
Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account (iv)	500.00	-	500.00	-	-	-
Total	28087.00	11093.00	39180.00	10132.00	11777.00	21909.00

Term deposits with scheduled banks under lien include:

- i. Rs. 18464.00 Lacs (March 2013 : Rs. 12740.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.
- ii. Rs. 20196.00 Lacs (March 2013 : 9149.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no.37 (f)).
- iii. Rs. 20.00 Lacs (March 2013 : Rs.20.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company.
- iv. Rs.500.00 Lacs (March 2013 : Nil) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

For FY 2012-13

a) Details of Term deposits #:

	March 2013			March 2012		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
Term deposits for SLR (i)	6780.00	5960.00	12740.00	6000.00	1500.00	7500.00
Collateral deposits for securitization transactions (ii)	3349.00	5800.00	9149.00	0.00	0.00	0.00
Legal deposits (iii)	3.00	17.00	20.00	4.00	17.00	21.00
Total	10132.00	11777.00	21909.00	6004.00	1517.00	7521.00

Term deposits with scheduled banks under lien include:

- i) Rs.12740 Lacs (March 2012 : Rs7500.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.
- ii) Rs.9149.00 Lacs (March 2012 : Nil) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions.
- iii) Rs.20.00 Lacs (March 2012 : Rs.21.00 Lacs) as special deposits kept with banks towards guarantee against legal suits filed by the Company

For FY 2011-12

Term deposits with scheduled banks under lien include:

- a) Rs.7500.00 lakhs (Previous year : Rs.3800.00 lakhs) being the Term Deposits kept with Scheduled Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act,1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January,2007 issued by The Reserve Bank of India.
- b) Rs. 21.00 lakhs (Previous year : Rs.21.00 lakhs) as Special Term Deposits kept with State Bank of India towards bank guarantee against legal suits filed by the Company.

Note :18**Short-term loans and advances :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Unsecured, considered good unless otherwise stated :					
Loans against assets (secured, including overdue loans) #	1419030.81	1211606.40	966346.38	725725.30	528282.23
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no. 37)	839.89	1387.00	1813.53	-	-
Retained interest under assignment transactions	524.46	914.35	-	-	-
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 37)	19175.40	15910.53	7447.22	-	-
Loans and advances (including overdue loans) @	13532.09	7914.21	13609.34	13282.47	6859.99
Bills of exchange	14955.03	12333.78	7442.71	14863.39	8059.77
Trade Advances @	105574.35	118411.37	91907.73	57321.37	42027.80
Inventory funding (secured, including overdue loans)	9896.55	7674.70	4093.91	-	-
Inter corporate deposits to related parties @	100.00	1170.33	10445.00	3850.00	14628.85
Inter corporate deposits to other parties @	-	-	-	-	-
Other loans & advances :					
Loans and advances to related parties (portfolio purchased from Mahindra Holidays & Resorts India Ltd.)	-	1091.74	1817.37	3168.41	4595.96
Deposits for office premises / others	364.99	258.99	232.70	306.96	143.47
Advance payment of taxes (net of provisions)	6597.29	4847.36	6162.91	5447.85	4042.08
Other short term advances	2015.98	231.56	541.58	111.32	383.48
# Includes non-performing assets of Rs.130013.83 Lacs (March 2014: Rs.84957.85 Lacs; March 2013 : Rs.47037.31 Lacs; March 2012 : Rs.25786.04 Lacs; March 2011 : Rs.33538.13 Lacs) (refer note no. 5, 9 and 30)					
@ Includes non-performing assets of Rs.2050.78 Lacs (March 2014 : Rs.1485.66 Lacs; March 2013 : Rs.1232.23 Lacs; March 2012 : Rs. 950.70 Lacs; March 2011 : Rs.886.50 Lacs) (refer note no. 5, 9 and 30)					
Total	1592606.84	1383752.32	1111860.38	824077.07	609023.63

Note : 19**Other current assets :**

Particulars	As at March 31				
	2015	2014	2013	2012	2011
Interest accrued on -					
Investments	958.94	742.74	505.57	241.60	233.94
Others deposits	2365.55	2314.76	711.48	512.89	343.49
Derivative contract receivables	784.47	1083.00	1009.57	-	-
Deferred premium on FCNR loan forward contracts	722.96	-	-	-	-
Total	4831.92	4140.50	2226.62	754.49	577.43

Note : 20
Revenue from operations

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
a) Interest Income					
Income from loans	493711.72	441807.79	340079.74	244286.16	168379.62
Income from hire purchase	31.64	61.35	53.30	166.09	84.56
Interest on term deposits / Inter-corporate deposits / Bonds etc	6133.18	3795.38	2469.27	2563.11	2017.28
Interest on retained interest in PTCs under securitization transactions	97.12	211.79	26.92	-	-
Interest on Government securities - Short term	-	-	-	-	11.35
Interest on Government securities - Long term	3710.69	2477.24	1432.49	879.61	615.76
(a)	503684.35	448353.55	344061.72	247894.97	171108.57
b) Other financial services					
Service charges and other fees on loan transactions	22280.14	21053.37	18609.94	17142.34	15600.61
Income from hire purchase	0.20	0.21	0.58	2.68	0.80
Income from bill discounting	2018.08	1383.25	1544.64	2521.10	759.47
Income from lease	0.51	0.36	0.34	0.47	1.38
Income from assignment / securitisation transactions (refer note no.37)	25622.33	21372.47	21454.93	9249.49	9059.40
(b)	49921.26	43809.66	41610.43	28916.08	25421.66
Total (a+b)	553605.61	492163.21	385672.15	276811.05	196530.23

Note : 21
Other Income

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Dividend income on -					
- Current investments in mutual fund units	84.09	56.61	10.62	47.21	218.08
- Long-term investments in subsidiary companies	755.43	400.10	1655.00	230.00	62.00
Profit/premium on sale/redemption of -					
- Current investments	468.64	9.15	231.18	734.43	52.41
Profit on sale / retirement of owned assets (net)	14.99	8.29	8.70	30.21	11.46
Income from shared services	2932.95	2290.15	1607.28	1193.08	549.75
Others	608.89	372.94	284.97	413.40	326.90
Total	4864.99	3137.24	3797.75	2648.33	1220.60

Note : 22
Employee benefits expense

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Salary, bonus and incentives	40218.39	26242.38	19293.24	16906.75	13137.14
Company's contribution to provident funds and other funds	3073.18	1667.34	1401.58	1258.11	1008.85
Employee Stock Compensation costs (refer note no. 29) #	1065.33	307.33	443.02	749.65	143.18
Staff welfare expenses	1551.30	1516.36	1202.36	1062.56	861.32
Total	45908.20	29733.41	22340.20	19977.07	15150.49

Inclusive of ESOP costs reimbursements (net) to the holding company Rs.19.15 Lacs (March 31, 2014 : Rs. 5.32 Lacs; March 31, 2013 : Rs. 7.97 Lacs; March 31, 2012 : Rs. 12.14 Lacs ; March 31, 2011 : Rs. 3.43 Lacs) and net of recoveries from subsidiary company Rs.223.30 Lacs (March 31, 2014 : Rs. 60.81 Lacs; March 31, 2013 : Rs.81.07 Lacs; March 31, 2012 : Nil ; March 31, 2011 : Nil).

Note : 23
Finance costs

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Interest expenses	247405.42	216824.12	160121.87	110500.16	64871.89
Other borrowing costs	2267.71	1977.33	1754.63	1532.19	1149.08
Total	249673.13	218801.45	161876.50	112032.35	66020.97

Note : 24**Depreciation and amortization expenses**

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Depreciation on tangible assets #	3869.88	2309.10	2129.41	1892.51	1415.21
Amortization of intangible assets	281.75	120.52	94.92	63.81	163.59
Total	4151.63	2429.62	2224.33	1956.32	1578.80

March 2015 : Consequent to the enactment of the Act, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II to the Act or as assessed by the management (refer Accounting Policies, Note no.4 (b)). This has resulted in additional charge of depreciation of Rs.1384.02 lacs for the year ended March 31, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 317.77 lacs (net of Deferred tax of Rs. 163.62 lacs) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at April 01, 2014.

Note : 25**Loan provisions and write offs**

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Bad debts and write offs (refer note no. 30)	48401.00	23981.87	20922.86	18124.13	15709.33
Provision for Non-performing assets (net) (refer note no.5,9 and 30)	33259.02	24486.70	5814.48	(3629.13)	(5200.59)
General provision for Standard assets	1057.00	2110.00	1597.00	1207.00	3143.00
Higher provision on restructured standard advances (refer note no.5,9 and 30)	22.31	-	-	-	-
Provision for diminution in the fair value of restructured advances (refer note no.5,9 and 30)	9.56	-	-	-	-
Total	82748.89	50578.57	28334.34	15702.00	13651.74

Note : 26**Other expenses**

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Electricity charges	1608.17	1378.77	1085.59	762.68	496.02
Rent	5440.30	4572.80	3971.19	3381.65	2076.57
Repairs and maintenance -					
- Buildings	370.96	444.69	746.57	1191.23	1889.51
- Others	212.47	142.32	71.73	31.33	59.58
Insurance	1133.17	858.08	805.85	979.80	845.60
Rates and taxes, excluding taxes on income	342.62	812.29	236.42	76.30	153.24
Directors' sitting fees and commission	214.63	147.02	110.34	98.34	89.02
Commission and brokerage	16271.72	14746.34	12018.33	7810.42	5629.19
Legal and professional charges	5867.51	5983.66	4150.39	3257.89	4973.07
Manpower outsourcing cost	33.87	15011.59	13823.84	9574.63	5626.22
Payments to the auditor -					
- Audit fees	34.40	29.92	26.01	22.49	21.00
- Taxation matters	4.68	4.49	6.39	4.25	4.10
- Other services	16.75	11.76	39.98	14.64	16.25
- Reimbursement of expenses	0.72	0.98	0.67	0.64	0.39
CSR donations and expenses (refer note no.50 for FY14-15)	2487.63	-	-	-	-
General and administrative expenses	16584.75	15035.85	12539.56	10059.75	9224.25
Total	50624.35	59180.56	49632.86	37266.04	31104.01

Above expenses includes following expenditure incurred in foreign currency

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Travelling expenses	10.62	40.76	30.35	21.48	9.80
Legal and professional fees	126.68	115.24	62.75	70.54	136.95
Other expenses	26.10	18.61	7.21	8.29	41.56

Note : 27**Exceptional items**

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Profit on sale of investments in shares of subsidiary company (refer note no. 11 (ii) for FY12-13)	-	-	6426.21	-	-
Additional general provision for Standard assets (refer note no.30 for FY12-13)	-	-	(3568.00)	-	-
Total	-	-	2858.21	-	-

Note : -

Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31				
	2015	2014	2013	2012	2011
i) Contingent liabilities					
a) Demand against the Company not acknowledged as debts -					
- Income tax	4379.05	7476.70	5472.52	4629.06	5569.24
- Value Added Tax (VAT)	191.98	60.92	-	-	-
b) Corporate guarantees towards assignment transactions	31338.63	55631.29	71572.12	86274.38	73253.29
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 37 (f))	8307.81	4782.00	2922.00	-	-
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3110.83	2726.48	2031.55	2067.45	1721.99
	47328.30	70677.39	81998.19	92970.89	80544.52
ii) Commitments					
a) Estimated amount of contracts remaining to be executed on capital account	554.84	438.05	624.91	447.13	599.16
b) Uncalled liability on shares and other investments partly paid (March 2014: On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share)	-	2,190.00	-	-	1,400.00
	554.84	2628.05	624.91	447.13	1999.16
Total	47883.14	73305.44	82623.10	93418.02	82543.68

For FY 2014-15:

28. Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

The Company has interest in the following jointly controlled entity.

	Name of the entity	Country of Incorporation	% Holding
i)	Mahindra Finance USA, LLC	United States of America	49.00%
ii)	Interest in the assets, liabilities, income and expenses with respect to jointly controlled entities		
	Particulars	As at March 31, 2015	As at March 31, 2014
I.	ASSETS		
	1 Long-term loans and advances	134793.06	91854.46
	2 Deferred tax assets	451.68	306.36
	3 Cash and cash equivalents	266.35	395.53
	4 Short-term loans and advances	31788.75	21562.02
II.	LIABILITIES		
	1 Long-term borrowings	75101.31	48549.09
	2 Other Long-term liabilities	-	59.74
	3 Long term provisions	430.29	333.14
	4 Short term borrowings	36064.29	28664.24
	5 Other current liabilities	40044.49	25810.16
	6 Short term provisions	100.71	77.40

			As at March 31, 2015	As at March 31, 2014
III.		INCOME		
	1	Revenue from operations	6602.74	4782.11
	2	Other income	365.65	210.91
IV.		EXPENSES		
	1	Finance costs	2492.20	1677.26
	2	Provisions and write-offs	327.88	251.15
	3	Other expenses	2021.86	1578.45
	4	Provision for current tax	893.55	823.54
	5	Provision for deferred tax	(129.08)	(307.94)

29. Employee Stock Option Plan

- a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on December 06, 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on February 03, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,36,53,486 equity shares to employees (March 31, 2014 : 1,30,37,934 equity shares) up to March 31, 2015, of which 6,15,552 equity shares (March 31, 2014 : 5,04,944 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under :

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant

	Scheme 2005	Scheme 2010
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

- b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated October 21, 2014
No. of options granted	1601507
Intrinsic value of shares based on latest available closing market price (Rs.)	278.80
Total amount to be amortized over the vesting period (Rs. in Lacs)	4465.00
Charge to Statement of profit and loss for the year (Rs. in Lacs)	1011.09
Compensation in respect of lapsed cases (Rs. in Lacs)	36.87
Unamortized amount carried forward (Rs. in Lacs)	3417.04

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

Vesting date	Grant dated October 21, 2014	
	Expected Vesting	Fair Value (Rs.) per share
October 21, 2015	320299	267.23
October 21, 2016	320299	
October 21, 2017	320299	
October 21, 2018	320299	
October 21, 2019	320311	
	1601507	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables #	Grant dated October 21, 2014
1) Risk free interest rate	8.50%
2) Expected life	3.25 years
3) Expected volatility	38.83%
4) Dividend yield	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

As at / Year ended March 31

Summary of Stock Options	2015		2014	
	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	1163249	12.70	1644675	21.61
Options granted during the year	1601507	2.00	117625	2.00
Options forfeited/lapsed during the year #	26249	11.07	94107	37.64
Options exercised during the year	615552	21.84	504944	34.57
Options outstanding at the end of the year	2122955	2.00	1163249	12.70
Options vested but not exercised at the end of the year	124345	2.00	436039	30.55

including 13225 (March 31, 2014: 4085) options forfeited/lapsed out of the options granted during the year.

d) Information in respect of options outstanding :

As at March 31

Grant date / Exercise price	2015		2014	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005 :				
September 18, 2008 at Rs.46.60	-	-	279150	5 months
(a)			279150	
Scheme 2010 :				
February 07, 2011 at Rs.2.00	355735	13 months	634749	18 months
January 25, 2012 at Rs.2.00	95790	19 months	135810	26 months
July 22, 2013 at Rs.2.00	38504	28 months	48130	34 months
October 21, 2013 at Rs.2.00	44644	31 months	65410	37 months
October 21, 2014 at Rs.2.00 #	1588282	37 months	-	-
(b)	2122955		884099	
Total (a + b)	2122955		1163249	

net of 13,225 options forfeited/lapsed out of the options granted during the year

- e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
April 23, 2014	247.08
May 19, 2014	273.10
May 23, 2014	314.43
June 18, 2014	282.44
July 25, 2014	238.78
August 21, 2014	274.40
September 03, 2014	286.16
September 23, 2014	278.33
October 28, 2014	287.62
November 17, 2014	314.66
December 22, 2014	294.69
January 19, 2015	288.62
February 24, 2015	252.75
March 23, 2015	265.00

- f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 28 (h) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2005 :

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010 :

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

	<u>Intrinsic Value Method</u>		<u>Fair Value Method *</u>	
	As at March 31		As at March 31	
<u>Particulars</u>	2015	2014	2015	2014
Net profit after tax (Rs. in Lacs)	83177.59	88722.75	83245.96	88753.64
Weighted average number of equity shares of Rs.2/- each – Basic	563837362	563184677	563837362	563184677
Weighted Average number of equity shares of Rs.2/- each – Diluted	568764960	568764960	568764960	568764960
Basic Earnings Per Share (Rs.)	14.75	15.75	14.76	15.76
Diluted Earnings Per Share # (Rs.)	14.62	15.60	14.64	15.60

Dilution in Earnings per share is on account of 46,24,289 equity shares (March 31, 2014 : 52,39,841 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.68.37 Lacs (March 31, 2014 : Rs.30.89 Lacs).

30. Loan provisions and write offs

a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on March 31, 2015 is Rs.53319.01 Lacs (March 31, 2014 : Rs. 35253.77 Lacs)

b) In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated January 17, 2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 1057.00 Lacs (March 31, 2014 : Rs. 2110.00 Lacs).

The total amount of provision on Standard assets of Rs.12682.00 Lacs (March 31, 2014 : Rs. 11625.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no.5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs.4757.00 Lacs as at March 31, 2015 (March 31, 2014 : Rs. 4370.00 Lacs).

c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

d) In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 31.87 Lacs on account of restructured advance which are included under this head.

31. Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

32. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.

33. In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

34. Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

35. Employee benefits
Defined benefit plans -as per actuarial valuation

As at March 31

		Gratuity (Funded)		Sick leave (Non funded)		Previlage Leave	Previlage Leave
		2015	2014	2015	2014	2015	2014
I.	Expense recognized in the Statement of Profit & Loss Account for the year ended March 31						
1	Current service cost	834.37	559.24	129.11	86.49	993.59	572.34
2	Interest cost	106.95	76.35	13.49	10.06	76.41	49.84
3	Expected return on plan assets	(122.75)	(74.56)	-	-	-	-
4	Actuarial (gains)/losses	(326.85)	(112.83)	(99.52)	(59.84)	(662.17)	(173.57)
5	Fund amount to be transferred from MBCSPL gratuity fund	(56.36)	(64.27)	-	-	-	-
6	Adjustment due to change in opening balance of Plan assets	(98.83)	(186.28)	-	-	-	-
7	Total expense	336.53	197.65	43.09	36.72	407.83	448.61
II.	Net asset/(liability) recognized in the Balance Sheet as at March 31						
1	Present value of defined benefit obligation as at 31 st	1558.68	1192.46	190.96	147.88	1056.62	846.55

		Gratuity (Funded)		Sick leave (Non funded)		Previlage Leave	Previlage Leave
		2015	2014	2015	2014	2015	2014
2	Fair value of plan assets as at 31 st	1583.37	1111.98	-	-	-	-
3	Funded status (surplus/(deficit))	24.69	(80.48)	(190.96)	(147.88)	(1056.62)	(846.55)
4	Net asset/(liability) as at 31 st	24.69	(80.48)	(190.96)	(147.88)	(1056.62)	(846.55)
III. Change in the obligations during the year ended March 31							
1	Present value of defined benefit obligation at the beginning of the year	1192.46	855.07	147.88	111.16	846.55	564.13
2	Current service cost	834.37	559.24	129.10	86.49	993.59	572.34
3	Interest cost	106.95	76.35	13.49	10.06	76.41	49.84
4	Actuarial (gains)/losses	(449.21)	(184.16)	(99.52)	(59.84)	(662.17)	(173.57)
5	Benefits paid	(125.89)	(114.04)	-	-	(197.76)	(166.20)
6	Present value of defined benefit obligation at the year ended March 31	1558.68	1192.46	190.96	147.88	1056.62	846.55
IV. Change in the fair value of plan assets during the year ended March 31							
1	Fair value of plan assets at the beginning of the year	1111.98	776.20	-	-	-	-

		Gratuity (Funded)		Sick leave (Non funded)		Previlage Leave	Previlage Leave
		2015	2014	2015	2014	2015	2014
2	Expected return on plan assets	123.75	74.56	-	-	-	-
3	Contributions by employer	442.08	199.26	-	-	-	-
4	Actuarial (Gains)/Losses	(123.75)	(74.56)	-	-	-	-
5	Fund amount to be transferred from MBCSPL gratuity fund	56.36	64.27	-	-	-	-
6	Adjustment due to change in opening balance of Plan assets	98.83	186.28	-	-	-	-
7	Actual Benefits paid	(125.89)	(114.04)	-	-	-	-
8	Fair value of plan assets at the end of the year	1583.37	1111.98	-	-	-	-
V.	Major category of plan assets as a percentage of total plan						
	Funded with LIC	100%	100%	100%	100%	100%	100%
VI.	Actuarial Assumptions						
1	Discount Rate (p.a.)	8%	8%	8%	8%	8%	8%
2	Expected rate of return on plan assets (p.a.)	8%	8%	-	-	-	-
3	Rate of Salary increase (p.a.)	5%	5%	5%	5%	5%	5%
4	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

VII. Experience Adjustments (Gratuity)		As at / year ended March 31				
		2011	2012	2013	2014	2015
1	Defined benefit obligation at end of the period	442.42	644.20	855.07	1192.46	1558.29
2	Plan assets at the end of period	375.80	484.50	776.20	1111.98	1560.01
3	Funded status surplus/ (deficit)	(66.61)	(159.71)	(78.87)	(80.48)	(24.69)
4	Experience adjustments on plan liabilities (gain)/loss	(46.70)	(73.01)	(66.64)	(77.52)	(154.49)
5	Experience adjustments on plan assets gain/(loss)	(7.89)	(9.94)	(16.07)	(21.77)	(32.19)

36. Disclosure on derivatives

Outstanding derivative instrument and un-hedged foreign currency exposures as on March 31, 2015

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 872.71 Lacs (March 31, 2014 : US \$ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on March 31, 2015.

37. Securitisation / assignment transactions

- a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 27907 contracts (March 31, 2014 : 47122 contracts) amounting to Rs. 72229.92 Lacs (March 31, 2014: Rs.126292.70 Lacs) for a consideration of Rs 72229.92 Lacs (March 31, 2014: Rs. 126292.70 Lacs) and de-recognised the assets from the books.
- b) During the year, the Company has without recourse assigned loan receivables of Nil contracts (March 31, 2014: 6490 contracts) amounting to Rs. Nil (March 31, 2014 : Rs. 19850.83 Lacs) for a consideration of Rs. Nil (March 31, 2014 : Rs. 15554.19 Lacs towards 90% of receivables assigned and de-recognised the assets from the books). Out the total receivables assigned, an amount of Rs. Nil (March 31, 2014: Rs.1985.08 Lacs equivalent to 10% of the receivables) have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 13 and 18).

The amount of profit in cash of Rs.120.64 Lacs (March 31, 2014: Rs.314.94 Lacs) on assignment transaction has been held under an accounting head "Cash profit on loan transfers under assignment transactions pending recognition" and the same is amortized in line with above referred guidelines (refer note no. 4 and 8).

- c) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs 8807.91 Lacs (March 31, 2014 : Rs. 4189.65 Lacs) considered no longer necessary (refer Accounting policy 3 (IV) A (iii)).
- d) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).
- e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.11024.71 Lacs (March 31, 2014: Rs. 5146.47 Lacs)

38. There were 119 cases (March 31, 2014: 77 cases) of frauds amounting to Rs.353.81 Lacs (March 31, 2014 : Rs 560.32 Lacs) reported during the year. The Company has recovered an amount of Rs.107.39 Lacs (March 31, 2014 : Rs 46.38 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

39. The gold loans outstanding as a percentage of total assets is at 0.02% (March 31, 2014 : 0.03%).

40. Related party disclosure as per Accounting Standard 18

A) List of the related parties and nature of relationship which have transactions with our Company during the year:

Holding Company :	Mahindra and Mahindra Limited
Subsidiary Companies :	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Business & Consulting Services Private Limited (amalgamated with the Company effective from April 1, 2014) Mahindra Asset Management Company Private Limited Mahindra Trustee Company Private Limited
Joint Ventures :	Mahindra Finance USA, LLC
Fellow subsidiary Companies:	2 x 2 Logistics Private Limited Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra First Choice Services Ltd. Mahindra Defence Systems Ltd. Mahindra Retail Pvt Ltd.
Key Management Personnel :	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel :	Ms Janaki Iyer
	Ms Ramlaxmi Iyer
	Mr Rishiek Iyer

B) Related party transactions are as under:

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel*
1	Income					
	Loan income	-	-	3.52	-	-
		-	-	(1.79)	-	-
	Subvention income	3663.07	-	-	-	-
		(2322.68)	-	-	-	-
	Other income	64.21	2225.08	-	-	-
		(1.02)	(1499.88)	(54.11)	-	-
2	Expenses					
	Interest	-	972.19	-	-	20.11
		(339.45)	(533.57)	-	-	(18.09)
	Other expenses	1494.18	1685.59	430.81	-	
		(1394.33)	(17420.53)	(167.71)	-	
	Remuneration to KMP's					657.05
						(394.88)
3	Investment in share capital	-	2295.00	-	2998.97	-
		-	(2195.00)	-	(2193.73)	-
4	Purchase of fixed assets	413.60	-	-	-	-
		(421.36)	-	(5.85)	-	-
5	Finance					

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel*
	Fixed deposits taken	-	7065.00	-	-	202.90
		-	(2700.00)	-	-	(207.50)
	Fixed deposits matured	-	-	-	-	188.25
		-	-	-	-	(187.50)
	Dividend paid – for previous year	11065.89	-	-	-	23.71
		(10483.48)	-	-	-	(18.99)
	Inter corporate deposits taken	-	1475.00	-	-	-
		(50000.00)	(3565.00)	-	-	-
	Inter corporate deposits repaid	-	4240.00	-	-	-
		(50000.00)	(4365.00)	-	-	-
	Inter corporate deposits given	-	69107.00	-	-	-
		-	(48130.24)	-	-	-
	Inter corporate deposits refunded	-	64974.39	-	-	-
		-	(48505.27)	-	-	-

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel*
6	Other transactions					
	Reimbursement from parties	- (112.54)	0.02 -	- -	- -	- -
	Reimbursement to parties	- -	- -	119.72 (113.75)	- -	- -
7	Balances as at the end of the period					
	Receivables	1245.02 (375.59)	137.95 (85.12)	- (1091.74)	- -	- -
	Loan given (including interest accrued but not due)	- -	- -	43.29 -	- -	- -
	Inter corporate deposits given (including interest accrued but not due)	- -	4747.90 (1437.16)	- -	- -	- -
	Payables	- -	455.13 (575.23)	157.98 (107.64)	- -	- -
	Subordinate debt held (including interest accrued but not due)	- -	700.38 (700.76)	- -	- -	- -
	Inter corporate deposits taken (including interest accrued but not due)	- -	1617.69 (4414.76)	- -	- -	- -
	Fixed deposits (including interest accrued but not due)	- -	10426.55 (2834.75)	- -	- -	231.80 (214.83)

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

C) The significant related party transactions are as under:

The significant related party transactions are as under:					
Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel*
Income					
<u>Revenue from operations</u>					
Subvention income	Mahindra & Mahindra Limited	3663.07			
		(2322.68)			
Loan income	Mahindra Retail Pvt Ltd			3.28	
				-	
<u>Other income</u>					
Interest income on inter corporate deposits / subordinate debt	Mahindra Rural Housing Finance Limited		602.73		
-	-		(366.01)		
Income from shared services	Mahindra Insurance Brokers Limited		135.60		
-	-		(102.64)		

The significant related party transactions are as under:						
Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel*	
Income from shared services	Mahindra Rural Housing Finance Limited		404.09			
			(442.30)			
Dividend income	Mahindra Rural Housing Finance Limited		536.36			
			(400.00)			
	Mahindra Insurance Brokers Limited		219.07			
			-			
Expenses						
<u>Interest</u>						
Interest expense on inter corporate deposits and non-convertible debentures	Mahindra Insurance Brokers Limited		972.19			
			(533.57)			
<u>Other expenses</u>						
Handling Charges	Mahindra Insurance Brokers Limited		1685.59			
			(1247.65)			
Commission & Valuation charges	Mahindra First Choice Wheels Limited			417.19		
				(157.88)		

The significant related party transactions are as under:						
Nature of transactions			Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel*
Finance	Purchase of fixed assets	Mahindra & Mahindra Limited	413.60			
			(421.36)			
	Fixed Deposits	Mahindra Insurance Brokers Limited		7065.00		
				(2700.00)		
	Fixed Deposits matured	Ramesh Iyer and relatives				188.25
						(187.50)

The significant related party transactions are as under:					
Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel*
Dividend paid - for previous year	Mahindra & Mahindra Limited	11065.89 (10483.48)			
Inter corporate deposits taken	Mahindra Insurance Brokers Limited		1475.00 (3565.00)		
Inter corporate deposits repaid	Mahindra Insurance Brokers Limited		4240.00 (4365.00)		
Inter corporate deposits given	Mahindra Rural Housing Finance Limited		69107.00 (46298.00)		
Inter corporate deposits refunded	Mahindra Rural Housing Finance Limited		64974.39 (45812.63)		
Balances at the year end					
Receivables	Mahindra & Mahindra Limited	1245.02 (375.59)			
Loan outstanding	Mahindra Retail Pvt Ltd			30.08	

The significant related party transactions are as under:					
Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel*
Payables	Mahindra Insurance Brokers Limited		455.13 (387.75)		
Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited		1617.69 (4414.76)		
Inter corporate deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Limited		4747.90 (552.83)		
Subordinate debt held (including interest accrued but not due)	Mahindra Rural Housing Finance Limited		700.38 (700.76)		
Fixed deposits	Mahindra Insurance Brokers Limited		10426.55 (2834.75)		

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

41. Contingent liabilities and commitments (to the extent not provided for)**As at March 31**

	2015	2014
i) Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
- Income tax	4379.05	7476.70
- Value Added Tax (VAT)	191.98	60.92
b) Corporate guarantees towards assignment transactions	31338.63	55631.29
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 51 (IV) (a))	8307.81	4782.00
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3110.83	2726.48
	47328.30	70677.39
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	554.84	438.05
b) Uncalled liability on shares and other investments partly paid (March 31, 2014: On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share)	-	2,190.00
	554.84	2628.05

42. The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of The Companies Act, 2013 is not given.

43. Secured long-term borrowings

i) Secured non-convertible debentures

As at March 31, 2015

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing beyond 5 years	8.70% - 8.95%	53000.00	-	53000.00
Maturing between 3 years to 5 years	8.65% - 10.25%	122760.00	-	122760.00
Maturing between 1 year to 3 years	8.65% - 10.20%	181280.00	-	181280.00
Maturing within 1 year	8.60% - 9.95%	-	152270.00	152270.00
Total		357040.00	152270.00	509310.00

As at March 31, 2014

	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
Maturing between 3 years to 5 years	9.25% - 10.25%	44550.00	-	44550.00
Maturing between 1 year to 3 years	9.00% - 10.20%	252470.00	-	252470.00
Maturing within 1 year	9.04% - 10.25%	-	169020.00	169020.00
Total		297020.00	169020.00	466040.00

2) Repayable in yearly installments:				
Maturing between 1 year to 3 years	9.95%	24500.00	-	24500.00
Maturing within 1 year	9.95% - 13.00%	-	14500.00	14500.00
Total		24500.00	14500.00	39000.00
Total (1+2)		321520.00	183520.00	505040.00

ii) Secured term loans from banks

As at March 31, 2015

	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
Maturing between 1 year to 3 years	9.70% - 10.25%	192500.00		192500.00
Maturing within 1 year	9.45% - 10.40%	-	127000.00	127000.00
Total for repayable on maturity		192500.00	127000.00	319500.00
2) Repayable in installments :				
i) Bimonthly				
Maturing within 1 year	10.25%	-	6200.00	6200.00
Total		-	6200.00	6200.00
ii) Quarterly -				
Maturing between 3 years to 5 years	10.00%	1428.57		1428.57
Maturing between 1 year to 3 years	9.95% - 10.25%	95835.71		95835.71
Maturing within 1 year	9.95% - 10.25%	-	32364.29	32364.29
Total		97264.29	32364.29	129628.57
iii) Half yearly -				
Maturing beyond 3 years	10.25%	15000.00		15000.00

	Rate range	(a) Non-current	(b) Current	Total
Maturing between 1 year to 3 years	10.00%-10.25%	214666.67		214666.67
Maturing within 1 year	10.00%-10.25%	-	162666.67	162666.67
Total		229666.67	162666.67	392333.33
iv) Yearly -				
Maturing between 3 years to 5 years	10.20% - 10.25%	43333.33		43333.33
Maturing between 1 year to 3 years	10.20% - 10.25%	104166.67		104166.67
Maturing within 1 year	10.25%	-	7500.00	7500.00
Total		147500.00	7500.00	155000.00
Total for repayable in installments		474430.95	208730.95	683161.90
TOTAL (1+2)		666930.95	335730.95	1002661.90

As at March 31, 2014 :

	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
Maturing between 3 years to 5 years	10.20%	25000.00	-	25000.00
Maturing between 1 year to 3 years	9.70%-10.40%	294000.00	-	294000.00
Maturing within 1 year	7.75%-10.35%	-	62500.00	62500.00
Total for repayable on maturity		319000.00	62500.00	381500.00
2) Repayable in installments :				
i) Bi-monthly				
Maturing between 1 year to 3 years	10.25%	6,200.00	-	6200.00
Total		6200.00	-	6200.00

ii) Quarterly -				
Maturing between 3 years to 5 years	10.00%-10.25%	27314.28	-	27314.28
Maturing between 1 year to 3 years	10.00%- 10.50%	49814.28	-	49814.28
Maturing within 1 year	10.00%- 10.25%	-	44505.15	44505.15
Total		77128.56	44505.15	121633.71
iii) Half yearly -				
Maturing beyond 3 years	10.25%	81900.00	-	81,900.00
Maturing between 1 year to 3 years	10.20% -10.25%	321266.67	-	321266.67
Maturing within 1 year	10.20% -10.25%	-	144333.33	144333.33
Total		403166.67	144333.33	547500.00
iv) Yearly -				
Maturing between 3 years to 5 years	10.20%- 10.25%	81666.67	-	81666.67
Maturing between 1 year to 3 years	10.20%- 10.25%	73333.33	-	73333.33
Maturing within 1 year	9.25%- 10.25%	-	55000.00	55000.00
Total		155000.00	55000.00	210000.00
Total for repayable in installments		641495.23	243838.48	885333.71
Total (1+2)		960495.23	306338.48	1266833.71

**iii) Foreign currency loans from banks
As at March 31, 2015**

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	8.95%	12500.00	-	12500.00
Maturing within 1 year	9.05% - 9.98%	-	42044.47	42044.47
TOTAL		12500.00	42044.47	54544.47

As at March 31, 2014

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	9.05%-9.98%	40305.51	-	40305.51
Maturing within 1 year	9.60%	-	11983.00	11983.00
Total		40305.51	11983.00	52288.51

44. Unsecured borrowings

i) Subordinated debts (long-term)

As at March 31, 2015

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing beyond 5 years	9.18% - 10.50%	78550.00	-	78550.00
Maturing between 3 years to 5 years	9.85% - 11.75%	15480.00	-	15480.00
Maturing between 1 year to 3 years	10.50% - 12.00%	6,880.00	-	6880.00
TOTAL		100910.00	-	100910.00

As at March 31, 2014

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing between 3 years to 5 years	10.50%-12.00%	7860.00	-	7860.00
Maturing beyond 5 years	9.50%-10.50%	71550.00	-	71550.00
Total		79410.00	-	79410.00

ii) Unsecured term loans from banks

As at March 31, 2015 :

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	10%	10000.00	-	10000.00
TOTAL		10000.00	-	10000.00

As at March 31, 2014 :

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing within 1 year	9.75%	-	2200.00	2200.00
Maturing between 1 year to 3 years	10%	10,000.00	-	10000.00
Total		10000.00	2200.00	12200.00

iii) Inter-corporate deposits (ICDs)

As at March 31, 2015

	Rate range	(a) Short Term	Long Term		Total
			(b) Non-current	(c) Current	
Repayable on maturity :					
Maturing within 1 year	9.00% - 9.60%	850.00	-	725.00	1575.00
TOTAL		850.00	-	725.00	1575.00

As at March 31, 2014

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current	
Repayable on maturity :					
Maturing between 1 year to 3 years	9.40%	-	725.00	-	725.00
Maturing within 1 year	8.75% -10.25%	3565.00	-	50.00	3615.00
Total		3565.00	725.00	50.00	4340.00

iv) Fixed deposits

As at March 31, 2015

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current	
Maturing beyond 3 years	8.90% - 10.10%	-	6561.15	-	6561.15
Maturing between 1 year to 3 years	9.15% - 10.60%	-	324772.68	-	324772.68
Maturing within 1 year	8.40% -10.75%	6943.06	-	129746.50	136689.56
TOTAL		6943.06	331333.83	129746.50	468023.39

As at March 31, 2014

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current	
Maturing beyond 3 years	9.4% - 10.25%	-	7308.37	-	7308.37
Maturing between 1 year to 3 years	8.65% - 10.75%	-	270554.77	-	270554.77
Maturing within 1 year	8.65% - 10.75%	5931.15	-	76425.51	82356.66
Total		5931.15	277863.14	76425.51	360219.80

45. Short – term borrowings

i) Secured term loans from banks and cash credit facilities

As at March 31, 2015

	Rate range	Amount
Repayable on maturity :		
Maturing within 1 year	9.60% - 14.00%	131805.33
TOTAL		131805.33

As at March 31, 2014

	Rate range	Amount
Repayable on maturity :		
Maturing within 1 year	10.25% - 13.25%	112732.21
Total		112732.21

ii) Commercial papers

As at March 31, 2015 :

	Rate range	Current
Repayable on maturity :		
Maturing within 1 year	8.88% - 9.15%	347500.00
TOTAL		347500.00

As at March 31, 2014 : Nil

46. Managerial remuneration to Directors included in the Statement of profit and loss
Year ended March 31

	2015	2014
Salary and perquisites	583.22	330.34
Sitting fees and commission	214.62	147.02
Total	797.84	477.35

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available.

47. Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

	As at March 31, 2015		As at March 31, 2014	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<u>Liabilities side</u>				
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :				
(a) Debentures : Secured	531521.57	-	524148.97	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	1086150.23	-	1334854.96	-

		As at March 31, 2015		As at March 31, 2014	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<u>Liabilities side</u>				
	(d) Inter-corporate loans and Other Borrowings	1617.69	-	4414.76	-
	(e) Commercial Paper	347500.00	-	-	-
	(f) Public Deposits	460702.68	-	359500.62	-
	(g) Fixed Deposits accepted from Corporates	38501.41	-	22023.38	-
	(h) FCNR Loans	54741.36	-	52502.27	-
	(i) Subordinate debt	105738.99	-	83663.23	-
	(j) Other Short Term Loans and credit facilities from banks	59105.33	-	57232.21	-
	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	460702.68	-	359500.62	-

		As at March 31, 2015	As at March 31, 2014
		Amount outstanding	Amount outstanding
	Asset side:		
(3)	Break-up of Loans and Advances including bills receivables		
	[other than those included in (4) below] :		
	(a) Secured	36273.34	34048.00
	(b) Unsecured	144202.13	144926.46
(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	-	-
	(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	7860.00	8752.63
	(b) Loans other than (a) above	3001425.74	2705765.33

		As at March 31, 2015	As at March 31, 2014
		Amount outstanding	Amount outstanding
(5)	<u>Break-up of Investments :</u>		
	<u>Current Investments :</u>		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	7875.00	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Investments in Certificate of Deposits with Banks	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-

		As at March 31, 2015	As at March 31, 2014
		Amount outstanding	Amount outstanding
	(v) Certificate of Deposits with Banks	-	24289.13
	(vi) Commercial Papers	1500.00	10000.00
	<u>Long Term Investments :</u>		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	5354.17	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	50612.79	37895.56
	2. Unquoted :		
	(i) Shares : (a) Equity	19325.04	14032.03
	(b) Preference	-	-
	(ii) Debentures and Bonds	700.00	700.00
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-

(6)	Borrower group-wise classification assets financed as in (3) and (4) above :						
		As 31 March, 2015			As at March 31, 2014		
	Category	Amount net of provisions			Amount net of provisions		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related Parties						
	(a) Subsidiaries	-	4747.90	4747.90	-	1361.61	1361.61
	(b) Companies in the same group	-	-	-	-	1091.74	1091.74
	(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	3045559.08	139454.23	3185013.31	2748565.96	142473.11	2891039.07	
Total	3045559.08	144202.13	3189761.21	2748565.96	144926.46	2893492.42	

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	As 31 March, 2015		As 31 March, 2014	
	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	9237.98	9237.98	6943.98	6943.98
(b) Companies in the same group	10787.06	10787.06	7788.05	7788.05
(c) Other related parties	-	-	-	-
2. Other than related parties	68291.61	65341.96	70794.00	72184.69
Total	88,316.65	85,367.00	85,526.03	86,916.72

(8) Other information		As at March 31	
		2015	2014
		Amount	Amount
	Gross Non-Performing Assets :		
(i)	(a) Related parties	-	-
	(b) Other than related parties	209972.20	140569.12
(ii)	Net Non-Performing Assets :		
	(a) Related parties	-	-
	(b) Other than related parties	81820.64	57564.17
(iii)	Assets acquired in satisfaction of debt :	-	-

48. Disclosures as required under Revised Regulatory Framework for NBFCs (Notification No. DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014)

I) Capital

As at March 31

Particulars		2015	2014
i)	CRAR (%)	18.3%	18.0%
ii)	CRAR-Tier I Capital (%)	15.5%	15.5%
iii)	CRAR-Tier II Capital (%)	2.8%	2.5%
iv)	Amount of subordinated debt raised as Tier-II capital (Rs. in Lacs)	21500.00	20000.00
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Particulars		As at March 31	
		2015	2014
1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	74579.99	79128.67
	(b) Outside India	10787.01	7788.05
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	74579.99	79128.67
	(b) Outside India	10787.01	7788.05
2)	Movement of provisions held towards depreciation on investments.		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

III) Derivatives

a) Forward Rate Agreement / Interest Rate Swap

The Company is not carrying out any activity of providing Forward/Interest rate swap cover to third parties.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

- i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.
- ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.
- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions

Quantitative Disclosures –

d) FCNR(B) Loans Availed:

S No.	Particulars	As at March 31, 2015		As at March 31, 2014	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	53592.00		52160.00	
	For hedging				
(ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	823.53	-	1777.52	-
	(b) Liability (-) Estimated loss	(369.90)	(216.27)	(1635.90)	-
(iii)	Credit Exposure [2]	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

IV) Disclosures relating to Securitisation

- a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

S No.	Particulars	As at March 31	
		2015	2014
1	No of SPVs sponsored by the NBFC for securitisation transactions	12	8
2	Total amount of securitised assets as per books of the SPVs sponsored	154321.26	192645.41
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	8307.81	4782.00
	Others	-	-
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	20085.00	18040.00
	Others- Retained interest in pass through certificates	1242.81	2213.95

As at March 31

S No.	Particulars	2015	2014
4	Amount of exposures to securitisation transactions other than MRR	-	-
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Loss		
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others		
	Excess Interest Spread	27176.87	25938.12
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others-		
	Cash collateral term deposits with banks	2000.00	2156.00
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the current year and the previous year the Company has not sold any financial assets to Securitisation /Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs (During the year)

Year ended March 31

		2015	2014
(i)	No. of accounts	-	6490
(ii)	Aggregate value (net of provisions) of accounts sold	-	19850.83
(iii)	Aggregate consideration	-	15554.19
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	314.94

d) Details of non-performing financial assets purchased / sold

i) Details of non-performing financial assets purchased:

During the current year and the previous year the Company has not purchased any non -performing financial assets.

ii) Details of Non-performing Financial Assets sold:

During the current year and the previous year the Company has not sold any non -performing financial assets.

V) Exposures

a) Exposure to Real Estate Sector

During the current year and the previous the Company has no Exposure to Real estate sector.

b) Exposure to Capital Market

During the current year and the previous year the Company has no 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 2014-15, 48% (March 31, 2014 : 48%) of the financing was towards parent company products.

d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

e) Unsecured Advances

During the current year, the Company has granted unsecured advances of Rs. 142013.49 Lacs (March 31, 2014: Rs.144294.39 Lacs).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(refer note no.40)

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating -

During the year under review, CRISIL Limited [CRISIL], has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited, which is part of Fitch Group, upgraded the rating of Company's National Long-term instrument and Lower Tier II Subordinated Debt programme to 'IND AAA/Stable' from 'IND AA+/Stable'. The 'IND AAA' national ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

During the year under review, CARE Ratings has assigned the 'CARE AAA' rating to Company's Long-term debt instrument and Lower Tier II Subordinated Debt programme. The Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Brickwork Ratings India Private Limited has, during the year, upgraded the rating of the Company's Long-term Subordinated Debt Issue to 'BWR AAA/stable' from "BWR AA+/positive". 'BWR AAA' stands for an instrument that is considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Account in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 3 under Summary of Significant Accounting Policies)

IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS) for additional disclosures.

X) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended March 31	
	2015	2014
Provisions for depreciation on Investment	-	-
Provision towards NPA	33259.02	24486.70
Provision made towards Income tax	51995.00	53540.00
Other Provision and Contingencies (with details)	-	-
Provision for diminution in the fair value of restructured advances	9.56	-
Provision for Standard Assets	1079.31	2110.00

Draw Down from Reserves

Refer note no. 24 regarding transitional depreciation of Rs.317.77 Lacs (net of deferred tax of Rs.163.62 Lacs) arising pursuant to requirements of schedule II of the Companies Act 2013 which is charged to opening balance of surplus in Statement of profit and loss.

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

	As at March 31	
	2015	2014
Total Deposits of twenty largest depositors	37130.21	23378.24
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	7.4%	6.1%

b) Concentration of Advances

	As at March 31	
	2015	2014
Total Advances to twenty largest borrowers	37180.54	36789.53
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.1%	1.3%

c) Concentration of Exposures

	As at March 31	
	2015	2014
Total Exposure to twenty largest borrowers / customers	37180.54	36789.53
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.1%	1.3%

d) Concentration of NPAs

	As at March 31	
	2015	2014
Total Exposure to top four NPA accounts	6241.67	3186.32

e) Sector-wise NPAs

S No.	Sector	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
		As at March 31, 2015	As at March 31, 2014
1	Agriculture & allied activities/Auto	6.5%	4.9%
2	MSME/Corporate borrowers	5.6%	3.4%
3	Unsecured personal loans	13.1%	8.2%
4	Other loans	3.4%	3.9%
5	Services	-	-

f) Movement of NPAs

As at / Year ended March 31

Particulars		2015	2014
(i)	Net NPAs to Net Advances (%)	2.6%	2.0%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	140569.12	76295.53
	(b) Additions during the year	147895.67	105297.91
	(c) Reductions during the year	78492.59	41024.32
	(d) Closing balance	209972.20	140569.12
(iii)	Movement of Net NPAs		
	(a) Opening balance	57564.17	25992.87
	(b) Additions during the year	67419.23	52462.18
	(c) Reductions during the year	43162.76	20890.88
	(d) Closing balance	81820.64	57564.17

Particulars		2015	2014
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	63358.06	38871.36
	(b) Provisions made during the year	61506.02	40757.25
	(c) Write-off / write-back of excess provisions	28247.00	16270.55
	(d) Closing balance	96617.08	63358.06

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets as at March 31, 2015	Total Assets as at March 31, 2014
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	167299.84	114118.37

XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NA	NA

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2015

	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Deposits	9067.27	11956.49	9896.81	27006.66	78767.68	324767.42	6561.05	-	468023.39
Advances	241340.37	128593.80	142272.10	346743.95	569732.88	1402397.67	257345.01	1338.97	3089764.75
Reserves and surplus	-	-	-	-	-	-	-	555658.11	555658.11
Investments	-	-	-	-	1500.00	4193.09	17510.26	62163.65	85367.00
Borrowings	51735.60	282050.00	110295.24	195920.24	236823.81	911417.71	198001.90	131550.00	2117794.51
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	10794.47	-	31250.00	12500.00	-	-	54544.47

XV) Disclosure of Complaints

Customer Complaints

(a) No. of complaints pending at the beginning of the year	5
(b) No. of complaints received during the year	113
(c) No. of complaints redressed during the year	109
(d) No. of complaints pending at the end of the year	9

49. Disclosure on restructured standard advances :

During the year, the Company has restructured one of the standard advance accounts resulting in reduction in rate of interest and increase in tenor of the loan.

The details of the same are provided here below.

Sr. No.	Type of Restructuring Asset Classification	Details	Others				
			Standard	Substandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
2	Fresh Restructuring during the year	No. of Borrowers	1	-	-	-	1
		Amount Outstanding	446.15	-	-	-	446.15
		Provision thereon #	31.87	-	-	-	31.87
3	Up-gradations to restructured standard category during the FY	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
4	Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end of FY and hence need to be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					

	Type of Restructuring		Others				
5	Down gradations of restructured accounts during the FY	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					
6	Write-offs of restructured accounts during the FY	No. of Borrowers					
		Amount Outstanding					
7	Restructured Accounts as on March 31 of the FY (Closing Figures)	No. of Borrowers					
		Amount Outstanding					
		Provision thereon					

Note : Since the disclosure of restructured advance account pertains to section "Others", the first two sections, namely, "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.

Represents higher provisioning and provision for diminution in fair value of Rs. 22.31 Lacs and Rs. 9.56 Lacs respectively.

- 50.** During the year, the Company has incurred expenditure of Rs. 2374.07 Lacs towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.113.56 Lacs towards the CSR activities undertaken by the Company (refer note no. 26).
- 51.** The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The Company has appointed an expert to consult on the matter, who have opined that the Company has a strong case on merits to defend and the chances of getting an unfavourable outcome is remote.

52. Scheme of Amalgamation

i) Scheme details and balance sheet position:

In terms of Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956 (the "Scheme") between the Company and Mahindra Business & Consulting Services Private Ltd. ("MBCSPL"), an erstwhile wholly owned subsidiary of the Company and their respective shareholders, all the assets and liabilities, including reserves, of MBCSPL were transferred and vested in the Company effective from April 01, 2014 ("the Appointed date"). The Scheme was approved by the Honourable High Court of judicature at Bombay ("the Court") vide its order dated March 20, 2015. The said Scheme became effective from April 18, 2015 (the "Effective date") on filing of the certified Court order with Registrar of Companies, Maharashtra.

With effect from the appointed date, the whole of assets, properties, liabilities of the MBCSPL including all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description relatable to the said business is transferred to and vested in and / or be deemed to be transferred to and vested in the Company.

Break up of assets and liabilities transferred to the Company as per the Court scheme as under:

Particulars	As at April 1, 2014
Assets	1837.54
Liabilities	1837.54
Net amount adjusted in opening balance of surplus in the statement of profit and loss	529.87

ii) Consideration:

The Scheme entails the amalgamation of MBCSPL, a wholly owned subsidiary of the Company with its parent MMFSL, with the consequent dissolution without winding up of MBCSPL. Accordingly, the scheme does not envisage any issue of shares or payment of the consideration.

iii) Accounting:

- a) The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statement of the Company at their existing carrying amount.
- b) 1,00,000 Equity Shares of Rs.10/- each fully paid up in MBCSPL, held as investment by the Company stands cancelled and the difference, if any, is debited to opening balance of surplus in the statement of profit and loss (refer note no.2).
- c) All inter-corporate deposits, loans and advances, outstanding balances or other obligations between MBCSPL and the Company, stands cancelled and there shall be no obligation/ outstanding in that behalf.

- d) In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore the certain figures may not be exactly comparable with the previous year's figures.

53. Changes in provisions

	As at April 1, 2014	Additional Provisions	Utilizations/ Reversals	As at March 31, 2015
Provision for Standard assets	11625.00	1057.00	-	12682.00
Provision for Non-performing assets	63358.06	61506.02	28247.00	96617.08

54. Previous year figures have been regrouped / reclassified wherever found necessary

For FY 2013-14:

28. Disclosure under the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27).

The Company has interest in the following jointly controlled entity.

i)	Name of the entity	Country of Incorporation	% Holding
	Mahindra Finance USA, LLC	United States of America	49.00%
ii)	Interest in the assets, liabilities, income and expenses with respect to jointly controlled entity		
	Particulars	March 2014	March 2013
I.	ASSETS		
	Long-term loans and advances	91854.46	58689.98
	Deferred tax assets	306.36	-
	Cash and cash equivalents	395.53	224.14
	Short-term loans and advances	21562.02	16844.83
II.	LIABILITIES		
	Long-term borrowings	48549.09	24756.47
	Other Long-term liabilities	59.74	-
	Long term provisions	333.14	199.35
	Short term borrowings	28664.24	30782.02
	Other current liabilities	25810.16	13302.36
	Short term provisions	77.40	57.30

	Particulars	March 2014	March 2013
III.	INCOME		
	Revenue from operations	4782.11	2774.21
	Other income	210.91	86.88
IV.	EXPENSES		
	Finance costs	1677.26	943.95
	Loan provisions and write-offs	251.15	-
	Other expenses	1578.45	1225.05
	Provision for current tax	823.54	259.83
	Provision for deferred tax	(307.94)	-

29. Employee Stock Option Plan

- a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February,2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,30,37,934 equity shares to employees (March 2013 : 1,25,32,990 equity shares) up to 31st March, 2014, of which 5,04,944 equity shares (March 2013 : 8,31,035 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under :

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

- b) During the year, the Company has granted 1,17,625 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

	Grant dated 22nd July, 2013	Grant dated 21st October, 2013
No. of options granted	48130	69495
Intrinsic value of shares based on latest available closing market price (Rs.)	210.35	270.40
Total amount to be amortized over the vesting period (Rs. in Lacs)	101.24	187.92
Charge to Statement of profit and loss for the year (Rs. in Lacs)	34.67	40.38
Compensation in respect of lapsed cases (Rs. in Lacs)	Nil	11.05
Unamortized amount carried forward (Rs. in Lacs)	66.57	136.48

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

Vesting period in years	Grant dated 22nd July, 2013		Grant dated 21st October, 2013	
	Expected Vesting	Fair Value (Rs.)	Expected Vesting	Fair Value (Rs.)
1	9626	} 198.64	13899	} 259.46
2	9626		13899	
3	9626		13899	
4	9626		13899	
5	9626		13899	
	48130		69495	

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables	Grant dated 22nd July, 2013	Grant dated 21st October, 2013
1) Risk free interest rate	7.61%	8.60%
2) Expected life	3.5 years	3.25 years
3) Expected volatility	35.53%	39.27%
4) Dividend yield	1.70%	1.32%
5) Price of the underlying share in the market at the time of option grant (Rs.)	212.35	272.40

c) Summary of stock options

Summary of Stock Options	March 2014		March 2013	
	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	1644675	21.61	2485550	24.59
Options granted during the year	117625	2.00	-	-
Options forfeited/lapsed during the year #	94107	37.64	9840	7.11
Options exercised during the year	504944	34.57	831035	30.69
Options outstanding at the end of the year	1163249	12.70	1644675	21.61
Options vested but not exercised at the end of the year	436039	30.55	604090	45.81

including 4085 (March 2013: Nil) options forfeited/lapsed out of the options granted during the year

d) Information in respect of options outstanding :

Grant date / Exercise price	March 2014		March 2013	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005 :				
24 th July, 2007 at Rs.42.20	-	-	82985	12 months
25 th March, 2008 at Rs.60.80	-	-	199915	11 months
18 th September, 2008 at Rs.46.60	279150	5 months	384680	17 months
(a)	279150		667580	
Scheme 2010 :				
7 th February, 2011 at Rs.2.00	634749	18 months	790985	27 months
25 th January, 2012 at Rs.2.00	135810	26 months	186110	31 months
22 nd July, 2013 at Rs.2.00	48130	34 months	-	-
21 st October, 2013 at Rs.2.00 #	65410	37 months	-	-
(b)	884099		977095	
Total (a + b)	1163249		1644675	

net of 4085 options forfeited/lapsed out of the options granted during the year

- e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
25-Apr-2013	228.46
16-May-2013	251.69
20-Jun-2013	266.69
19-Jul-2013	251.01
20-Aug-2013	240.09
21-Aug-2013	234.40
23-Sep-2013	258.45
17-Oct-2013	270.36
22-Nov-2013	293.20
16-Dec-2013	303.71
17-Jan-2014	277.86
19-Feb-2014	254.59
21-Mar-2014	257.16
25-Mar-2014	253.40

- f) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 29 (h) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Grants covered under Scheme 2005 :

Variables	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010 :

Variables	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40

h) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee Share-based Payments” is as follows:

<u>Particulars</u>	<u>Intrinsic Value Method</u>		<u>Fair Value Method *</u>	
	March 2014	March 2013	March 2014	March 2013
Net profit after tax (Rs. in Lacs)	88722.75	88269.18	88753.64	88308.57
Weighted average number of equity shares of Rs.2/- each – Basic	563184677	531949491	563184677	531949491
Weighted Average number of equity shares of Rs.2/- each – Diluted	568764960	538178537	568764960	538178537
Basic Earnings Per Share (Rs.)	15.75	16.59	15.76	16.60
Diluted Earnings Per Share # (Rs.)	15.60	16.40	15.60	16.41

Dilution in Earnings per share is on account of 52,39,841 equity shares (March 2013 : 57,44,785 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs.30.89 Lacs (March 2013 : Rs. 39.39 Lacs).

30. Loan provisions and write offs

- a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2014 is Rs. 35253.77 Lacs (March 2013 : Rs. 19692.65 Lacs)

- b) In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs. 2110.00 Lacs (March 2013 : Rs. 5165.00 Lacs, including additional / accelerated provision of Rs. 3568.00 Lacs, refer note no. 27).

The total amount of provision on Standard assets of Rs.11625.00 Lacs (March 2013 : Rs. 9515.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no.5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs.4370.00 Lacs as at 31st March, 2014 (March 2013 : Rs.3568.00 Lacs).

- c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

31. Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

32. The Company has single reportable segment "Financial services" for the purpose of Accounting Standard 17 on Segment reporting.

33. In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

34. Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

35. Employee benefits

Defined benefit plans -as per actuarial valuation

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave (Non funded)	
		March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
I.	Expense recognised in the Statement of Profit & Loss Account for the year ended 31st						
1	Current service cost	559.24	439.63	86.49	74.60	572.34	109.25
2	Interest cost	76.35	58.79	10.06	8.58	49.84	-
3	Expected return on plan assets	(74.56)	(52.14)	-	-	-	-
4	Actuarial (gains)/losses	(112.83)	(180.59)	(59.84)	(77.62)	(173.57)	554.44
5	Fund amount to be transferred from MBCSPL gratuity fund *	(64.27)	-	-	-	-	-
6	Adjustment due to change in opening balance of plan assets	(186.28)	-	-	-	-	-
7	Total expense	197.64	265.68	36.72	5.56	448.61	663.68
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st						
1	Present value of defined benefit obligation as at 31 st	1192.46	855.07	147.88	111.16	846.55	564.13
2	Fair value of plan assets as at 31 st	1111.98	776.20	-	-	-	-
3	Funded status (surplus/(deficit))	(80.48)	(78.87)	(147.88)	(111.16)	(846.55)	(564.13)
4	Net asset/(liability) as at 31st	(80.48)	(78.87)	(147.88)	(111.16)	(846.55)	(564.13)

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave (Non funded)	
		March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
III.	Change in the obligations during the year ended 31st						
1	Present value of defined benefit obligation at the beginning of the year	855.07	644.20	111.16	105.60	564.13	-
2	Current service cost	559.24	439.63	86.49	74.60	572.34	109.25
3	Interest cost	76.35	58.79	10.06	8.58	49.84	-
4	Actuarial (gains)/losses	(184.16)	(220.18)	(59.84)	(77.62)	(173.57)	554.44
5	Benefits paid	(114.04)	(67.37)	-	-	(166.20)	(99.55)
6	Present value of defined benefit obligation at the year ended 31 st	1192.46	855.07	147.88	111.16	846.55	564.13
IV.	Change in the fair value of plan assets during the year ended 31st						
1	Fair value of plan assets at the beginning of the year	776.20	484.50				
2	Expected return on plan assets	74.56	52.14				
3	Contributions by employer	199.26	334.56				
4	Actuarial (Gains)/Losses	(74.56)	(27.63)				
5	Fund amount to be transferred from MBCSPL gratuity fund *	64.27	-				
6	Adjustment due to change in opening balance of Plan assets	186.28	-				
7	Actual Benefits paid	(114.04)	(67.37)				

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave (Non funded)	
		March 2014	March 2013	March 2014	March 2013	March 2014	March 2013
8	Fair value of plan assets at the end of the year	1111.98	776.20				
V.	Major category of plan assets as a percentage of total plan						
	Funded with LIC	100%	100%	100%	100%	100%	100%
VI.	Actuarial Assumptions						
1	Discount Rate (p.a.)	8%	8%	8%	8%	8%	8%
2	Expected rate of return on plan assets (p.a.)	8%	8%	-	-	-	-
3	Rate of Salary increase (p.a.)	5%	5%	5%	5%	5%	5%
4	In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

		Year ended 31st March				
		2010	2011	2012	2013	2014
VII.	Experience Adjustments (Gratuity)					
1	Defined benefit obligation at end of the period	343.83	442.42	644.20	855.07	1192.46
2	Plan assets at the end of period	305.50	375.80	484.50	776.20	1111.98
3	Funded status surplus/ (deficit)	(38.33)	(66.61)	(159.71)	(78.87)	(80.48)
4	Experience adjustments on plan liabilities (gain)/loss	(40.37)	(46.70)	(73.01)	(66.64)	(77.52)
5	Experience adjustments on plan assets gain/(loss)	(6.22)	(7.89)	(9.94)	(16.07)	(21.77)

* During the year, certain employees of Mahindra Business & Consulting Services Private Limited (MBCSPL) were transferred to the payroll of the Company w.e.f. 1st January, 2014. The liability on account of retirement benefits (gratuity and leave encashment) has been considered while arriving at the employee benefits liability for the current year. Pending the transfer of funds lying with the MBCSPL Gratuity trust, the Company has considered the said amount in the plan assets balance as at 31st March, 2014. The Company expects to make a contribution to the Gratuity Fund of Rs. 439.42 lacs within a year.

36. Disclosure on derivatives

Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2014

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 872.71 Lacs (March 2013 : US \$ 699.13 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2014.

37. Securitisation / assignment transactions

- a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 47122 contracts (March 2013: 54374 contracts) amounting to Rs. 126292.70 Lacs (March 2013: Rs. 143361.38 Lacs) for a consideration of Rs.126292.70 Lacs (March 2013: Rs. 143361.38 Lacs) and de-recognised the assets from the books.
- b) During the year, the Company has without recourse assigned loan receivables of 6490 contracts (March 2013: NIL contracts) amounting to Rs.19850.83 Lacs (March 2013 : Rs.NIL) for a consideration of Rs.15554.19 Lacs (March 2013 : Rs.NIL) towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs.1985.08 Lacs equivalent to 10% of the receivables have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012 (refer note no. 13 and 18).

The amount of profit in cash of Rs.314.94 Lacs on this assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines (refer note no. 4 and 8).

- c) Income from assignment / securitization transactions include write back of provision for loss / expenses in respect of matured assignment transactions amounting to Rs.4189.65 Lacs (March 2013 : Rs. 3193.08 Lacs) considered no longer necessary (refer Accounting policy 3 (IV) A (iii)).
- d) In terms of the accounting policy stated in 3 (IV) (B) (i) (c), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).
- e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation transactions amounting to Rs.5146.47 Lacs (March 2013 : Rs. 106.98 Lacs)
- f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2013-13 dated August 21, 2012.

S. No.	Particulars	March 2014	March 2013
1	No of SPVs sponsored by the NBFC for securitization transactions	8	5
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	192645.41	141347.26
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First loss - Credit enhancement in the form of corporate undertaking (refer note no.41 (i) (c))	4782.00	2922.00
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss – Cash collateral term deposits with banks (refer note no.17 (a) (ii))	18040.00	7293.00
	* Others – Retained interest in Pass Through Certificates (refer note no.13 and 18)	2213.95	3844.37
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures	-	-
	i) Exposure to own securitizations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others	-	-

Applicable for transactions effected after the date of circular:

			March 2014	March 2013
	b)	On-balance sheet exposures		
	i)	Exposure to own securitizations		
	*	First loss	-	-
	*	Others – Cash collateral term deposits with banks (refer note no.17 (a) (ii))	2156.00	1856.00
	ii)	Exposure to third party securitizations		
	*	First loss	-	-
	*	Others	-	-

38. There were 77 cases (March 2013 : 28 cases) of frauds amounting to Rs. 560.32 Lacs (March 2013 : Rs 450.31 Lacs) reported during the year. The Company has recovered an amount of Rs.46.38 Lacs (March 2013 : Rs 31.53 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

39. The gold loans outstanding as a percentage of total assets is at 0.03% (March 2013 : 0.05%).

40. Related party disclosure as per Accounting Standard 18

A) List of the related parties and nature of relationship which have transactions with our Company during the year:

Holding Company :	Mahindra and Mahindra Limited
Subsidiary Companies :	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Business & Consulting Services Private Limited Mahindra Asset Management Company Private Limited
Joint Ventures :	Mahindra Finance USA, LLC
Fellow subsidiary Companies:	Mahindra Trucks & Buses Ltd. (merged with Mahindra & Mahindra Ltd. w.e.f. April 01, 2013) Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. Bristlecone India Limited Mahindra Yueda (Yancheng) Tractor Co.Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra Construction Company Ltd. Mahindra Two Wheelers Ltd. Mahindra First Choice Services Ltd.
Key Management Personnel :	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel :	Ms Janaki Iyer
	Ms Ramlaxmi Iyer
	Mr Rishiek Iyer

B) Related party transactions are as under:

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
1	Income	-	-	1.79	-	-
	Loan income	-	-	(10.51)	-	-
	Subvention income (iii)	2322.68	-	-	-	-
		(1048.52)	-	(431.58)	-	-
2	Other income	1.02	1499.88	54.11	-	-
		-	(3262.17)	(10.18)	-	-
	Expenses					
	Interest	339.45	533.57	-	-	18.09
	(334.41)	(228.80)	-	-	(16.75)	
3	Other expenses	1394.33	17420.53	167.71	-	-
		(1404.97)	(14830.49)	(58.57)	-	-
	Remuneration to MD	-	-	-	-	274.80
		-	-	-	-	(235.02)
4	Investment in share capital	-	2195.00	-	2193.73	-
		-	-	-	(3062.69)	-
5	Purchase of fixed assets	421.36	-	5.85	-	-
		(173.73)	(2.97)	-	-	-
6	Finance					
	Fixed deposits	-	2700.00	-	-	207.50
		-	-	-	-	(168.00)

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
6	Fixed deposits matured	-	-	-	-	187.50
		-	-	-	-	-
	Dividend paid – for previous year	10483.48	-	-	-	18.99
		(8153.81)	-	-	-	(15.11)
	Inter corporate deposits taken	50000.00	3565.00	-	-	-
		(50000.00)	(7788.32)	-	-	-
	Inter corporate deposits repaid	50000.00	4365.00	-	-	-
	(50000.00)	(4939.87)	-	-	-	
Inter corporate deposits given	-	48130.24	-	-	-	
	-	(56794.20)	(2000.00)	-	-	
Inter corporate deposits refunded	-	48505.27	2000.00	-	-	
	-	(59771.55)	-	-	-	
Other transactions						
Reimbursement from parties	112.54	-	-	-	-	-
	-	-	-	-	-	-

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
7	Reimbursement to parties	-	-	113.75	-	-
		-	-	-	-	-
	Balances as at the year end					
	Receivables (iii)	375.59	85.12	1091.74	-	-
		(48.41)	(74.56)	(3289.26)	-	-
	Loans given (including interest accrued but not due) (ii)	-	-	334.33	-	-
		-	-	(334.33)	-	-
	Inter corporate deposits given (including interest accrued but not due) (ii)	-	1437.16	113.38	-	-
		-	(1818.77)	(2122.01)	-	-
	Payables	-	575.23	107.64	-	-
	-	(754.42)	(66.33)	-	-	
Subordinate debts held (including interest accrued but not due)	-	700.76	-	-	-	
	-	(700.76)	-	-	-	
Inter corporate deposits taken (including interest accrued but not due)	-	4414.76	-	-	-	
	-	(5215.39)	-	-	-	
Fixed deposits (including interest accrued but not due)	-	2834.75	-	-	214.79	
	-	-	-	-	(195.24)	

Notes:

- i) Figures in bracket represent corresponding figures of previous year.
- ii) An amount of Rs 113.38 lacs of inter corporate deposits and Rs 334.33 lacs of loan given to Mahindra Construction Co Ltd is provided as Non Performing Asset in the books of account.
- iii) Mahindra Trucks and Buses Ltd is merged with Mahindra & Mahindra Ltd (holding company) during the current year w.e.f. 01st April, 2013. However, transactions in the form of subvention income of the previous year amounting to Rs 431.52 lacs and balance receivable as at March 31, 2013 amounting to Rs 380.15 lacs is disclosed in the column pertaining to fellow subsidiary companies..

C) The significant related party transactions are as under:

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Income					
<u>Revenue from operations</u>					
Subvention income	Mahindra and Mahindra Limited	2322.68	-	-	-
		(1048.52)	-	-	-
<u>Other income</u>					
Interest income on inter corporate deposits / subordinate debt	Mahindra Rural Housing Finance Limited	-	366.01	-	-
		-	(808.70)	-	-
	Mahindra Business & Consulting Services Private Limited	-	114.54	-	-
		-	(174.26)	-	-

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Dividend income Income from shared services	Mahindra Rural Housing Finance Limited	-	400.00	-	-
		-	(280.00)	-	-
	Mahindra Rural Housing Finance Limited	-	442.30	-	-
	Mahindra Insurance Brokers Limited	-	(449.12)	-	-
		-	102.64	-	-
Expenses <u>Interest</u> Interest expense on inter corporate deposits, nonconvertible debentures and fixed deposits	Mahindra and Mahindra Limited	339.45	-	-	-
		(334.41)	-	-	-
	Mahindra Insurance Brokers Limited	-	533.57	-	-
		-	(225.76)	-	-
<u>Other expenses</u> Manpower outsourcing expenses	Mahindra Business & Consulting Services Private Limited	-	16172.88	-	-
		-	(14010.96)	-	-

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Handling charges	Mahindra Insurance Brokers Limited	-	1247.65	-	-
		-	(802.71)	-	-
Purchase of fixed assets	Mahindra and Mahindra Limited	421.36	-	-	-
		(173.73)	-	-	-
Finance					
Fixed deposits	Mahindra Insurance Brokers Limited	-	2700.00	-	-
		-	-	-	-
Fixed deposits matured	Ramesh Iyer	-	-	-	44.50
		-	-	-	-
	Janaki Iyer	-	-	-	133.00
		-	-	-	-
Dividend paid - for previous year	Mahindra and Mahindra Limited	10483.48	-	-	-
Inter corporate deposits taken	Mahindra and Mahindra Limited	50000.00	-	-	-
		(50000.00)	-	-	-
Inter corporate deposits repaid	Mahindra and Mahindra Limited	50000.00	-	-	-
		(50000.00)	-	-	-
Inter corporate deposits given	Mahindra Rural Housing Finance Limited	-	46298.00	-	-
		-	(55015.95)	-	-

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Inter corporate deposits refunded	Mahindra Rural Housing Finance Limited	-	45812.63	-	-
		-	(58373.96)	-	-
Balances at the year end					
Receivables	Mahindra Holidays & Resorts India Limited	-	-	1091.74	-
		-	-	(2909.11)	-
	Mahindra & Mahindra Limited	375.59	-	-	-
		(48.41)	-	-	-
Loan given (including interest accrued but not due)	Mahindra Construction Company Limited	-	-	334.33	-
		-	-	(334.33)	-
Payables	Mahindra Insurance Brokers Limited	-	387.75	-	-
		-	(245.19)	-	-
	Mahindra Business & Consulting Services Private Limited	-	138.14	-	-
		-	(437.67)	-	-

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited	-	4414.76	-	-
		-	(5215.39)	-	-
Inter corporate deposits given (including interest accrued but not due)	Mahindra Business & Consulting Services Private Limited	-	884.33	-	-
		-	(1780.22)	-	-
	Mahindra Rural Housing Finance Limited	-	552.83	-	-
		-	(38.55)	-	-
Subordinate debt held (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	700.76	-	-
		-	(700.76)	-	-

41. Contingent liabilities and commitments (to the extent not provided for)

	March 2014	March 2013
i) Contingent liabilities		
a) Demand against the Company not acknowledged as debts -		
- Income tax	7476.70	5472.52
- Value Added Tax (VAT)	60.92	-
b) Corporate guarantees towards assignment transactions	55631.29	71572.12

	March 2014	March 2013
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 37 (f))	4782.00	2922.00
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	2726.48	2031.55
	70677.39	81998.19
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	438.05	624.91
b) Uncalled liability on shares and other investments partly paid (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share)	2190.00	-
	2628.05	624.91
Total	73305.44	82623.10

42. The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of The Companies Act, 1956 is not given.

43. Secured long-term borrowings

i) Secured non-convertible debentures

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
Maturing between 3 years to 5 years	9.25% - 10.25%	44550.00	-	44550.00
Maturing between 1 year to 3 years	9.00% - 10.20%	252470.00	-	252470.00
Maturing within 1 year	9.04% - 10.25%	-	169020.00	169020.00

	Rate range	(a) Non-current	(b) Current	Total
Total		297020.00	169020.00	466040.00
2) Repayable in yearly installments:				
Maturing between 1 year to 3 years	9.95%	24500.00	-	24500.00
Maturing within 1 year	9.95% - 13.00%	-	14500.00	14500.00
Total		24500.00	14500.00	39000.00
Total (1+2)		321520.00	183520.00	505040.00

As on 31st March, 2013

	Rate range	(a)Non-current	(b)Current maturity	Total
1) Repayable on maturity :				
Maturity beyond 5 years	9.34%-9.43%	7350.00	-	7350.00
Maturity between 3 years to 5 years	9.25%-9.45%	5100.00	-	5100.00
Maturity between 1 year to 3 years	9.23%-10.25%	262510.00	-	262510.00
Maturity within 1 year	8.30%-10.47%	-	151770.00	151770.00
Total		274960.00	151770.00	426730.00
2) Repayable in installments :				
Yearly installments -				
Maturity beyond 3 years	9.95%-13.00%	25000.00	-	25000.00
Maturity between 1 year to 3 years	9.95%	14000.00	-	14000.00
Maturity within 1 year	10.50%-13.00%	-	16070.00	16070.00
Total		39000.00	16070.00	55070.00
Total (1+2)		313960.00	167840.00	481800.00

ii) Secured term loans from banks

As on 31st March, 2014

	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
Maturing between 3 years to 5 years	10.20%	25000.00	-	25000.00
Maturing between 1 year to 3 years	9.70% - 10.40%	294000.00	-	294000.00
Maturing within 1 year	7.75% - 10.35%	-	62500.00	62500.00
Total for repayable on maturity		319000.00	62500.00	381500.00
2) Repayable in installments :				
i) Bi-monthly				
Maturing between 1 year to 3 years	10.25%	6200.00	-	6200.00
Maturing within 1 year	-	-	-	-
Total		6200.00	-	6200.00
ii) Quarterly -				
Maturing between 3 years to 5 years	10.00% - 10.25%	27314.28	-	27314.28
Maturing between 1 year to 3 years	10.00% - 10.50%	49814.28	-	49814.28
Maturing within 1 year	10.00% - 10.25%	-	44505.15	44505.15
Total		77128.56	44505.15	121633.71
iii) Half yearly -				
Maturing beyond 3 years	10.25%	81900.00	-	81900.00

	Rate range	(a) Non-current	(b) Current	Total
Maturing between 1 year to 3 years	10.20% - 10.25%	321266.67	-	321266.67
Maturing within 1 year	10.20% - 10.25%	-	144333.33	144333.33
Total		403166.67	144333.33	547500.00
iv) Yearly -				
Maturing between 3 years to 5 years	10.20% - 10.25%	81666.67	-	81666.67
Maturing between 1 year to 3 years	10.20% - 10.25%	73333.33	-	73333.33
Maturing within 1 year	9.25% - 10.25%	-	55000.00	55000.00
Total		155000.00	55000.00	210000.00
Total for repayable in installments		641495.23	243838.48	885333.71
Total (1+2)		960495.23	306338.48	1266833.71

As on 31st March, 2013

	Rate range	(a)Non-current	(b)Current	Total
1) Repayable on maturity :				
Maturity beyond 3 years	10.15%-10.35%	27500.00	-	27500.00
Maturity between 1 year to 3 years	7.75%-10.35%	175000.00	-	175000.00
Maturity within 1 year	5.50%-10.35%	-	128500.00	128500.00
Total		202500.00	128500.00	331000.00
2) Repayable in installments :				

	Rate range	(a)Non-current	(b)Current	Total
i) Quarterly-				
Maturity between 1 year to 3 years	10.15%-10.25%	55692.00	-	55692.00
Maturity within 1 year	10.15%-10.25%	-	23632.00	23632.00
Total		55692.00	23632.00	79324.00
ii) Half-yearly-				
Maturity beyond 3 years	10.25%	91666.67	-	91666.67
Maturity between 1 year to 3 years	10.20%-10.25%	268333.33	-	268333.33
Maturity within 1 year	7.90%-10.45%	-	44166.67	44166.67
Total		360000.00	44166.67	404166.67
iii) Yearly-				
Maturity between 1 year to 3 years	9.25%-10.25%	90000.00	-	90000.00
Maturity within 1 year	9.25%	-	40000.00	40000.00
Total		90000.00	40000.00	130000.00
Total for repayable in installments		505692.00	107798.67	613490.67
Total (1+2)		708192.00	236298.67	944490.67

iii) Foreign currency loans from banks

As on 31st March 2014

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing between 1 year to 3 years	9.05%-9.98%	40305.51		40305.51
Maturing within 1 year	9.60%	-	11983.00	11983.00
Total		40305.51	11983.00	52288.51

As on 31st March 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
Maturity between 1 year to 3 years	9.60%-11.65%	27142.50	10809.57	37952.07
Total		27142.50	10809.57	37952.07

44. Unsecured borrowings

i) Subordinated debts (long-term)

As on 31st March 2014

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing between 3 years to 5 years	10.50% - 12.00%	7860.00	-	7860.00
Maturing beyond 5 years	9.50%-10.50%	71550.00	-	71550.00
Total		79410.00	-	79410.00

As on 31st March 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	9.80%-11.75%	52530.00	-	52530.00
Maturing between 3 years to 5 years	10.50%-12.00%	6880.00	-	6880.00
Maturing between 1 year to 3 years	-	-	-	-
Maturing within 1 year	10.20%-10.40%	-	3100.00	3100.00
Total		59410.00	3100.00	62510.00

ii) Unsecured term loans from banks**As on 31st March 2014 :**

	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
Maturing within 1 year	9.75%	-	2200.00	2200.00
Maturing between 1 year to 3 years	10%	10000.00	-	10000.00
Total		10000.00	2200.00	12200.00

As on 31st March,2013 : Nil

iii) Inter-corporate deposits (ICDs)

As on 31st March, 2014

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current	
Repayable on maturity :					
Maturing between 1 year to 3 years	9.40%	-	725.00	-	725.00
Maturing within 1 year	8.75% - 10.25%	3565.00	-	50.00	3615.00
Total		3565.00	725.00	50.00	4340.00

As on 31st March, 2013

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
Maturing between 1 year to 3 years	9.40%-9.80%	-	775.00	-	775.00
Maturing within 1 year	8.50%-9.75%	4215.00	-	150.00	4365.00
Total		4215.00	775.00	150.00	5140.00

iv) Fixed deposits

As on 31st March, 2014

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current	
Maturing beyond 3 years	9.4% - 10.25%	-	7308.37	-	7308.37
Maturing between 1 year to 3 years	8.65% - 10.75%	-	270554.77	-	270554.77
Maturing within 1 year	8.65% - 10.75%	5931.15	-	76425.51	82356.66
Total		5931.15	277863.14	76425.51	360219.80

As on 31st March, 2013

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
Maturing beyond 3 years	8.65%-10.75%	-	116827.59	-	116827.59
Maturing between 1 year to 3 years	8.65%-10.75%	-	75225.60	-	75225.60
Maturing within 1 year	8.65%-10.50%	3362.41	-	37377.62	40740.03
Total		3362.41	192053.19	37377.62	232793.22

45. Short – term borrowings

i) Secured term loans from banks and cash credit facilities

As on 31st March, 2014

	Rate range	Amount
Repayable on maturity :		
Maturing within 1 year	10.25% - 13.25%	112732.21
Total		112732.21

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20% -13.65%	115527.03
Total		115527.03

ii) Commercial papers

As on 31st March 2014 : Nil

As on 31st March 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20%-9.35%	5000.00
Total		5000.00

46. Managerial remuneration to Directors included in the Statement of profit and loss

	March 2014	March 2013
Salary and perquisites	197.06	167.36
Contribution to provident fund and other funds	13.20	11.57
Sitting fees and commission (including commission to Managing Director)	147.02	110.34
Total	357.27	289.26

Above figures are excluding charge for gratuity, provision for leave encashment as separate actuarial valuation figures are not available. Further, perquisites do not include amortisation of Employees Stock Options.

47. Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Sr No.	Particulars	March 2014		March 2013	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(1)	Liabilities side : Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :				

Sr No.	Particulars	March 2014		March 2013	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(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	359500.62	-	228746.82	-

		March 2014	March 2013
		Amount outstanding	Amount outstanding
(3)	Asset side: Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	34048.00	19025.00
	(b) Unsecured	144926.46	133604.13
(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 :		

		March 2014	March 2013
		Amount outstanding	Amount outstanding
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(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	8752.63	5310.11
	(b) Loans other than (a) above	2705765.33	2201245.42
(5)	Break-up of Investments :		
	<u>Current Investments :</u>		
	1. Quoted :		
	(i) Shares : (a) Equity		
	(b) Preference		
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-

		March 2014	March 2013
		Amount outstanding	Amount outstanding
	(iv) Government Securities	-	-
	(v) Investments in Certificate of Deposits with Banks	-	-
	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	24289.13	19585.34
	(vi) Commercial Papers	10000.00	2000.00
	<u>Long Term Investments :</u>		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	37895.56	24168.13

		March 2014			March 2013		
		Amount outstanding			Amount outstanding		
	2. Unquoted :						
	(i) Shares : (a) Equity	14032.03			9643.30		
	(b) Preference	-			-		
	(ii) Debentures and Bonds	700.00			700.00		
	(iii) Units of mutual funds	-			-		
	(iv) Government Securities	-			-		
(6)	Borrower group-wise classification assets financed as in (3) and (4) above :						
	Category	March 2014			March 2013		
		Amount net of provisions			Amount net of provisions		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1.Related Parties						
	a)Subsidiaries	-	1361.61	1361.61	-	1818.77	1818.77
	b) Companies in the same group	-	1091.74	1091.74	-	4917.74	4917.74
	c) Other related parties	-	-	-	-	-	-
	2.Other than related parties	2748565.96	142473.11	2891039.07	2225580.53	126867.62	2352448.15
	<i>Total</i>	2748565.96	144926.46	2893492.42	2225580.53	133604.13	2359184.66

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :				
		March 2014		March 2013	
	Category	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	6943.98	6943.98	4748.98	4748.98
	b) Companies in the same group	7788.05	7788.05	5594.32	5594.32
	c) Other related parties	-	-	-	-
	2. Other than related parties	70794.00	72184.69	46295.02	45753.47
	Total	85526.03	86916.72	56638.32	56096.77

(8) Other information :		March 2014	March 2013
Particulars		Amount	Amount
(i)	Gross Non-Performing Assets :		
	(a) Related parties	447.71	447.71
	(b) Other than related parties	140121.41	75847.82
(ii)	Net Non-Performing Assets :		
	(a) Related parties	-	-
	(b) Other than related parties	57564.17	25992.87
(iii)	Assets acquired in satisfaction of debt :	-	-

48. Changes in provisions

	March 2013	Additional Provisions	Utilizations/ reversals	March 2014
Provision for Standard assets	9515.00	2110.00	-	11625.00
Provision for Non-performing assets	38871.36	40757.25	16270.55	63358.06

49. During the current financial year, the Company has incorporated Mahindra Trustee Company Private Limited (MTCPL) and has proposed to subscribe 49,998 equity shares of Rs. 10/- each amounting to Rs. 4.99 Lacs being 99.99% of the shareholding as a promoter shareholder. However, the Company has not made any investment during the year in MTCPL.

50. Previous year figures have been regrouped / reclassified wherever found necessary.

For FY 2012-13:

28. In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27), the Company has interest in the following jointly controlled entity :

i)	Jointly controlled entity by the Company:		
	Name of the entity	Country of Incorporation	% Holding
	Mahindra Finance USA, LLC	United States of America	49.00%
ii)	Interest in the assets, liabilities, income and expenses with respect to jointly controlled entity		
	Particulars	March 2013	March 2012
I.	ASSETS		
	Long-term loans and advances	58689.98	-
	Cash and cash equivalents	224.14	573.49
	Short-term loans and advances	16844.83	38058.66
II.	LIABILITIES		
	Long-term borrowings	24756.47	30637.02
	Long term provisions	199.35	-
	Short term borrowings	30782.02	8.58
	Other current liabilities	13302.36	5038.86
	Short term provisions	57.30	-
III.	INCOME		
	Revenue from operations	2774.21	999.77
	Other income	86.88	8.93

	Particulars	March 2013	March 2012
IV.	EXPENSES		
	Finance costs	943.95	303.24
	Other expenses	1225.05	506.18
	Provision for taxation	259.83	77.57

Above figures are based on unaudited financial statements.

29. Employee Stock Option Plan

- a) The Company had allotted 134,32,750 equity shares (face value of Rs.2/- each) on 6th December 2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The trust had issued 1,25,32,990 equity shares (March 2012 : 1,17,01,955 equity shares) up to 31st March, 2013 and 8,31,035 equity shares (March 2012 : 11,73,035 equity shares) for the current year to the employees.

The details of Employees stock option schemes are as under :

	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 months from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

b) Summary of stock options

Summary of Stock Options	March 2013		March 2012	
	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	2485550	24.59	3813940	24.02
Options granted during the year	-	-	212130	2.00
Options forfeited/lapsed during the year	9840	7.11	367485	10.38
Options exercised during the year	831035	30.69	1173035	23.10
Options outstanding at the end of the year	1644675	21.61	2485550	24.59
Options vested but not exercised at the end of the year	604090	45.81	805605	43.93

c) Information in respect of options outstanding :

Grant date / Exercise price	March 2013		March 2012	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005 :				
24 th July, 2007 at Rs.42.20	82985	12 months	60792	15 months
25 th March, 2008 at Rs.60.80	199915	11 months	63947	23 months
18 th September, 2008 at Rs.46.60	384680	17 months	112636	29 months
(a)	667580		237375	

Grant date / Exercise price	March 2013	March 2012	Grant date / Exercise price	March 2013
	No. of stock options	Weighted average remaining life		No. of stock options
Scheme 2010 :				
7 th February, 2011 at Rs.2.00	790985	27 months	217988	34 months
25 th January, 2012 at Rs.2.00	186110	31 months	41747	40 months
(b)	977095		259735	
Total (a + b)	1644675		497110	

- d) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of exercise	Average share price (Rs.)	Face value (Rs.)
9-May-2012	663.86	10.00
1-Jun-2012	636.96	10.00
2-Jul-2012	649.22	10.00
6-Aug-2012	734.55	10.00
4-Sep-2012	742.65	10.00

Date of exercise	Average share price (Rs.)	Face value (Rs.)
4-Oct-2012	898.99	10.00
29-Oct-2012	888.48	10.00
19-Nov-2012	987.93	10.00
19-Dec-2012	1097.88	10.00
22-Jan-2013	1052.77	10.00
1-Feb-2013	1067.11	10.00
19-Feb-2013	216.48	2.00
20-Feb-2013	215.03	2.00

e) Method used for accounting for share based payment plan

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

f) Fair value of options

The fair value of options used to compute proforma net profit and earnings per share in note 29(g) have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008	7-Feb-2011	25-Jan-2012
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%	7.73%	8.11%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years	4.5 years	5.5 years

Variables	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008	7-Feb-2011	25-Jan-2012
3) Expected volatility	0.50%	43.69%	43.61%	43.66%	42.38%	46.08%
3) Dividend yield	5%	1.59%	1.59%	1.64%	2.28%	2.11%
4) Price of the underlying share in the market at the time of option grant (Rs.)	65.53*	230.00	318.10	252.45	693.00	665.70

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

g) Earnings Per Share

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on “Accounting for Employee Share-based Payments” is as follows:

Particulars	<u>Intrinsic Value Method</u>		<u>Fair Value Method *</u>	
	Mar.2013	Mar.2012	Mar.2013	March 2012
Net profit after tax (Rs. in Lacs)	88269.18	62011.67	88308.57	62062.70
Weighted average number of equity shares of Rs.2/- each – Basic (refer note no. 1 (d))	531949491	512790825	531949491	512790825
Weighted Average number of equity shares of Rs.2/- each – Diluted (refer note no. 1 (d))	538178537	520013675	538178537	520013675
Basic Earnings Per Share (Rs.)	16.59	12.09	16.60	12.10
Diluted Earnings Per Share # (Rs.)	16.40	11.93	16.41	11.93

Dilution in Earnings per share is on account of 57,44,785 equity shares of face value of Rs.2/- each (March 2012 : 65,75,820 equity shares of face value of Rs.2/- each held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method is Rs.476.72 Lacs (March 2012 : Rs.698.62 Lacs).

30. Loan provisions and write offs

- a) The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. The Company also makes additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2013 is Rs. 19692.65 Lacs (March 2012 : Rs. 13178.47 Lacs)
- b) In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the Standard assets, the Company has made a provision of Rs.5165.00 Lacs on the Standard assets as on 31st March 2013 (March 2012 : Rs. 4350.00 Lacs). With effect from the current year, the Company has on a prudent basis, decided to make additional / accelerated general provision on its Standard assets and has provided Rs. Rs.3568.00 Lacs on this account, which is reflected as "Exceptional Items" in the Statement of profit and loss. The total amount of provision on Standard assets of Rs.9515.00 Lacs is shown separately as "Contingent provision against Standard assets" under "Provisions" in the balance sheet.
- c) Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

31. Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

32. The Company has single reportable segment "Financial services" for the purpose of Accounting Standard 17 on Segment reporting.

33. In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

34. Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

35. Employee benefits :

Defined benefit plans -as per actuarial valuation

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave *
		March 2013	March 2012	March 2013	March 2012	March 2013
I.	Expense recognised in the Statement of Profit and Loss for the year ended 31st					
	Current service cost	439.63	348.99	74.60	69.51	109.25
	Interest cost	58.79	41.98	8.58	6.32	-
	Expected return on plan assets	(52.14)	(37.97)	-	-	-
	Actuarial (gains)/losses	(180.59)	(123.12)	(77.62)	(43.54)	554.44
	Total expense	265.68	229.89	5.56	32.29	663.68
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st					
	Present value of defined benefit obligation as at 31 st	855.07	644.20	111.16	105.60	564.13
	Fair value of plan assets as at 31 st	776.20	484.50	-	-	-
	Funded status (surplus/(deficit))	(78.87)	(159.71)	(111.16)	(105.60)	(564.13)
	Net asset/(liability) as at 31st	(78.87)	(159.71)	(111.16)	(105.60)	(564.13)
III.	Change in the obligations during the year ended 31st					
	Present value of defined benefit obligation at the beginning of the year	644.20	442.42	105.60	73.31	-
	Current service cost	439.63	348.99	74.60	69.51	109.25
	Interest cost	58.79	41.98	8.58	6.32	-
	Actuarial (gains)/losses	(220.18)	(161.08)	(77.62)	(43.54)	554.44

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave *
		March 2013	March 2012	March 2013	March 2012	March 2013
	Benefits paid	(67.37)	(28.10)	-	-	(99.55)
	Present value of defined benefit obligation at the year ended 31 st	855.07	644.20	111.16	105.60	564.13
IV.	Change in the fair value of plan assets during the year ended 31st					
	Fair value of plan assets at the beginning of the year	484.50	375.80			
	Expected return on plan assets	52.14	37.97			
	Contributions by employer	334.56	148.09			
	Excess contribution withdrawn from fund	0.00	(11.29)			
	Actuarial (gains)/losses	(27.63)	(37.97)			
	Actual benefits paid	(67.37)	(28.10)			
	Fair value of plan assets at 31 st	776.20	484.50			
	The Company expects to contribute Rs.206.36 Lacs to gratuity in the next year (2012 : Rs. 334.56 Lacs)					
V.	Major category of plan assets as a percentage of total plan					
	Funded with LIC	100%	100%	100%	100%	100%
VI.	Actuarial Assumptions					
	Discount Rate	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.
	Expected rate of return on plan assets	8.00% p.a.	8.00% p.a.			
	Rate of Salary increase	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.

		Gratuity (Funded)		Sick leave (Non funded)		Privilege Leave *
		March 2013	March 2012	March 2013	March 2012	March 2013
	In-service Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE

VII.	Experience Adjustments	Year ended 31st March				
		2009	2010	2011	2012	2013
	Defined benefit obligation at end of the period	256.67	343.83	442.42	644.20	855.07
	Plan assets at the end of period	208.08	305.50	375.80	484.50	776.20
	Funded status surplus/ (deficit)	(48.59)	(38.33)	(66.61)	(159.71)	(78.87)
	Experience adjustments on plan liabilities (gain)/loss	(61.20)	(40.37)	(46.70)	(73.01)	(66.64)
	Experience adjustments on plan assets gain/(loss)	-	(6.22)	(7.89)	(9.94)	(16.07)

* There are no previous year figures as the actuarial valuation is done with effect from current year.

36. Disclosure on derivatives :

Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2013

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 699.13 Lacs (March 2012 : US \$ 199.13 Lacs and JPY 18451.97 Lacs). The loan of US \$ 699.13 Lacs (March 2012 : US \$ 199.13 Lacs and JPY 18451.97 Lacs) and interest thereon has been fixed to INR liability using a cross currency swap. There is no un-hedged foreign currency exposure as on 31st March, 2013.

37. Securitisation / assignment transactions

- a) During the year, the Company has without recourse securitised on “at par” basis vide PTC route loan receivables of 54374 contracts (March 2012: Nil contracts) amounting to Rs. 143361.38 Lacs (March 2012: Rs. Nil) for a consideration of Rs. 143361.38 Lacs (March 2012: Rs. Nil) and de-recognised the assets from the books.
- b) During the year, the Company has without recourse assigned loan receivables of Nil contracts (March 2012 : 56559 contracts) amounting to Rs. Nil (March 2012 : Rs.148741.39 Lacs) for a consideration of Rs. Nil (March 2012 : Rs.148741.39 Lacs) and de-recognised the assets from the books. The income booked in respect of assignment of receivables includes certain amount towards cost of future servicing of the assigned pool and an appropriate amount has been provided towards expenditure for future services.
- c) Income from assignment / securitization includes write back of provision in respect of assignment transactions amounting to Rs. 3193.08 Lacs (March 2012 : Rs. 2479.18 Lacs) considered no longer necessary.
- d) In terms of the accounting policy stated in 3 (iv), securitisation income is recognized as per RBI Guidelines dated 21st August, 2012. Accordingly, interest only strip representing present value of interest spread receivable has been recognized and reflected under loans and advances (refer note no. 13 and 18) and equivalent amount of unrealised gains has been recognised as liabilities (refer note no. 4 and 8).
- e) Excess interest spread redeemed during the year by the Special Purpose Vehicle Trust (SPV Trust) has been recognised as income and included in Income from assignment / securitisation amounting to Rs.106.98 Lacs (March 2012 : Rs. Nil)
- f) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012

(applicable for transactions effected after the date of circular)

S. No.	Particulars		No. / Amount in Rs. Lacs	
1	No of SPVs sponsored by the NBFC for securitization transactions		5	
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC		141347.26	
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet			
	a)	Off-balance sheet exposures		
	*	First loss - Credit enhancement in the form of corporate undertaking (refer note no.41 (i) (c))	2922.00	
	*	Others	-	
	b)	On-balance sheet exposures		
	*	First loss – Cash collateral term deposits with banks (refer note no.17 (a) (ii))	7293.00	
	*	Others – Retained interest in Pass Through Certificates (refer note no.13 and 18)	3844.37	
	4	Amount of exposures to securitization transactions other than MRR		
	a)	Off-balance sheet exposures	-	
i)	Exposure to own securitizations			
*	First loss	-		
*	Loss	-		
ii)	Exposure to third party securitizations			
*	First loss	-		
*	Others	-		
b)	On-balance sheet exposures			
i)	Exposure to own securitizations			

S. No.	Particulars		No. / Amount in Rs. Lacs
		* First loss	-
		* Others – Cash collateral term deposits with banks (refer note no.17 (a) (ii))	1856.00
	ii)	Exposure to third party securitizations	
		* First loss	-
		* Others	-

38. There were 28 cases (March 2012 : 22 cases) of frauds amounting to Rs. 450.31 Lacs (March 2012 : Rs 33.46 Lacs) reported during the year. The Company has recovered an amount of Rs.31.53 Lacs (March 2012 : Rs 14.92 Lacs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

39. The gold loans outstanding as a percentage of total assets is at 0.05% (March 2012 : 0.05%)

40. Related party disclosure as per Accounting Standard 18:

A) List of the related parties and nature of relationship which have transactions with our Company during the year:

Holding Company :	Mahindra and Mahindra Limited
Subsidiary Companies :	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Business and Consulting Services Private Limited
Joint Ventures :	Mahindra Finance USA, LLC
Fellow subsidiary Companies:	Mahindra Navistar Automotives Ltd. Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. Mahindra Auto Developers Pvt Ltd. Mahindra Yueda (Yancheng) Tractor Co.Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra Retail Pvt. Ltd. Mahindra Two Wheelers Ltd. Mahindra Logistics Ltd. Mahindra First Choice Services Ltd.
Key Management Personnel :	Mr. Ramesh Iyer (Managing Director)

B) Related party transactions are as under:

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
1	Income					
	Loan income	-	-	10.51	-	-
		-	-	(39.67)	-	-
	Subvention income	1048.52	-	431.58	-	-
	(823.00)	-	(288.04)	-	-	
	Other income	-	3262.17	10.18	-	-
		-	(1942.07)	(243.08)	-	-
2	Expenses					
	Interest	334.41	228.80	-	-	2.74
		(718.39)	(181.85)	(10.71)	-	(1.86)
	Other expenses	1404.97	14830.49	58.57	-	235.02
		(1652.07)	(9900.61)	(20.59)	-	(195.81)
3	Investment in share capital	-	-	-	3062.69	-
		-	(1400.00)	-	(249.36)	-
4	Purchase of fixed assets	173.73	2.97	-	-	-
		(166.55)	-	(23.79)	-	-
5	Sale of fixed assets	-	-	-	-	-
		-	(4.85)	-	-	-
6	Finance					
	Fixed deposits (including interest accrued but not due)	-	-	-	-	48.51
		-	-	-	-	(20.77)

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
	NCD held (including interest accrued but not due)	-	-	-	-	-
	(Purchased from secondary market)	(2645.73)	-	-	-	-
	Dividend paid – for previous year	8153.81	-	-	-	15.11
		(5824.15)	-	-	-	(4.85)
	Inter corporate deposits taken (including interest accrued but not due)	-	5215.39	-	-	-
		-	(2486.56)	-	-	-
	Inter corporate deposits given (including interest accrued but not due)	-	1818.77	2008.63	-	-
		-	(4774.70)	-	-	-
	Loan given (including interest accrued but not due)	-	-	-	-	-
		-	-	(260.46)	-	-
	Subordinate debts held (including interest accrued but not due)	-	700.76	-	-	-
		-	-	-	-	-
7	Other transactions					
	Reimbursement to parties	-	-	-	-	-
		-	-	(17.87)	-	-
8	Outstandings					

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
	Receivables	174.60	74.56	3289.26	-	-
		(295.01)	(45.88)	(5895.04)	-	-
	Payables	126.19	754.42	66.33	-	-
		(235.70)	(662.51)	(8.67)	-	-

Figures in bracket represent corresponding figures of previous year.

C) The significant related party transactions are as under:

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Income					
<u>Revenue from operations</u>					
Subvention income	Mahindra and Mahindra Limited	1048.52	-	-	-
		(823.00)	-	-	-
	Mahindra Navistar Automotives Limited	-	-	431.52	-
		-	-	(287.87)	-
<u>Other income</u>					
Interest income on inter corporate deposits / subordinate debt	Mahindra Rural Housing Finance Limited	-	808.70	-	-
		-	(1273.59)	-	-

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Dividend income Income from shared services	Mahindra Insurance Brokers Limited	-	1375.00	-	-
		-	(100.00)	-	-
	Mahindra Rural Housing Finance Limited	-	449.12	-	-
		-	(268.23)	-	-
Expenses					
<u>Interest</u>					
Interest expense on inter corporate deposits and nonconvertible debentures	Mahindra and Mahindra Limited	334.41	-	-	-
		(718.39)	-	-	-
	Mahindra Insurance Brokers Limited	-	225.76	-	-
		-	(181.85)	-	-
<u>Other expenses</u>					
Manpower outsourcing expenses	Mahindra Business & Consulting Services Private Limited	-	14010.96	-	-
		-	(10034.98)	-	-
Purchase of fixed assets	Mahindra and Mahindra Limited	173.73	-	-	-
		(166.55)	-	-	-
Finance					

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Fixed deposits (including interest accrued but not due)	Mr. Ramesh Iyer	-	-	-	48.51
		-	-	-	(20.77)
Dividend paid - for previous year	Mahindra and Mahindra Limited	8153.81	-	-	-
		(5824.15)	-	-	-
Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited	-	5215.39	-	-
		-	(2486.56)	-	-
	Mahindra Business & Consulting Services Private Limited	-	1780.22	-	-
		-	(1375.49)	-	-
	Mahindra Two Wheelers Limited	-	-	2008.63	-
		-	-	-	-
Subordinate debt held (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	700.76	-	-
		-	-	-	-
Outstanding					
Receivables	Mahindra Holidays & Resorts India Limited	-	-	2909.11	-
		-	-	(5834.89)	-
	Mahindra Navistar Automotives Limited	-	-	380.15	-
		-	-	(60.07)	-

Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Key Management Personnel
Payables	Mahindra Insurance Brokers Limited	-	316.75	-	-
		-	(320.32)	-	-
	Mahindra Business & Consulting Services Private Limited	-	437.67	-	-
		-	(342.19)	-	-

41. Contingent liabilities and commitments (to the extent not provided for)

	March 2013	March 2012
i) Contingent liabilities		
a) Demand against the Company not acknowledged as debts on taxation matters (income tax)	5472.52	4629.06
b) Corporate guarantees towards assignment transactions	71572.12	86274.38
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 38 (f))	2922.00	-
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	2031.55	2067.45
	81998.19	92970.89
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	624.91	447.13
	624.91	447.13
Total	82623.10	93418.02

42. The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of The Companies Act, 1956 is not given.

43. Secured long-term borrowings :

i) Secured non-convertible debentures

As on 31st March,2013

	Rate range	(a)Non-current	(b)Current maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 5 years	9.34%-9.43%	7350.00	-	7350.00
b) Maturity between 3 years to 5 years	9.25%-9.45%	5100.00	-	5100.00
c) Maturity between 1 year to 3 years	9.23%-10.25%	262510.00	-	262510.00
d) Maturity within 1 year	8.30%-10.47%	-	151770.00	151770.00
Total		274960.00	151770.00	426730.00
2) Repayable in installments :				
Yearly installments -				
a) Maturity beyond 3 years	9.95%-13.00%	25000.00	-	25000.00
b) Maturity between 1 year to 3 years	9.95%	14000.00	-	14000.00
c) Maturity within 1 year	10.50%-13.00%	-	16070.00	16070.00
Total		39000.00	16070.00	55070.00
Total (1+2)		313960.00	167840.00	481800.00

As on 31st March, 2012

Particulars	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
a) Maturing within 1 year	8.35% - 9.90%	-	36100.00	36100.00
b) Maturing between 1 year to 3 years	8.30% - 10.47%	192400.00		192400.00
Total		192400.00	36100.00	228500.00
2) Repayable in installments :				
Yearly Installments -				
a) Maturing within 1 year	10.50% - 13.00%	-	15715.00	15715.00
b) Maturing between 1 year to 3 years	9.95% - 13.00%	30570.00	-	30570.00
c) Maturing between 3 years to 5 years	9.95%	24500.00	-	24500.00
Total		55070.00	15715.00	70785.00
TOTAL (1+2)		247470.00	51815.00	299285.00

ii) Secured term loans from banks

As on 31st March, 2013

	Rate range	(a)Non-current	(b)Current	Total
1) Repayable on maturity :				
a) Maturity beyond 3 years	10.15%- 10.35%	27500.00	-	27500.00
b) Maturity between 1 year to 3 years	7.75%- 10.35%	175000.00	-	175000.00
c) Maturity within 1 year	5.50%- 10.35%	-	128500.00	128500.00
Total		202500.00	128500.00	331000.00
2) Repayable in installments :				
i) Quarterly-				
a) Maturity beyond 3 years	-	-	-	-
b) Maturity between 1 year to 3 years	10.15%- 10.25%	55692.00	-	55692.00
c) Maturity within 1 year	10.15%- 10.25%	-	23632.00	23632.00
Total		55692.00	23632.00	79324.00
ii) Half-yearly-				
a) Maturity beyond 3 years	10.25%	91666.67	-	91666.67
b) Maturity between 1 year to 3 years	10.20%- 10.25%	268333.33	-	268333.33
c) Maturity within 1 year	7.90%- 10.45%	-	44166.67	44166.67
Total		360000.00	44166.67	404166.67
iii) Yearly-				

	Rate range	(a)Non-current	(b)Current	Total
a) Maturity beyond 3 years	-	-	-	-
b) Maturity between 1 year to 3 years	9.25%- 10.25%	90000.00	-	90000.00
c) Maturity within 1 year	9.25%	-	40000.00	40000.00
Total		90000.00	40000.00	130000.00
Total for repayable in installments		505692.00	107798.67	613490.67
Total (1+2)		708192.00	236298.67	944490.67

As on 31st March,2012

Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
a) Maturing within 1 year	7.25% - 10.75%	-	119000.00	119000.00
b) Maturing between 1 year to 3 years	5.50% - 10.80%	141000.00	-	141000.00
c) Maturing between 3 years to 5 years	10.70% - 10.75%	105000.00	-	105000.00
d) Maturing beyond 5 years	-	-	-	-
Total for repayable on maturity		246000.00	119000.00	365000.00
2) Repayable in installments :				
i) Quarterly -				
a) Maturing within 1 year	6.15% - 10.75%	-	61448.86	61448.86

Particulars	Rate range	(a) Non-current	(b) Current	Total
b) Maturing between 1 year to 3 years	7.90% - 10.75%	73863.64	-	73863.64
c) Maturing between 3 years to 5 years	10.65%	2500.00	-	2500.00
d) Maturing beyond 5 years	-	-	-	-
Total		76363.64	61448.86	137812.50
ii) Half yearly -				
a) Maturing within 1 year	10.20% - 10.75%	-	6666.67	6666.67
b) Maturing between 1 year to 3 years	6.25% - 10.20%	101666.66	-	101666.66
c) Maturing beyond 3 years	-	-	-	-
Total		101666.66	6666.67	108333.33
iii) Yearly -				
a) Maturing within 1 year	9.25% - 10.25%	-	40366.67	40366.67
b) Maturing between 1 year to 3 years	9.25% - 10.75%	90000.00	-	90000.00
Total		90000.00	40366.67	130366.67
Total for repayable in installments		268030.30	108482.20	376512.50
TOTAL (1+2)		514030.30	227482.20	741512.50

iii) Foreign currency loans from banks

As on 31st March 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
1) Repayable on maturity :				
a) Maturity beyond 3 years	-	-	-	-
b) Maturity between 1 year to 3 years	9.60%-11.65%	27142.5	10809.57	37952.07
Total		27142.5	10809.57	37952.07

As on 31st March 2012

Particulars	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
a) Maturing within 1 year	7.85%	-	10000.00	10000.00
b) Maturing between 1 year to 3 years	9.75%	9800.00		9800.00
TOTAL		9800.00	10000.00	19800.00

44. Unsecured borrowings :

i) Subordinated debts (long-term)

As on 31st March 2013

	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
Maturing beyond 5 years	9.80%-11.75%	52530.00	-	52530.00
Maturing between 3 years to 5 years	10.50%-12.00%	6880.00	-	6880.00
Maturing between 1 year to 3 years	-	-	-	-
Maturing within 1 year	10.20%-10.40%	-	3100.00	3100.00
TOTAL		59410.00	3100.00	62510.00

As on 31st March 2012

Particulars	Rate range	(a) Non-current	(b) Current maturity	Total
Repayable on maturity :				
a) Maturing within 1 year	9.40% - 9.40%	-	3140.00	3140.00
b) Maturing between 1 year to 3 years	10.20% - 10.40%	3100.00	-	3100.00
c) Maturing between 3 years to 5 years	-	-	-	-
d) Maturing beyond 5 years	9.80% - 12.00%	47910.00	-	47910.00
TOTAL		51010.00	3140.00	54150.00

ii) Inter-corporate deposits (ICDs)

As on 31st March,2013

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
a) Maturing beyond 3 years					
b) Maturing between 1 year to 3 years	9.40%-9.80%	-	775.00	-	775.00
c) Maturing within 1 year	8.50%-9.75%	4215.00	-	150.00	4365.00
TOTAL		4215.00	775.00	150.00	5140.00

As on 31st March,2012

Particulars	Rate range	(a) Short term	Long-term		Total
			(b) Non-current	(c) Current maturity	
Repayable on maturity :					
a) Maturing within 1 year	9.00% - 10.00%	2027.00		-	2027.00
b) Maturing between 1 year to 3 years	8.50% - 9.80%	-	350.00	-	350.00
TOTAL		2027.00	350.00	-	2377.00

iii) Fixed deposits

As on 31st March,2013

	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
a) Maturing beyond 3 years	8.65%-10.75%	-	116827.59	-	116827.59
b) Maturing between 1 year to 3 years	8.65%-10.75%	-	75225.60	-	75225.60
c) Maturing within 1 year	8.65%-10.50%	3362.41	-	37377.62	40740.03
TOTAL		3362.41	192053.19	37377.62	232793.22

As on 31st March,2012

Particulars	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current maturity	
a) Maturing within 1 year	8.15% - 10.25%	1385.20	-	29688.54	31073.74
b) Maturing between 1 year to 3 years	8.15%-10.75%	-	99450.81	-	99450.81
c) Maturing between 3 years to 5 years	8.65%-10.25%	-	6962.84	-	6962.84
TOTAL		1385.20	106413.65	29688.54	137487.39

45. Short – term borrowings

i) Secured term loans from banks and cash credit facilities

As on 31st March, 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20%-13.65%	115527.03
Total		115527.03

As on 31st March, 2012

Particulars	Rate range	Amount
Repayable on maturity :		
Maturing within 1 year	10.75% - 13.50%	116001.33
TOTAL		116001.33

ii) Unsecured term loans from banks

As on 31st March 2013 : Nil

As on 31st March, 2012 :

Particulars	Rate range	Amount
Repayable on maturity :		
Maturing within 1 year	11.50%	22500.00
TOTAL		22500.00

iii) Commercial papers

As on 31st March 2013

	Rate range	Total
Repayable on maturity :		
Maturing within 1 year	9.20%-9.35%	5000.00
TOTAL		5000.00

As on 31st March 2012

Particulars	Rate range	Amount
Repayable on maturity :		
Maturing within 1 year	9.93%	3000.00
TOTAL		3000.00

46. Managerial Remuneration paid to Directors included in the Statement of profit and loss is Rs.289.26 Lacs (March 2012 : Rs. 247.40 Lacs) includes Directors' Fees of Rs.10.24 Lacs (March 2012 : Rs. 7.59 Lacs) and Perquisites Rs.4.95 Lacs (March 2012 : Rs. 2.21 Lacs) and excluding charge for gratuity, provision for leave encashment and sick leave as separate actuarial valuation figures are not available. The above perquisites do not include amortisation of Employees Stock Options.

47. Schedule to the Balance Sheet of a Non-Banking Financial Company
(as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

Sr No.	Particulars	March 2013		March 2012	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<u>Liabilities side</u>				
(1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :				
	(a) Debentures : Secured	496997.56	0.00	308901.85	0.00
	: Unsecured	0.00	0.00	0.00	0.00
	(other than falling within the meaning of public deposits)				
	(b) Deferred Credits	0.00	0.00	0.00	0.00
	(c) Term Loans	985276.37	0.00	823022.13	0.00
	(d) Inter-corporate loans and Other Borrowings	5215.39	0.00	2486.56	0.00
	(e) Commercial Paper	5000.00	0.00	3000.00	0.00
	(f) Public Deposits	228746.82	0.00	135365.24	0.00
	(g) Fixed Deposits accepted from Corporates	15880.11	0.00	9359.73	0.00
	(h) FCNR Loans	38092.45	0.00	19843.67	0.00
	(i) Subordinate debt	65183.50	0.00	56410.13	0.00
	(j) Other Short Term Loans and credit facilities from banks	77046.82	0.00	57101.31	0.00
(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	0.00	0.00	0.00	0.00
	(b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	0.00	0.00	0.00	0.00
	(c) Other public deposits	228746.82	0.00	135365.24	0.00
	<u>Asset side:</u>				
		Amount outstanding		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :				
	(a) Secured	19025.00		0.00	
	(b) Unsecured	133604.13		106087.98	
(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	0.00		0.00	
	(b) Operating lease	0.00		0.00	
	(ii) Stock on hire including hire charges under sundry debtors :				
	(a) Assets on hire	0.00		0.00	
	(b) Repossessed Assets	0.00		0.00	
	(iii) Other loans counting towards AFC activities :				
	(a) Loans where assets have been repossessed	5310.11		2199.16	
	(b) Loans other than (a) above	2201245.42		1603437.79	
(5)	<u>Break-up of Investments :</u>				
	<u>Current Investments :</u>				
	1. Quoted :				
	(i) Shares : (a) Equity				
	(b) Preference				
	(ii) Debentures and Bonds	0.00		0.00	
	(iii) Units of mutual funds	0.00		0.00	
	(iv) Government Securities	0.00		0.00	
	(v) Investments in Certificate of Deposites with Banks	0.00		0.00	
	2. Unquoted :				
	(i) Shares : (a) Equity	0.00		0.00	
	(b) Preference	0.00		0.00	
	(ii) Debentures and Bonds	0.00		0.00	
	(iii) Units of mutual funds	0.00		0.00	
	(iv) Government Securities	0.00		0.00	

Sr No.	Particulars	March 2013	March 2012
	(v) Certificate of Deposites with Banks	19585.34	28937.55
	(vi) Commercial Papers	2000.00	0.00
	<u>Long Term Investments :</u>		
	1. Quoted :		
	(i) Shares : (a) Equity	0.00	0.00
	(b) Preference	0.00	0.00
	(ii) Debentures and Bonds	0.00	0.00
	(iii) Units of mutual funds	0.00	0.00
	(iv) Government Securities	24168.13	14725.65
	2. Unquoted :		
	(i) Shares : (a) Equity	9643.30	6587.39
	(b) Preference	0.00	0.00
	(ii) Debentures and Bonds	700.00	0.00
	(iii) Units of mutual funds	0.00	0.00
	(iv) Government Securities	0.00	0.00

(6)	Borrower group-wise classification assets financed as in (3) and (4) above :						
	Category	March 2013			March 2012		
		Amount net of provisions			Amount net of provisions		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related Parties						
	(a) Subsidiaries	-	1818.77	1818.77	-	4774.70	4774.70
	(b) Companies in the same group	-	4917.74	4917.74	-	6117.46	6117.46
	(c) Other related parties	-	-	-	-	-	-
	2. Other than related parties	2225580.53	126867.62	2352448.15	1605636.95	95195.82	1700832.77
	Total	2225580.53	133604.13	2359184.66	1605636.95	106087.98	1711724.93
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :						
	Category	March 2013			March 2012		
		Market Value/ Brak up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Brak up or fair value or NAV	Book Value (Net of Provisions)		
	1. Related Parties						
	(a) Subsidiaries	4748.98	4748.98	4055.76	4055.76		
	(b) Companies in the same group	5594.32	5594.32	2531.63	2531.63		
	(c) Other related parties	-	-	-	-		
	2. Other than related parties	46295.02	45753.47	43439.53	43663.20		
	Total	56,638.32	56,096.77	50,026.92	50,250.59		
(8)	Other information						
	Particulars			Amount			
(i)	Gross Non-Performing Assets :						
	(a) Related parties			-			
	(b) Other than related parties			76295.53			
(ii)	Net Non-Performing Assets :						
	(a) Related parties			-			
	(b) Other than related parties			25992.87			
(iii)	Assets acquired in satisfaction of debt :			-			

48. The Board of Directors of the Company at its meeting held on 9th October, 2012, and special resolution passed by the members at the Extraordinary General Meeting held on 6th November, 2012, had approved the infusion of share capital.

Pursuant to the passing of the above resolutions and in accordance with Chapter VIII of Securities & Exchange Board of India (Issue of Capital & Disclosure requirements) Regulations, 2009, as amended, the Company allotted 97,50,257 equity shares of face value of Rs.10/- each at price of Rs.889/- per equity share including a premium of Rs.879/- per equity share aggregating to Rs.86,679.78 Lacs to Qualified Institutional Buyers (QIBs) through Qualified Institutional Placement (QIP). This has resulted in an increase of equity share capital by Rs. 975.02 Lacs and securities premium reserve by Rs. 85,704.76 Lacs.

The share issue expenses amounting to Rs.1280.06 Lacs is adjusted against the securities premium reserve in accordance with the provisions of The Companies Act, 1956.

The utilization of the funds received from the QIP are as under:

	Amount
Sources of Funds :	
QIP Proceeds	86679.78
Utilization of Funds :	
QIP Issue Expenses	1280.06
Disbursement of retail loans to customers	85399.72
Total	86679.78

49. Changes in provisions

	As at 31.03.2012	Additional Provisions	Utilizations/ reversals	As at 31.03.2013
Provision for Standard assets	4350.00	5165.00	-	9515.00
Provision for Non-performing assets	33056.88	20844.30	15029.82	38871.36

50. Previous year figures have been regrouped / reclassified wherever found necessary.

For FY 2011-12:

28. In compliance with the Accounting Standard relating to 'Financial Reporting of Interests in Joint Ventures' (AS-27), the Company has interest in the following jointly controlled entity :

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest	Amount based on the Un-audited Accounts for the year ended 31 st March,2012				
			Assets	Liabilities	Income	Expenditure	Capital Commitment and Contingent Liability
Mahindra Finance USA, LLC	United States of America	49.00%	38666.02	35718.33	1008.70	809.41	NIL

29. The Company had allotted 26,86,550 Equity shares on 6th December 2005 and 9,69,005 Equity shares on 3rd February,2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company.

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

Summary of Stock Options	No. of stock options	Weighted Average Exercise Price (Rs)
Options outstanding on 1 st April, 2011	762788	120.08
Options granted during the period	42426	10.00
Options forfeited/lapsed during the year	73497	51.92
Options exercised during the year	234607	115.49
Options outstanding on 31 st March,2012	497110	122.93
Options vested but not exercised on 31 st March,2012	161121	219.64

Average Share price at recognised stock exchange (NSE) on the date of exercise of the options are as under:

Date of Exercise	Average Share Price (Rs)
9 th May, 2011	720.71
30 th August,2011	628.76
6 th September,2011	649.75
24 th October,2011	644.56
1 st November,2011	665.98
4 th November,2011	669.54
11 th January,2012	625.08
17 th February,2012	722.11
2 nd March,2012	708.52
21 st March,2012	680.72

Information in respect of options outstanding as on 31st March, 2012 :

<u>Exercise price</u>	<u>No. of Options</u>	<u>Weighted average remaining life</u>
Rs. 211.00 (Grant dated 24 th July,2007)	60,792	15 months
Rs. 304.00 (Grant dated 25 th March,2008)	63,947	23 months
Rs. 233.00 (Grant dated 18 th Sept.2008)	1,12,636	29 months
Rs. 10.00 (Grant dated 7 th Feb.2011)	2,17,988	34 months
Rs. 10.00 (Grant dated 25 th Jan.2012)	41,747	40 months

- 30.** The Company has made adequate provision for the Non-performing Assets identified, in accordance with the guidelines issued by The Reserve Bank of India. The Company also makes additional provision on a prudential basis. The cumulative additional provision made by the Company as on 31st March, 2012 is Rs. 13178.47 lakhs (Previous year : Rs. 14477.68 lakhs)
- 31.** Commission & Brokerage mainly represents amount incurred in respect of acquisition of customers & mobilisation of public deposits.
- 32.** The Company has single reportable segment "Financial Services" for the purpose of Accounting Standard 17 on Segment Reporting.
- 33.** In the opinion of the Board, Current assets, Loans & Advances are approximately of the value stated if realised in the ordinary course of business.
- 34.** Deposits/Advances received are on account of loan against assets, which are repayable / adjusted over the period of the contract.

35. Employee Benefits :

Defined Benefit Plans -As per Actuarial valuation

No.	Particulars	Gratuity (Funded)		Sick leave (Non funded)	
		MARCH 2012	MARCH 2011	MARCH 2012	MARCH 2011
I.	Expense recognised in the Statement of Profit & Loss Account for the year ended 31st March				
1	Current service cost	348.99	275.34	69.51	61.79
2	Interest cost	41.98	31.31	6.32	4.95
3	Expected return on plan assets	(37.97)	(30.63)	0.00	0.00
4	Actuarial (Gains)/Losses	(123.12)	(124.65)	(43.54)	(48.51)
5	Total expense	229.89	151.37	32.29	18.23
II.	Net asset/(liability) recognised in the Balance Sheet as at 31st March				
1	Present Value of Defined Benefit obligation as at 31st March	644.20	442.42	105.60	73.31
2	Fair value of plan assets as at 31st March	484.50	375.79	0.00	0.00
3	Funded status (surplus/(deficit))	(159.71)	(66.61)	(105.60)	(73.31)
4	Net asset/(liability) as at 31st March	(159.71)	(66.61)	(105.60)	(73.31)
III.	Change in the obligations during the year ended 31st March				
1	Present Value of Defined Benefit obligation at the beginning of the year	442.42	343.83	73.31	55.08

		Gratuity (Funded)		Sick leave (Non funded)	
		MARCH 2012	MARCH 2011	MARCH 2012	MARCH 2011
2	Current service cost	348.99	275.34	69.51	61.79
3	Interest cost	41.98	31.31	6.32	4.95
4	Actuarial (Gains)/Losses	(161.08)	(155.28)	(43.54)	(48.51)
5	Benefits paid	(28.10)	(52.78)	0.00	0.00
6	Present Value of Defined Benefit obligation at the year ended 31st March	644.20	442.42	105.60	73.31
IV.	Change in the fair value of plan assets during the year ended 31st March				
1	Fair value of plan assets at the beginning of the year	375.80	305.50		
2	Expected return on plan assets	37.97	30.63		
3	Contributions by employer	148.09	123.08		
4	Excess Contribution withdrawn from fund	(11.29)	0.00		
5	Actuarial (Gains)/Losses	(37.97)	(30.63)		
6	Actual Benefits paid	(28.10)	(52.78)		
7	Fair value of plan assets at 31st March	484.50	375.79		
V.	Major category of plan assets as a percentage of total plan				
	Funded with LIC	100%	100%	100%	
VI.	Actuarial Assumptions				
1	Discount Rate	8.00% p.a.	8.00% p.a.	8.00% p.a.	8.00% p.a.
2	Expected Rate of return on plan assets	8.00% p.a.	8.00% p.a.		

		Gratuity (Funded)		Sick leave (Non funded)		
		MARCH 2012	MARCH 2011	MARCH 2012	MARCH 2011	
3	Rate of Salary increase	5.00% p.a.	5.00% p.a.	5.00% p.a.	5.00% p.a.	
4	In-service Mortality	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	LIC (1994-96) ULTIMATE	
VII. Experience Adjustments						
		Year Ended				
		31/3/2008	31/3/2009	31/3/2010	31/3/2011	31/3/2012
1	Defined Benefit obligation at end of the period	199.63	256.67	343.83	442.41	644.21
2	Plan assets at the end of period	149.48	208.08	305.50	375.80	484.50
3	Funded Status Surplus/ (Deficit)	(50.15)	(48.59)	(38.33)	(66.61)	(159.71)
4	Experience adjustments on plan liabilities (gain)/loss	(30.50)	(61.20)	(40.37)	(46.70)	(73.01)
5	Experience adjustments on plan assets gain/(loss)	(3.16)	0.00	(6.22)	(7.89)	(9.94)

36. Disclosure on Derivatives :

There were no Derivative instruments (Previous year : 2) for hedging interest rate risk outstanding as on 31st March, 2012.

- 37. a)** During the year, the company has without recourse assigned loan receivables of 56559 contracts (Previous year: 36618 contracts) amounting to Rs.148741.39 lakhs (Previous year: Rs.122764.34 lakhs, including future interest receivable) for a consideration of Rs.148741.39 lakhs (Previous year: Rs. 108930.92 lakhs) and de-recognised the assets from the books. The income booked in respect of assignment of receivables includes

certain amount towards cost of future servicing of the assigned pool and an appropriate amount has been provided towards expenditure for future services. On assignment of receivables income recognised upfront for the current period is Rs. Nil (Previous year: Rs. 15152.22 lakhs) against which a provision for estimated loss/expenses of Rs.Nil (Previous year: Rs. 9830.08 lakhs) is made.

During the year, all the assignment transactions are on “at par” basis as against “premium structure” transactions during the previous year.

b) During the year, the provision in respect of assignment transactions amounting to Rs. 2479.18 lakhs (Previous year: Rs. 3648.00 lakhs) considered no longer necessary has been written back.

38. There were 22 cases (Previous Year : 15 cases) of frauds amounting to Rs. 33.46 Lakhs (Previous year: Rs 9.54 lakhs) reported during the year. The company has recovered an amount of Rs.14.92 lakhs (Previous Year : Rs 1.28 lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

39. The gold loans outstanding as a percentage of total assets is at 0.05% (Previous year : 0.01%)

40. Related Party Disclosure as per Accounting Standard 18:

List of the related parties which have transactions with our Company during the year:

Holding Company	:	Mahindra & Mahindra Limited
Subsidiary Companies	:	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Business & Consulting Services Private Limited (formerly known as Mahindra IT Consulting Private Limited)
Joint Ventures	:	Mahindra Finance USA, LLC

Fellow subsidiary Companies	:	As per list given below
Mahindra Navistar Automotives Ltd (formerly known as Mahindra International Ltd)		NBS International Ltd.
Mahindra USA, Inc		Mahindra First Choice Wheels Ltd.
Mahindra Holidays & Resorts Ltd		Mahindra Retail Pvt. Ltd.
Mahindra Auto Developers Pvt Ltd (formerly known as Mahindra Renault Pvt. Ltd.)		Mahindra Two Wheelers Private Ltd.
		Mahindra Life Space Developers Ltd
Mahindra Yueda (Yancheng) Tractor Co.Ltd.		Mahindra First Choice Services Ltd.
Key Management Personnel	:	Mr. Ramesh Iyer (Managing Director)

Related Parties transactions are as under:

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
1	Income					
	Loan income	823.00	-	327.71	-	-
		(761.44)	-	(377.70)	-	-
	Other income	-	1,942.07	243.08	-	-
		-	(803.44)	(267.29)	-	-

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
2	Expenses					
	Interest	718.39	181.85	10.71	-	-
		(386.40)	(150.66)	(213.66)	-	-
	Other Expenses	1652.07	9900.61	20.59	-	195.81
		(777.14)	(8604.56)	(15.54)	-	(156.42)
3	Investment in share capital	-	1400.00	-	249.36	-
		-	(1400.00)	-	(2282.27)	-
4	Purchase of Vehicles	166.55	-	23.79	-	-
		(352.26)	-	(3.41)	-	-
5	Sale of Fixed Assets	-	4.85	-	-	-
		-	-	-	-	-
6	Finance					
	Unsecured Bonds held (inclusive interest accrued)	-	-	-	-	-
		-	-	-	-	-

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
	NCD held (inclusive interest accrued)	2645.73	-	-	-	-
	(Purchased from secondary market)	(2646.71)	-	-	-	-
	Dividend paid – for previous year	5824.15	-	-	-	4.85
		(4368.11)	-	-	-	(3.98)
	Inter Corporate Deposits taken (including interest accrued but not due)	-	2486.56	-	-	-
		-	(2549.13)	(6518.08)	-	-
	Inter Corporate Deposits given (including interest accrued but not due)	-	4774.70	-	-	-
		-	(11142.24)	(2034.92)	-	-
	Loan given (including interest accrued but not due)	-	-	260.46	-	-
		-	-	(491.98)	-	-
	Loan taken (including interest accrued but not due)	-	-	-	-	-
		-	-	-	-	-

Sr. No	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Key Management Personnel
7	Other Transactions					
	Reimbursement to parties	-	-	17.87	-	-
		-	-	(86.73)	-	-
	Reimbursement from parties	-	-	-	-	-
8		-	-	-	-	-
	Outstanding					
	Receivables	295.01	45.88	5895.04	-	-
		(73.71)	(75.57)	(10383.56)	-	-
	Payables	235.70	662.51	8.67	-	-
		(123.70)	(978.75)	(10.97)	-	-

Figures in bracket represent corresponding figures of previous year.

41. Contingent liabilities and commitments (to the extent not provided for)

Particulars	March 2012	March 2011
I) Contingent liabilities :		
(a) Demand against the company not acknowledged as debts on taxation matters (income tax)	4629.06	5569.24
(b) Corporate Guarantees towards assignment transactions	86274.38	73253.29
(c) Legal suits filed by customers in Consumer Forums and Civil courts claiming compensation from the company	2067.45	1721.99
	92970.89	80544.52
II) Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account ;	447.13	599.16
(b) Uncalled liability on shares and other investments partly paid	-	1,400.00
(On 3,50,00,000 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.4/- per share)		
	447.13	1999.16
Total	93418.02	82543.68

42. The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule VI of The Companies Act, 1956 is not given.

43. Secured Long-term borrowings :

i) Secured Non Convertible Debentures

As on 31st March,2012

Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
a) Maturing within 1 year	8.35% - 9.90%	-	36100.00	36100.00
b) Maturing between 1 year to 3 years	8.30% - 10.47%	192400.00		192400.00
c) Maturing beyond 3 years	-	-	-	-
d) Maturing beyond 5 years	-	-	-	-
Total		192400.00	36100.00	228500.00
2) Repayable in installments :				
Yearly Installments -				
a) Maturing within 1 year	10.50% - 13.00%	-	15715.00	15715.00
b) Maturing between 1 year to 3 years	9.95% - 13.00%	30570.00	-	30570.00
c) Maturing between 3 years to 5 years	9.95%	24500.00	-	24500.00
d) Maturing beyond 5 years	-	-	-	-
Total		55070.00	15715.00	70785.00
TOTAL (1+2)		247470.00	51815.00	299285.00

As on 31st March, 2011

Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
a) Maturing within 1 year	7.30% - 14.00%	-	77800.00	77800.00
b) Maturing between 1 year to 3 years	7.75% - 9.60%	38600.00	-	38600.00
c) Maturing between 3 years to 5 years	7.60%	5000.00	-	5000.00
d) Maturing beyond 5 years	-	-	-	-
Total		43600.00	77800.00	121400.00
2) Repayable in installments :				
Yearly Installments -				
a) Maturing within 1 year	10.50% - 13.00%	-	15715.00	15715.00
b) Maturing between 1 year to 3 years	10.50% - 13.00%	31785.00	-	31785.00
c) Maturing between 3 years to 5 years	13.00%	4000.00	-	4000.00
d) Maturing beyond 5 years	-	-	-	-
Total		35785.00	15715.00	51500.00
TOTAL (1+2)		79385.00	93515.00	172900.00

ii) Secured Term Loans from Banks

As on 31st March, 2012

Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
a) Maturing within 1 year	7.25% - 10.75%	-	119000.00	119000.00
b) Maturing between 1 year to 3 years	5.50% - 10.80%	141000.00	-	141000.00
c) Maturing between 3 years to 5 years	10.70% - 10.75%	105000.00	-	105000.00
d) Maturing beyond 5 years	-	-	-	-
Total for repayable on maturity		246000.00	119000.00	365000.00
2) Repayable in installments :				
i) Quarterly -				
a) Maturing within 1 year	6.15% - 10.75%	-	61448.86	61448.86
b) Maturing between 1 year to 3 years	7.90% - 10.75%	73863.64	-	73863.64
c) Maturing between 3 years to 5 years	10.65%	2500.00	-	2500.00
d) Maturing beyond 5 years	-	-	-	-
Total		76363.64	61448.86	137812.50
ii) Half yearly -				
a) Maturing within 1 year	10.20% - 10.75%	-	6666.67	6666.67
b) Maturing between 1 year to 3 years	6.25% - 10.20%	101666.66	-	101666.66

Particulars	Rate range	(a) Non-current	(b) Current	Total
c) Maturing beyond 3 years	-	-	-	-
Total		101666.66	6666.67	108333.33
iii) Yearly -				
a) Maturing within 1 year	9.25% - 10.25%	-	40366.67	40366.67
b) Maturing between 1 year to 3 years	9.25% - 10.75%	90000.00	-	90000.00
c) Maturing beyond 3 years	-	-	-	-
Total		90000.00	40366.67	130366.67
Total for repayable in installments		268030.30	108482.20	376512.50
TOTAL (1+2)		514030.30	227482.20	741512.50

As on 31st March, 2011

Particulars	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity :				
a) Maturing within 1 year	4.75% - 9.45%	-	85000.00	85000.00
b) Maturing between 1 year to 3 years	5.50% - 9.50%	182000.00	-	182000.00
c) Maturing between 3 years to 5 years	7.75%	5000.00	-	5000.00
d) Maturing beyond 5 years	-	-	-	-
Total for repayable on maturity		187000.00	85000.00	272000.00
2) Repayable in installments :				
i) Quarterly -				

Particulars	Rate range	(a) Non-current	(b) Current	Total
a) Maturing within 1 year	6.15% - 10.00%	-	31140.55	31140.55
b) Maturing between 1 year to 3 years	6.15% - 9.50%	70312.50	-	70312.50
c) Maturing between 3 years to 5 years	9.50%	7500.00	-	7500.00
d) Maturing beyond 5 years	-	-	-	-
Total		77812.50	31140.55	108953.05
ii) Half yearly -				
a) Maturing within 1 year	6.25% - 8.90%	-	6666.66	6666.66
b) Maturing between 1 year to 3 years	6.25% - 8.90%	8333.33	-	8333.33
c) Maturing beyond 3 years	-	-	-	-
Total		8333.33	6666.66	14999.99
iii) Yearly -				
a) Maturing within 1 year	8.25% - 9.85%	-	16616.67	16616.67
b) Maturing between 1 year to 3 years	8.25% - 9.85%	108775.76	-	108775.76
c) Maturing between 3 years to 5 years	9.05% - 9.50%	67840.91	-	67840.91
d) Maturing beyond 5 years	-	-	-	-
Total		176616.67	16616.67	193233.34
Total for repayable in installments		262762.50	54423.88	317186.38
TOTAL (1+2)		449762.50	139423.88	589186.38

iii) Foreign Currency Loans from Banks

As on 31st March, 2012

Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
a) Maturing within 1 year	7.85%	-	10000.00	10000.00
b) Maturing between 1 year to 3 years	9.75%	9800.00		9800.00
c) Maturing beyond 3 years	-	-	-	-
TOTAL		9800.00	10000.00	19800.00

As on 31st March, 2011

Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
a) Maturing within 1 year	-	-	-	-
b) Maturing between 1 year to 3 years	7.85%	10000.00	-	10000.00
c) Maturing beyond 3 years	-	-	-	-
TOTAL		10000.00	-	10000.00

44. Unsecured borrowings :

i) Subordinated Debts (Long-term)

As on 31st March 2012

Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
a) Maturing within 1 year	9.40% - 9.40%	-	3140.00	3140.00
b) Maturing between 1 year to 3 years	10.20% - 10.40%	3100.00	-	3100.00
c) Maturing between 3 years to 5 years	-	-	-	-
d) Maturing beyond 5 years	9.80% - 12.00%	47910.00	-	47910.00
TOTAL		51010.00	3140.00	54150.00

As on 31st March 2011

Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
a) Maturing within 1 year	7.40% - 7.40%	-	5000.00	5000.00
b) Maturing between 1 year to 3 years	9.40% - 10.40%	6240.00	-	6240.00
c) Maturing between 3 years to 5 years	-	-	-	-
d) Maturing beyond 5 years	9.80% - 12.00%	37860.00	-	37860.00
TOTAL		44100.00	5000.00	49100.00

ii) Inter-Corporate Deposits (ICDs)

As on 31st March, 2012

Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
a) Maturing within 1 year	9.00% - 10.00%	-	2027.00	2027.00
b) Maturing between 1 year to 3 years	8.50% - 9.80%	350.00	-	350.00
c) Maturing beyond 3 years	-	-	-	-
TOTAL		350.00	2027.00	2377.00

As on 31st March, 2011

Particulars	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity :				
a) Maturing within 1 year	6.50% - 8.00%	-	2162.00	2162.00
b) Maturing between 1 year to 3 years	8.50%	300.00	-	300.00
c) Maturing beyond 3 years	-	-	-	-
TOTAL		300.00	2162.00	2462.00

iii) Fixed Deposits

As on 31st March, 2012

Particulars	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current	
a) Maturing within 1 year	8.15% - 10.25%	1385.20	-	29688.54	31073.74
b) Maturing between 1 year to 3 years	8.15%-10.75%	-	99450.81	-	99450.81
c) Maturing between 3 years to 5 years	8.65%-10.25%	-	6962.84	-	6962.84
d) Maturing beyond 5 years	-	-	-	-	-
TOTAL		1385.20	106413.65	29688.54	137487.39

As on 31st March, 2011

Particulars	Rate range	(a) Short-Term	Long-term		Total
			(b) Non-current	(c) Current	
a) Maturing within 1 year	7.65%-12.25%	5014.91	-	12505.32	17520.23
b) Maturing between 1 year to 3 years	8.15%-10.25%	-	62719.90	-	62719.90
c) Maturing between 3 years to 5 years	8.65%-10.25%	-	3134.04	-	3134.04
d) Maturing beyond 5 years	-	-	-	-	-
TOTAL		5014.91	65853.94	12505.32	83374.17

45. Short – term Borrowings

i) Secured term loans from banks and cash credit facilities

As on 31st March 2012

Particulars	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	10.75% - 13.50%	116001.33
b) Maturing beyond 1 year	-	-
TOTAL		116001.33

As on 31st March 2011

Particulars	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	9.50% - 10.25%	57978.89
b) Maturing beyond 1 year	-	-
TOTAL		57978.89

ii) Unsecured term loans from banks

As on 31st March 2012

Particulars	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	11.50%	22500.00
b) Maturing beyond 1 year	-	-
TOTAL		22500.00

As on 31st March 2011 : Rs. Nil

iii) Commercial Papers

As on 31st March 2012

Particulars	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	9.93%	3000.00
b) Maturing beyond 1 year	-	-
TOTAL		3000.00

As on 31st March 2011

Particulars	Rate range	Amount
Repayable on maturity :		
a) Maturing within 1 year	9.95%	2500.00
b) Maturing beyond 1 year	-	-
TOTAL		2500.00

46. Managerial Remuneration paid to Directors included in the Profit and Loss Account is Rs.247.40 lakhs (Previous year: Rs.207.34 lakhs) includes Directors' Fees of Rs.7.59 lakhs (Previous year : Rs.5.30 lakhs) and Perquisites Rs.2.21 lakhs (Previous year : Rs.3.67 lakhs) and excluding charge for gratuity, provision for leave encashment and sick leave as separate actuarial valuation figures are not available. The above perquisites do not include amortisation of Employees Stock Options.

47. Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Sr No.	Particulars	MAR 2012		MAR 2011	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<u>LIABILITIES SIDE :</u>				
(1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :				
	(a) Debentures : Secured	299285.00	0.00	172900.00	0.00
	: Unsecured	0.00	0.00	0.00	0.00
	(other than falling within the meaning of public deposits)				
	(b) Deferred Credits	116001.31	0.00	57978.89	0.00
	(c) Term Loans	741512.50	0.00	589186.38	0.00
	(d) Inter-corporate loans and Other Borrowings	2377.00	0.00	2462.00	0.00
	(e) Commercial Paper	3000.00	0.00	2500.00	0.00
	(f) Public Deposits	135365.24	0.00	80159.89	0.00
	(g) Fixed Deposits accepted from Corporates	9359.73	0.00	7192.69	0.00
	(h) FCNR Loans	19800.00	0.00	10000.00	0.00
	(i) Subordinate debt	54150.00	0.00	49100.00	0.00
	(j) Other Short Term Loans and credit facilities from banks	22500.00	0.00	0.00	0.00
(2)	Break-up of (1) (f) above (Outstanding public deposits :				
	inclusive of interest accrued thereon but not paid) :				

Sr No.	Particulars	MAR 2012		MAR 2011	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<u>LIABILITIES SIDE :</u>				
	(a) In the form of Unsecured debentures	0.00	0.00	0.00	0.00
	(b) In the form of partly secured debentures i.e.,debentures where there is a shortfall in the value of security	0.00	0.00	0.00	0.00
	(c) Other public deposits	135365.24	0.00	80159.89	0.00
	<u>ASSET SIDE :</u>	Amount outstanding		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables				
	[other than those included in (4) below] :				
	(a) Secured	0.00		0.00	
	(b) Unsecured	104531.27		83391.43	
(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	0.00		0.00	
	(b) Operating lease	0.00		0.00	
	(ii) Stock on hire including hire charges under sundry debtors :				

Sr No.	Particulars	MAR 2012		MAR 2011	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<u>LIABILITIES SIDE :</u>				
	(a) Assets on hire	0.00		0.00	
	(b) Repossessed Assets	0.00		0.00	
	(iii) Other loans counting towards AFC activities :				
	(a) Loans where assets have been repossessed	2436.82		1145.49	
	(b) Loans other than (a) above	1603200.13		1113502.37	
(5)	<u>Break-up of Investments :</u>				
	<u>Current Investments :</u>				
	1. Quoted :				
	(i) Shares : (a) Equity				
	(b) Preference				
	(ii) Debentures and Bonds				
	(iii) Units of mutual funds	0.00		0.00	
	(iv) Government Securities	0.00		0.00	
	(v) Investments in Certificate of Deposits with Banks	0.00		0.00	
	2. Unquoted :				
	(i) Shares : (a) Equity				
	(b) Preference				
	(ii) Debentures and Bonds				
	(iii) Units of mutual funds				

Sr No.	Particulars	MAR 2012		MAR 2011	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<u>LIABILITIES SIDE :</u>				
	(iv) Government Securities				
	(v) Investments in Certificate of Deposits with Banks	28937.55		53157.78	
	<u>Long Term Investments :</u>				
	1. Quoted :				
	(i) Shares : (a) Equity				
	(b) Preference				
	(ii) Debentures and Bonds				
	(iii) Units of mutual funds				
	(iv) Government Securities	14725.65		9359.64	
	2. Unquoted :				
	(i) Shares : (a) Equity	6587.39		4938.03	
	(b) Preference				
	(ii) Debentures and Bonds				
	(iii) Units of mutual funds				
	(iv) Government Securities				

(6) Borrower group-wise classification assets financed as in (3) and (4) above :							
	Category	Amount net of provisions			Amount net of provisions		
		Secured	Unsecured	Total	Secured	Unsecured	Total
	1. Related Parties						
	(a) Subsidiaries	0.00	4774.70	4774.70	0.00	12242.79	12242.79
	(b) Companies in the same group	0.00	6117.46	6117.46	0.00	13220.55	13220.55
	(c) Other related parties	0.00	0.00	0.00	0.00	0.00	0.00
	2. Other than related parties	1605636.95	93639.11	1699276.06	1114647.86	57928.09	1172575.95
	<i>Total</i>	1605636.95	104531.27	1710168.22	1114647.86	83391.43	1198039.29
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :							
	Category	Market Value/ Break up or Fair Value	Book Value (net of provisions)	Market Value/ Break up or Fair Value	Book Value (net of provisions)		
	1. Related Parties						
	(a) Subsidiaries	4055.76	4055.76	2655.76	2655.76		
	(b) Companies in the same group	2531.63	2531.63	2282.27	2282.27		
	(c) Other related parties	0	0.00	0	0.00		
	2. Other than related parties	43439.53	43663.20	62616.22	62517.42		
	Total	50026.92	50250.59	67554.25	67455.45		

(8)	Other information :		
	Particulars	Amount	Amount
(i)	Gross Non-Performing Assets :		
	<i>(a) Related parties</i>	0.00	0.00
	<i>(b) Other than related parties</i>	55433.65	54877.96
(ii)	Net Non-Performing Assets :		
	<i>(a) Related parties</i>	0.00	0.00
	<i>(b) Other than related parties</i>	12196.07	7443.64
(iii)	Assets acquired in satisfaction of debt :	0.00	0.00

48. During the year, the Company has granted 42,426 Stock Options to the eligible employees under the newly approved Employees' Stock Option Scheme 2010. The details of the Employee Stock Option Scheme 2010 are as under :

Particulars	Grant dated 25th January, 2012
Type of Arrangement	Employee Share-Based Payment Plan administered through Employee Stock Option Trust.
Number of Options Granted	42,426
Contractual life	Options will lapse if not exercised within 6 months from the date of each vesting.
Exercise Price	Rs. 10/- per share
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 ;

The company has adopted intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares is based on the latest available closing market price, prior to the date of meeting of the board of directors in which the options were granted on the stock exchange in which the shares of the company are listed. The difference between the intrinsic value & the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

Particulars	Grant dated 25th January, 2012
Intrinsic Value of shares based on latest available closing market price	Rs.665.70
Total Amount to be amortized over the vesting period	Rs.278.19 Lakhs
Charge to Profit & Loss Account for the year	Rs.31.25 Lakhs
Compensation in respect of lapsed cases	Rs.4.45 Lakhs
Unamortized Amount Carried Forward	Rs.242.49 Lakhs

The fair value of options, based on the valuation of the independent valuer as of date of grant are :

Vesting period in years	Grant dated 25th January, 2012	
	Expected Vesting	Fair Value (Rs.)
1	8482	586.55
2	8482	
3	8482	
4	8482	
5	8498	
	42426	

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Grant dated 25th January, 2012
Risk free interest rate	8.11%
Expected life	5.5 Years
Expected volatility	46.08%
Expected dividend yield	2.11%
Exercise price	Rs.10.00
Stock price	Rs. 665.70

49. Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

	<u>Particulars</u>	<u>Intrinsic Value Method</u>		<u>Fair Value Method</u>	
		Mar.2012	Mar.2011	Mar.2012	March 2011
A	Net Profit After Tax (Rs. in lakhs)	62011.67	46310.92	62062.70	46264.74
B	Weighted Average number of Equity Shares of Rs.10/- each (Basic)	102558165	96773669	102558165	96773669
C	Weighted Average number of Equity Shares of Rs.10/- each (Diluted)	104002735	104002735	104002735	104002735
D	Basic Earning per Share (Rs.)	60.46	47.85	60.51	47.73
E	Diluted Earning per Share # (Rs.)	59.63	44.53	59.67	44.48

Dilution in Earning per share is on account of 13,15,164 Equity shares (Previous year : 15,49,771 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

50. In accordance with the Notification No. DNBS.222/ CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25% on the standard assets, the Company has made a provision of Rs.4350.00 lakhs on the standard assets as on 31st March 2012 (Previous year :

Rs.3143.00 lakhs). The amount of provision on standard assets is shown separately as "Contingent Provision against Standard Assets" under "Provisions" in the Balance Sheet.

51. Bad debts & Write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such Hire Purchase/Leased/Loan assets on account of poor financial position of such customers.
52. During the year, company has acquired without recourse portfolio of Rs. Nil (Previous year: Rs. 2076.46 lakhs) for a consideration of Rs. Nil (previous year: Rs. 2010.05 lakhs) through assignment agreements. Accounting for the same is in line with the other loans against assets given by the company. The Company has received cash collateral amounting to Rs.Nil (previous year: Rs. 221.11 lakhs) and over collateral of Rs. Nil (previous year Rs. 417.26 lakhs) against these assignments.
53. Previous year figures have been regrouped wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – IV and V

For B. K. Khare and Co.
Chartered Accountants
FRN:105102W

Ramesh Iyer
Managing Director

V Ravi
Executive Director &
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825

Place: Mumbai

Date: March 15, 2016

FINANCIAL INDEBTEDNESS

Details of Secured Term Loans from Banks:

Our Company's secured term loans from banks as on December 31, 2015 amount to ₹ 8,65,929.57 lacs on a standalone basis. The details of the borrowings are set out below:

Term Loans from Banks*:

(₹ in lacs)					
Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
1.	Vijaya Bank	25,000.00	25,000.00	August 2, 2017	Bullet payment at the end of four years from the date of first disbursement.
2.	Bank of Baroda	50,000.00	20,000.00	December 21, 2016	Repayment, from the date of first drawdown, to be made as per following: i. ₹ 15,000.00 at the end of 36 months; ii. ₹ 15,000.00 at the end of 42 months; and iii. ₹ 20,000.00 at the end of 48 months.
3.	Bank of Baroda	30,000.00	30,000.00	March 28, 2019	Repayment, from the date of first drawdown, to be made as per following: i. ₹ 10,000.00 at the end of 36 months; ii. ₹ 10,000.00 at the end of 48 months; and iii. ₹ 10,000.00 at the end of 60 months.
4.	The Royal Bank of Scotland N.V.	20,000.00	20,000.00	December 10, 2016	To be repaid at the end of 36 months.
5.	Syndicate Bank	50,000.00	50,000.00	December 30, 2018	To be repaid in 3 annual installment after a moratorium of 2 years from the date of first disbursement: i. ₹ 15,000.00 at the end of third year; ii. ₹ 15,000.00 at the end of fourth year; and iii. ₹ 20,000 at the end of fifth year.
6.	Allahabad Bank	10,000.00	10,000.00	December 28, 2016	Bullet repayment at the end of 4 years from the date of initial disbursement.
7.	Allahabad Bank	30,000.00	30,000.00	December, 27, 2018	To be repaid in three equal yearly installments after moratorium period of two years.
8.	State Bank of Bikaner and Jaipur	10,000.00	10,000.00	March 30, 2017	Bullet repayment at the end of 48 months.

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
					Prepayment penalty: waived on the interest reset dates by giving prior notice in writing, of not less than 30 days. Otherwise, our Company shall pay Prepayment penalty of 1% on the amount repaid.
9.	United Bank of India	30,000.00	15,000.00	March 28, 2017	To be repaid in 4 equal yearly installments of ₹ 7,500 each with a moratorium period of 2 years from the date of first disbursement, with interest to be paid every month.
					No prepayment charges. However, prior approval of the lender required by serving a 30 days' notice in advance.
10.	United Bank of India	25,000.00	16,666.67	August 1, 2016	To be repaid in 3 years by way of three equal half-yearly instalments from the date of first disbursement: <ul style="list-style-type: none"> i. at the end of 24th month; ii. at the end of 30th month; and iii. at the end of 36th month.
11.	Abu Dhabi Commercial Bank	3,000.00	600.00	April 5, 2016	To be repaid in 4 equal quarterly instalments after a moratorium period of 2 years.
					Pre-payment penalty: On every revision in the base rate, our Company shall have option to prepay the facility without any pre-payment penalty. The Borrower shall give a written notice of 45 days before pre-paying the facility.
12.	State Bank of Patiala	20,000.00	10,000.00	March 20, 2017	Repayment to be made in equal instalments on the following dates from the date of first disbursement: <ul style="list-style-type: none"> i. At the end of 18 months; ii. At the end of 24 months; iii. At the end of 30 months; iv. At the end of 36 months; v. At the end of 42 months; and vi. At the end of 48 months
					Pre-payment penalty: 2% per annum on the prepaid amount for the remaining period. (No

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
					pre-payment charges if prepayment is done on every revision in base rate with prior notice of minimum seven days).
13.	Punjab National Bank	50,000.00	8,750.00	August 31, 2017	To be repaid in 8 quarterly installments with 12 months moratorium from the date of first disbursement.
					Pre-payment penalty: 1% of the outstanding. However, in case of increase in base rate, Company shall have option to prepay the advance with notice of 7 days within a period of one month, without any pre-payment penalty.
14.	Oriental Bank of Commerce	20,000.00	20,000.00	December 27, 2018	To be repaid in 4 half yearly installments: i. At the end of 42 months from the date of first disbursement; ii. At the end of 48 months from the date of first disbursement; iii. At the end of 54 months from the date of first disbursement; and iv. At the end of 60 months from the date of first disbursement.
15.	Punjab and Sindh Bank	30,000.00	30,000.00	31 December, 2016	Bullet repayment on maturity with a door to door tenor of 3 years.
16.	Punjab and Sindh Bank	20,000.00	10,000.00	June 30, 2017	Bullet repayment of ₹ 30,000 at the end of 3 years.
17.	Dena Bank	30,000.00	30,000.00	March 7, 2017	Re-payment to be made in 3 installments on the following dates from the date of first disbursement: i. At the end of 24 months; ii. At the end of 30 months; and iii. At the end of 36 months.
					Pre-payment charges: pre-payment can be made either in full or in part, without any pre-payment premium.
18.	Dena Bank	20,000.00	7,500.00	March 26, 2018	Re-payment to be made in 3 installments on the following dates from the date of first disbursement: i. At the end of 36 months;

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
					<p>ii. At the end of 42 months; and</p> <p>iii. At the end of 48 months.</p> <p>Pre-payment charges: pre-payment can be made either in full or in part, without any Pre-payment Premium.</p>
19.	Citibank N.A (FCNR)	14,884.88	14,884.88	June 23, 2017	To be repaid in a single tranche at the date falling at the expiry of 24 months from the date of draw down.
20.	Citibank N.A (FCNR)	13,231.00	13,231.00	January 27, 2017	To be repaid in a single tranche at the date falling at the expiry of 24 months from the date of draw down.
21.	Citibank N.A (FCNR)	13,231.00	13,231.00	February 24, 2016	To be repaid in a single tranche at the date falling at the expiry of 24 months from the date of draw down.
22.	Citibank N.A (FCNR)	19,846.50	19,846.50	February 4, 2016	To be repaid in a single tranche at the date falling at the expiry of 24 months from the date of draw down.
23.	Deutsche Bank	17,500.00	17,500.00	February 14, 2017	<p>Repayment to be made in the following manner:</p> <p>Day (T+30) due date of the first monthly installment for the initial portfolio</p> <p>Remaining installments are due on Days (T+60), (T+90), (T+120), (T+150), (T+180), (T+210), (T+240), (T+270), (T+300), (T+330), (T+360), (T+390), (T+420), (T+450), (T+480), (T+510), (T+540), (T+570), (T+600), (T+630), (T+660), (T+690), (T+720), (T+750), (T+780), (T+810), (T+840), (T+870), (T+900), (T+930), (T+960), (T+990), (T+1020), (T+1050) and (T+1095).</p> <p>Full repayment to be made on Day (T+1095).</p> <p>Prepayment penalty for any cost, loss and expense (including fund breakage cost) incurred / suffered in connection with any prepayment under the facility</p>

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
					(including pursuant to termination event), if amount is prepaid without prior consent of the bank. Right to prepay the entire outstanding amount with the borrower at the time of every revision in the base rate without any prepayment penalty / charges.
24.	Central Bank of India	50,000.00	50,000.00	March 20, 2018	Door to Door tenure is 60 months. After moratorium of 42 months and from date of disbursement, repayment to be made as under: i. ₹ 15,000.00 at the end of 48 months ; ii. ₹ 15,000.00 at the end of 54 months; and iii. ₹ 20,000.00 at the end of 60 months. Prepayment penalty: 1% of the amount prepaid unless prepaid on revision in the Base Rate or interest rate date within 30 days from the date of such revision.
25.	Central Bank of India	25,000.00	5,000.00	December 31, 2018	To be repaid in 3 annual instalments as follows: i. ₹ 7,500 at the end of 3 years; ii. ₹ 7,500 at the end of 4 years; and iii. ₹ 10,000 at the end of 5 years. Option to prepay on revision of base rate with no prepayment charges.
26.	Union Bank of India	30,000.00	24,000.00	August 13, 2017	Repayment to be made half yearly starting at the end of 24 months as follows: i. ₹ 6,000.00 at the end of 24 months; ii. ₹ 6,000.00 at the end of 30 months; iii. ₹ 6,000.00 at the end of 36 months; iv. ₹ 6,000.00 at the end of 42 months; and v. ₹ 6,000.00 at the end of 48 months.

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
27.	Union Bank of India	50,000.00	40,000.00	September 30, 2017	<p>Repayment to be made half yearly starting at the end of 24 months as follows:</p> <ul style="list-style-type: none"> i. ₹ 10,000.00 at the end of 24 months; ii. ₹ 10,000.00 at the end of 30 months; iii. ₹ 10,000.00 at the end of 36 months; iv. ₹ 10,000.00 at the end of 42 months; and v. ₹ 10,000.00 at the end of 48 months.
28.	Union Bank of India	50,000.00	5,000.00	December 31, 2018	<p>Repayment to be made as below:</p> <ul style="list-style-type: none"> i. ₹ 15,000.00 at the end of 36 months; ii. ₹ 15,000.00 at the end of 48 months; and iii. ₹ 20,000.00 at the end of 60 months.
29.	Corporation Bank	42,500.00	42,500.00	September 30, 2017	<p>Re-payment to be made in 6 quarterly installments (5 installments of ₹ 7,000 and one installment of ₹ 7,500), after initial moratorium of 30 months from the date of first disbursement. Repayment shall start from the 33rd month from the date of first disbursement.</p> <p>Pre-payment charges: The Term Loan amount may be pre-paid, so long as a notice 15 days in advance is given.</p>
30.	Axis Bank	34,000.00	25,000.00	March 3, 2017	<p>Re-payment to be made in one single installment at the end of three years from the date of first disbursement.</p> <p>Pre-payment charges:</p> <ul style="list-style-type: none"> i. In case the Borrower decides to pre-pay the loan, then it shall be effectuated as per the terms and conditions decided by the Bank; and ii. On revision of the Bank's Base Rate, the Borrower shall have the option of prepaying the facility by giving a notice of 15 days, and without any pre-payment charges.

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
31.	Andhra Bank	20,000.00	20,000.00	June 30, 2018	<p>Door to Door tenure is 4 years. Repayable in 4 equal half yearly installments after a moratorium of 2 years from the date of disbursement, i.e. 4 equal installments at the end of 30th, 36th, 42nd and 48th months.</p> <p>Prepayment charges 2% of the amount prepaid unless prepaid on revision in the Base Rate within 30 days from the date of such revision.</p>
32.	Kotak Mahindra Bank Limited (FCNR)	25,000.00	10,076.67	May 16, 2017	Re-payment to be decided at the time of disbursement, subject to maximum door to door tenor of 2 years.
33.	Bank of India	20,000.00	8,000.00	February 20, 2016	<p>Door to door tenure of the facility is 35 months. To be repaid as per following from the date of first disbursement:</p> <p>i. ₹ 6,000.00 on 24th month;</p> <p>ii. ₹ 6,000.00 on 30th month;</p> <p>and</p> <p>iii. ₹ 8,000.00 on 35th month.</p> <p>No prepayment charges when prepaid within one month from the date of revision of the base rate. Prepayment charge of 0.50% for all other prepayments.</p>
34.	Bank of India	50,000.00	35,000.00	March 25, 2017	<p>Bullet repayment at the end of 36 months from the date of first disbursement with a door to door tenure of 36 months.</p> <p>Pre-payment charges: No pre-payment charges on upward revision of the base rate within 30 days from the date of such revision. However, beyond such period, pre-payment charges of 0.50% p.a. plus service tax is to be levied of the prepaid amount.</p>
35.	UCO Bank	10,000.00	10,000.00	August 2, 2018	<p>To be repaid as follows from the date of drawdown:</p> <p>i. ₹ 3,333.33 at the end of 3rd year;</p>

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
					<ul style="list-style-type: none"> ii. ₹ 3,333.33 at the end of 4th year; and iii. ₹ 3,333.34 at the end of 5th year.
36.	Indian Bank	30,000.00	10,000.00	March 25, 2016	<p>Re-payment to be made in 3 equal installments, with a moratorium of two years, from the date of drawdown, on the following dates:</p> <ul style="list-style-type: none"> i. At the end of 24 months; ii. At the end of 30 months; and iii. At the end of 36 months <p>No prepayment charges. However, option to prepay upon revision in base rate with the consent of the bank by giving a 30 days' notice.</p>
37.	Indian Bank	20,000.00	20,000.00	March 27, 2018	<p>Repayment to be made in 4 years from the date of first disbursement, in four equal instalments, on the following dates:</p> <ul style="list-style-type: none"> i. At the end of 39 months; ii. At the end of 42 months; iii. At the end of 45 months; and iv. At the end of 48 months. <p>No prepayment charges. However, option to prepay upon revision in base rate with the consent of the bank by giving a 30 days' notice.</p>
38.	HDFC Bank	50,000.00	9,000.00	June 28, 2017	<p>Repayment to be made by equal quarterly instalments within a period of 4 years after initial moratorium of 6 months. However, for sublimit of ₹ 30,000, repayment to be made in equal quarterly instalments after 18 months moratorium.</p> <p>Prepayment penalty of 2% on the overall amount.</p>
39.	HDFC Bank	Sub-limit of the above sanctioned amount of 50,000.00	13,285.71	June 28, 2017	<p>Repayment to be made by equal quarterly instalments within a period of 4 years from drawdown date after initial moratorium of 6 months.</p>
40.	HDFC Bank	25,000.00	7,857.14	September 29, 2018	<p>Repayment to be made by equal quarterly instalments</p>

Sr. No.	Lender's Name	Amount Sanctioned	Amount Outstanding as on December 31, 2015	Final Maturity Date	Repayment Schedule and Pre-payment penalty, if any
					within a period of 4 years from drawdown date after initial moratorium of 6 months.
41.	HDFC Bank	27,500.00	27,500.00	December 18, 2019	Repayment to be made by equal quarterly instalments within a period of 4 years from drawdown date after initial moratorium of 6 months.
42.	ICICI Bank	50,000.00	20,000.00	December 29, 2018	RTL to be paid as per following: i. 20% by last day of 24 th month; and ii. 80% by last day of 36 th month. Bullet repayment at the end of 24 th month for FCNR.
43.	Bank of Maharashtra	50,000.00	5,000.00	December 31, 2018	Re-payment to be made in 3 equal installments on the following dates from the date of first disbursement: i. At the end of 3 rd year; ii. At the end of 4 th year; and iii. At the end of 5 th year.
Total		12,10,693.38	8,09,429.57		

Working Capital Demand Loans from Banks*:

(₹ in lacs)

Sr. No.	Lender's Name	Amount Sanctioned	Amount outstanding as on December 31, 2015	Maturity date	Repayment terms
1.	Canara Bank	5,000.00	4,900.00	January 8, 2016	Repayable after 10 days
2.	The Bank of Novascotia	20,000.00	13,500.00	February 9, 2016	Repayable after 68 days
3.	The Royal Bank of Scotland	7,500.00	7,500.00	February 11, 2016	Repayable after 2 months
4.	Corporation Bank	7,500.00	7,500.00	January 6, 2016	Repayable after 8 days
5.	IDBI Bank	8,000.00	7,900.00	January 5, 2016	Repayable after 7 days
6.	Punjab National Bank	5,000.00	4,800.00	January 8, 2016	Repayable after 10 days
7.	Bank of Baroda	6,500.00	6,500.00	January 7, 2016	Repayable after 9 days
8.	Dena Bank	4,000.00	3,900.00	January 7, 2016	Repayable after 8 days
Total		63,500.00	56,500.00		

*secured by an exclusive charge of book debts and receivables of our Company

Details of Unsecured Term Loans from Banks:

Our Company's unsecured term loans from banks as on December 31, 2015 amount to ₹ 45,000 lacs. The details of the individual borrowings are set out below:

(₹ in lacs)					
Sr. No.	Lender's Name	Amount Sanctioned	Amount outstanding as on December 31, 2015	Maturity Date	Repayment Schedule and Pre-payment penalty, if any
1.	HSBC	45,000.00	20,000.00	January 4, 2016	Repayment on demand with a maximum tenure of one month.
2.	Kotak Mahindra	15,000.00	15,000.00	February 10, 2016	Bullet repayment at the end of tenor.
3.	Credit Suisse AG	10,000.00	10,000.00	December 27, 2016	Bullet repayment at the end of 36 months.
Prepayment, whether in whole or in part, is not permitted before the repayment date.					
Total		70,000.00	45,000.00		

Our Company has issued secured^s redeemable non-convertible debenture of face value of ₹ 10,00,000 each on a private placement basis of which ₹ 9,10,610 lacs is outstanding as on December 31, 2015, the details of which are set forth below. Redemption date represents actual maturity date and does not consider call/put option:

(₹ in lacs)								
Sr. No.	Description (Debenture Series)	Tenor/Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating	
1.	AD2012	5	9.95%	24,500.00	March 2, 2012	March 2, 2017	CRISIL AA+	
2.	AA2013	4 years and 351 days	9.45%	700.00	January 3, 2013	December 20, 2017	CRISIL AA+	
3.	AB2013	3	9.35%	1,000.00	January 15, 2013	January 15, 2016	CRISIL AA+	
4.	AC2013	5 years and 89 days	9.3395489 %	1,850.00	January 11, 2013	April 10, 2018	CRISIL AA+	
5.	AE2013	5	9.40%	2,500.00	January 15, 2013	January 15, 2018	CRISIL AA+	
6.	AG2013	5	9.25%	500.00	February 7, 2013	February 7, 2018	CRISIL AA+ and IND AAA	
7.	AH2013	5	9.40%	1,000.00	February 27, 2013	February 27, 2018	CRISIL AA+	
8.	AJ2013	3 years and 63 days	Zero Coupon ("XIRR"): 9.40%	400.00	March 08, 2013	May 10, 2016	CRISIL AA+	

Sr. No.	Descripti on (Debentu re Series)	Tenor/ Period of Maturit y (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating
9.	AM2013	4 years and 363 days	9.25%	16,500.00	April 22, 2013	April 20, 2018	CRISIL AA+
10.	AO2013	5	9.25%	1,500.00	April 25, 2013	April 25, 2018	CRISIL AA+
11.	AV2013	3	10.20%	30,000.00	October 4, 2013	October 4, 2016	CRISIL AA+
12.	AW2013	5	10.25%	7,500.00	October 8, 2013	October 8, 2018	CRISIL AA+
13.	AX2013	3	9.70%	2,500.00	October 18, 2013	October 18, 2016	CRISIL AA+
14.	AA2014	5	9.95%	1,000.00	January 15, 2014	January 15, 2019	CRISIL AA+
15.	AB2014	5	9.95%	5,500.00	January 16, 2014	January 16, 2019	CRISIL AA+
16.	AC2014	5	9.90%	500.00	January 17, 2014	January 17, 2019	CRISIL AA+
17.	AE2014	2 years and 365 days	9.90%	1,500.00	January 21, 2014	January 20, 2017	CRISIL AA+
18.	AF2014#	3	9.80%	25,000.00	January 24, 2014	January 24, 2017	CRISIL AA+
19.	AG2014#	1 year and 363 days	9.70%	15,000.00	January 31, 2014	January 29, 2016	CRISIL AA+
20.	AH2014#	3	Zero Coupon (XIRR: 9.36%)	5,000.00	August 1, 2014	August 1, 2017	IND AAA
21.	AJ2014#	5	Zero Coupon (XIRR: 9.45%)	4,000.00	August 20, 2014	August 20, 2019	IND AAA
22.	AK2014#	5	Zero Coupon (XIRR: 9.46%)	3,500.00	September 5, 2014	September 5, 2019	IND AAA
23.	AM2014	1 year and 182 days	9.3362%	4,000.00	September 11, 2014	March 11, 2016	IND AAA
24.	AN2014	3 years and 19 days	9.45%	3,800.00	September 24, 2014	October 13, 2017	IND AAA
25.	AO2014	2 years and 364 days	9.35%	18,000.00	September 30, 2014	September 29, 2017	IND AAA
26.	AP2014	1 year and 365 days	9.35%	15,000.00	October 8, 2014	October 7, 2016	IND AAA
27.	AQ2014	1 year and 356 days	9.3075%	1,750.00	October 20, 2014	October 10, 2016	IND AAA
28.	AR2014	2 years and 11 days	9.2067%	1,500.00	October 28, 2014	November 8, 2016	IND AAA

Sr. No.	Description (Debt Series)	Tenor/Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating
29.	AS2014	2	Zero Coupon (XIRR: 9.15%)	5,000.00	November 3, 2014	November 3, 2016	IND AAA
30.	AT2014#	1 year and 365 days	9.07%	15,000.00	November 5, 2014	November 4, 2016	IND AAA
31.	AU2014#	3	9.05%	5,000.00	November 7, 2014	November 7, 2017	IND AAA
32.	AV2014#	4 years and 363 days	9.05%	25,000.00	November 10, 2014	November 8, 2019	IND AAA
33.	AW2014 #	5	Zero Coupon (XIRR: 8.85%)	11,500.00	November 12, 2014	November 12, 2019	IND AAA
34.	AX2014	2 years and 361 days	8.8871%	4,000.00	November 20, 2014	November 16, 2017	IND AAA
35.	AZ2014	1 year and 91 days	8.5989%	2,500.00	December 2, 2014	March 2, 2016	CARE AAA
36.	BA2014#	5	Zero Coupon (XIRR: 8.65%)	10,000.00	December 4, 2014	December 4, 2019	IND AAA
37.	BB2014	9 years and 364 days	8.95%	17,500.00	December 15, 2014	December 13, 2024	IND AAA and CARE AAA
38.	BC2014	4	Zero Coupon (XIRR: 8.85%)	5,000.00	December 17, 2014	December 17, 2018	IND AAA
39.	AA2015#	4 years and 361 days	Zero Coupon (XIRR: 8.92%)	17,500.00	January 20, 2015	January 16, 2020	IND AAA
40.	AB2015	10	8.79%	25,000.00	January 23, 2015	January 23, 2025	IND AAA and CARE AAA
41.	AC2015	1 year and 119 days	Zero Coupon (XIRR: 8.65%)	20,000.00	January 29, 2015	May 27, 2016	IND AAA
42.	AD2015	3 years and 47 days	Zero Coupon (XIRR: 8.85%)	3,260.00	February 24, 2015	April 12, 2018	IND AAA
43.	AE2015	1 year and 356 days	Zero Coupon (XIRR: 8.80%)	4,430.00	February 26, 2015	February 16, 2017	IND AAA
44.	AF2015	3	8.82%	2,200.00	March 9, 2015	March 9, 2018	IND AAA

Sr. No.	Description (Debt Series)	Tenor/Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating
45.	AG2015	10	8.70%	5,500.00	March 10, 2015	March 10, 2025	IND AAA and CARE AAA
46.	AH2015	3 years and 15 days	8.7031%	2,500.00	March 13, 2015	March 28, 2018	IND AAA
47.	AI2015	3 years and 30 days	Zero Coupon (XIRR: 8.70%)	4,530.00	March 17, 2015	April 16, 2018	IND AAA
48.	AJ2015	10	8.72%	5,000.00	March 24, 2015	March 24, 2025	IND AAA and CARE AAA
49.	AK2015	3 years and 10 days	Zero Coupon (XIRR: 8.70%)	4,120.00	March 31, 2015	April 10, 2018	IND AAA
50.	AL2015	2 years and 362 days	Zero Coupon (XIRR: 8.70%)	4,500.00	April 8, 2015	April 5, 2018	IND AAA
51.	AM2015	3 years and 29 days	Zero Coupon (XIRR: 8.70%)	2,590.00	April 8, 2015	May 7, 2018	IND AAA
52.	AN2015	2 years and 361 days	8.7070%	7,800.00	April 9, 2015	April 5, 2018	IND AAA
53.	AO2015	2 years and 360 days	8.70%	5,000.00	April 10, 2015	April 5, 2018	IND AAA
54.	AP2015	3 years and 19 days	8.7019%	1,600.00	April 13, 2015	May 2, 2018	IND AAA
55.	AQ2015	2 years and 360 days	8.7067%	7,860.00	April 15, 2015	April 10, 2018	IND AAA
56.	AR2015	3 years and 3 days	8.7072%	2,000.00	April 16, 2015	April 19, 2018	IND AAA
57.	AS2015	3 years and 2 days	8.6075%	2,230.00	April 17, 2015	April 19, 2018	IND AAA
58.	AT2015	10	9%	50,000.00	April 22, 2015	April 22, 2025	IND AAA and CARE AAA
59.	AU2015	1 year and 333 days	8.6975%	650.00	May 13, 2015	April 11, 2017	IND AAA
60.	AV2015	1 year and 253 days	8.7176%	1,100.00	May 15, 2015	January 23, 2017	IND AAA
61.	AW2015	1 year and 348 days	8.8043%	5,000.00	May 19, 2015	May 2, 2017	IND AAA

Sr. No.	Description (Debt Series)	Tenor/Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating
62.	AX2015	1 year and 221 days	8.7095%	2,000.00	May 21, 2015	December 28, 2016	IND AAA
63.	AY2015	1 year and 316 days	8.77%	3,800.00	May 22, 2015	April 3, 2017	IND AAA
64.	AZ2015	1 year and 36 days	Zero Coupon (XIRR: 8.70%)	21,920.00	May 26, 2015	July 1, 2016	IND AAA
65.	BA2015	1 year and 353 days	8.8075%	10,000.00	May 27, 2015	May 15, 2017	IND AAA
66.	BB2015	1 year and 264 days	8.7705%	4,000.00	May 27, 2015	February 15, 2017	IND AAA
67.	BC2015	1 year and 180 days	8.7034%	3,700.00	May 28, 2015	November 24, 2016	IND AAA
68.	BD2015	2 years and 56 days	Zero Coupon (XIRR: 8.80%)	3,600.00	May 29, 2015	July 24, 2017	IND AAA
69.	BE2015	1 year and 236 days	8.6635%	720.00	June 1, 2015	January 23, 2017	IND AAA
70.	BF2015	2	8.80%	3,000.00	June 2, 2015	June 2, 2017	IND AAA
71.	BG2015	2 years and 353 days	8.7044%	2,000.00	June 3, 2015	May 22, 2018	IND AAA
72.	BH2015	1 year and 363 days	8.7114%	1,000.00	June 3, 2015	June 1, 2017	IND AAA
73.	BI2015	2 years and 212 days	8.6743%	1,140.00	June 4, 2015	January 2, 2018	IND AAA
74.	BJ2015	3 years and 1 day	8.758%	2,210.00	June 11, 2015	June 12, 2018	IND AAA
75.	BK2015	1 year and 287 days	8.7287%	1,800.00	June 15, 2015	March 29, 2017	IND AAA
76.	BL2015	2 years and 361 days	8.757%	2,000.00	June 16, 2015	June 12, 2018	IND AAA
77.	BM2015	1 year and 94 days	8.7585%	20,000.00	June 18, 2015	September 20, 2016	IND AAA
78.	BN2015	2	8.8126%	3,100.00	June 19, 2015	June 19, 2017	IND AAA
79.	BO2015	2 years and 362 days	8.7774%	3,000.00	June 22, 2015	June 19, 2018	IND AAA
80.	BP2015	10	9.00%	50,000.00	June 24, 2015	June 24, 2025	IND AAA and CARE AAA

Sr. No.	Description (Debt Series)	Tenor/Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating
81.	BQ2015	7	8.95%	9,700.00	June 29, 2015	June 29, 2022	IND AAA and CARE AAA
82.	BR2015	9 years and 363 days	8.95%	1,500.00	June 29, 2015	June 27, 2025	IND AAA and CARE AAA
83.	BS2015	1 year and 31 days	Zero Coupon (XIRR: 8.67%)	22,000.00	July 2, 2015	August 2, 2016	IND AAA
84.	BT2015	1 year and 352 days	8.8062%	1,200.00	July 3, 2015	June 20, 2017	IND AAA
85.	BU2015	1 year and 358 days	8.8091%	1,500.00	July 3, 2015	June 26, 2017	IND AAA
86.	BV2015	1 year and 360 days	8.8101%	1,200.00	July 3, 2015	June 28, 2017	IND AAA
87.	BW2015	1 year and 281 days	8.7763%	1,400.00	July 3, 2015	April 10, 2017	IND AAA
88.	BX2015	1 year and 357 days	8.8086%	2,850.00	July 6, 2015	June 28, 2017	IND AAA
89.	BY2015	1 year and 74 days	8.5703%	800.00	July 8, 2015	September 20, 2016	IND AAA
90.	BZ2015	2 years and 88 days	8.6799%	500.00	July 8, 2015	October 4, 2017	IND AAA
91.	CA2015	1 year and 364 days	8.7119%	1,200.00	July 13, 2015	July 12, 2017	IND AAA
92.	CB2015	1 year and 357 days	8.7086%	2,000.00	July 14, 2015	July 6, 2017	IND AAA
93.	CC2015	1 year and 67 days	8.5734%	350.00	July 15, 2015	September 20, 2016	IND AAA
94.	CD2015	3 years and 10 days	8.8248%	6,600.00	July 16, 2015	July 26, 2018	IND AAA
95.	CE2015	2 years and 361 days	8.8271%	2,100.00	July 16, 2015	July 12, 2018	IND AAA
96.	CF2015	3 years and 31 days	8.8181%	2,000.00	July 21, 2015	August 21, 2018	IND AAA
97.	CG2015	2 years and 363 days	8.8077%	3,000.00	July 21, 2015	July 19, 2018	IND AAA
98.	CH2015#	2 years and 335 days	8.6967%	30,000.00	July 27, 2015	June 27, 2018	IND AAA

Sr. No.	Descripti on (Debentu re Series)	Tenor/ Period of Maturit y (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating
99.	CI2015	3 years and 226 days	8.782%	10,000.00	July 2015	30, March 13, 2019	IND AAA
100.	CJ2015	3 years and 17 days	8.8025%	6,000.00	July 2015	30, August 16, 2018	IND AAA
101.	CK2015	2	8.75%	30,000.00	July 2015	31, July 31, 2017	IND AAA
102.	CL2015	1 year and 364 days	8.75%	5,000.00	August 2015	5, August 4, 2017	IND AAA
103.	CM2015	5	8.80%	12,500.00	August 2015	6, August 6, 2020	IND AAA
104.	CN2015	2 years and 350 days	8.7535%	800.00	August 2015	10, July 26, 2018	IND AAA
105.	CO2015	2 years and 265 days	8.7317%	400.00	August 2015	10, May 2, 2018	IND AAA
106.	CP2015	2 years and 359 days	8.6663%	4,800.00	August 2015	26, August 20, 2018	IND AAA
107.	CQ2015	1 year and 91 days	8.60%	10,000.00	September 7, 2015	December 7, 2016	IND AAA
108.	CR2015	1 year and 90 days	8.60%	10,000.00	September 10, 2015	December 9, 2016	IND AAA
109.	CS2015	10	8.75%	25,000.00	October 2015	9, October 9, 2025	IND AAA and CARE AAA
110.	CT2015	3 years and 363 days	8.61%	10,000.00	October 2015	13, October 11, 2019	IND AAA
111.	CU2015	2 years and 352 days	8.5941%	2,500.00	October 2015	14, October 1, 2018	IND AAA
112.	CV2015	2 years	8.53%	2,500.00	October 2015	20, October 20, 2017	IND AAA
113.	CW2015	1 year and 364 days	8.51%	15,000.00	October 2015	21, October 20, 2017	IND AAA
114.	CX2015 @	2	8.54%	20,000.00	October 2015	23, October 23, 2017	IND AAA
115.	CY2015#	5	8.48%	25,000.00	October 2015	30, October 30, 2020	IND AAA and CARE AAA
116.	CZ2015	1 year and 363 days	8.48%	2,500.00	November 2015	5, November 3, 2017	CARE AAA
117.	DA2015	2 years and 16 days	8.48%	350.00	November 2015	5, November 21, 2017	CARE AAA

Sr. No.	Description (Debt Series)	Tenor/Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Final Redemption Date	Latest Credit Rating
118.	DB2015	3 years and 95 days	Zero Coupon (XIRR: 8.58%)	5,000.00	December 7, 2015	March 12, 2019	IND AAA
119.	DC2015	3 years and 104 days	Zero Coupon (XIRR: 8.60%)	4,000.00	December 15, 2015	March 29, 2019	IND AAA
120.	Total			9,10,610.00			

[§]Security: *Pari passu charges on Aurangabad branch office along with other Debenture holders and exclusive charge on receivables under Hire Purchase/Lease/Loan contracts, owned Assets and Book debts.*

[#]Put option

[@]Put and call option

Our Company has issued unsecured redeemable subordinated non-convertible debenture of face value of ₹ 10,00,000 each on a private placement basis of which ₹ 98,410 lacs is outstanding as on December 31, 2015 the details of which are set forth below. Redemption date represents actual maturity date:

(₹ in lacs)

Sr. No.	Description (Debt Series)	Tenor/Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Redemption Date	Latest Credit Rating
1.	III	10	12.00%	400.00	April 17, 2007	April 17, 2017	CRISIL AA+ and IND AAA
2.	HHH	10	12.00%	2,500.00	May 11, 2007	May 11, 2017	CRISIL AA+ and IND AAA
3.	JJJ	10	11.00%	1,480.00	June 13, 2007	June 13, 2017	CRISIL AA+ and IND AAA
4.	KKK	10	10.50%	2,500.00	July 26, 2007	July 26, 2017	CRISIL AA+ and IND AAA
5.	PPP	10	11.75%	980.00	October 17, 2008	October 17, 2018	CRISIL AA+ and IND AAA
6.	QQQ	10	9.85%	2,500.00	November 10, 2009	November 11, 2019	BWR AAA and IND AAA
7.	RRR	10	9.85%	7,500.00	November 20, 2009	November 20, 2019	BWR AAA and IND AAA
8.	TTT	10	10.05%	50.00	December 7, 2011	December 7, 2021	CRISIL AA+ and IND AAA
9.	UUU	10	10.50%	10,000.00	December 12, 2011	December 13, 2021	CRISIL AA+ and IND AAA
10.	VVV	10	10.15%	2,000.00	June 19, 2012	June 20, 2022	CRISIL AA+ and IND AAA

Sr. No.	Description (Debenture Series)	Tenor/ Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Redemption Date	Latest Credit Rating
11.	WWW	10	10.15%	500.00	June 26, 2012	June 27, 2022	CRISIL AA+ and IND AAA
12.	XXX	10	10.02%	500.00	October 19, 2012	October 19, 2022	CRISIL AA+ and IND AAA
13.	YYY	7	10.02%	4,500.00	October 19, 2012	October 21, 2019	CRISIL AA+ and IND AAA
14.	ZZZ	10	9.80%	4,000.00	January 17, 2013	January 17, 2023	CRISIL AA+ and IND AAA
15.	AAA2013	7	9.70%	2,000.00	April 23, 2013	April 23, 2020	CRISIL AA+ and IND AAA
16.	BBB2013	10 years and 1 day	9.70%	8,000.00	April 23, 2013	April 24, 2023	CRISIL AA+ and IND AAA
17.	CCC2013	7 years and 1 day	9.50%	5,220.00	May 24, 2013	May 25, 2020	CRISIL AA+ and IND AAA
18.	DDD2013	10	9.50%	4,780.00	May 24, 2013	May 24, 2023	CRISIL AA+ and IND AAA
19.	AAA2014	10	9.60%	1,000.00	August 28, 2014	August 28, 2024	IND AAA and BWR AAA
20.	BBB2014	10	9.60%	500.00	September 3, 2014	September 3, 2024	IND AAA and BWR AAA
21.	CCC2014	9 years and 364 days	9.50%	10,000.00	November 17, 2014	November 15, 2024	IND AAA and CARE AAA
22.	AAA2015	9 years and 364 days	9.18%	10,000.00	February 2, 2015	January 31, 2025	IND AAA and CARE AAA
23.	BBB2015	10	9.10%	2,500.00	June 25, 2015	June 25, 2025	IND AAA and CARE AAA
24.	CCC2015	10	9.00%	2,500.00	August 14, 2015	August 14, 2025	IND AAA and CARE AAA
25.	DDD2015	10	9.00%	2,500.00	August 21, 2015	August 21, 2025	IND AAA and CARE AAA
26.	EEE 2015	10	8.90%	10,000.00	October 27, 2015	October 27, 2025	IND AAA and CARE AAA
Total				98,410.00			

Our Company has issued unsecured redeemable subordinated non-convertible debenture of face value of ₹ 5,00,000 each on a private placement basis of which ₹ 20,000 lacs is outstanding as on December 31, 2015 the details of which are set forth below. Redemption date represents actual maturity date:

								(₹ in lacs)
Sr. No.	Description (Debenture Series)	Tenor/ Period of Maturity (Years)	Coupon	Amount	Date of Allotment	Redemption Date	Latest Credit Rating	
1.	SSS	10 years and 60 days	9.80%	20,000.00	November 26, 2010	January 25, 2021	CRISIL AA+ and BWR AAA	
Total				20,000.00				

List of Top 10 Debenture Holders (secured and unsecured) as on December 31, 2015:

			(₹ in lacs)
Sr. No.	Name of Debenture Holders	Amount	
1.	Wipro Limited	68,920.00	
2.	Reliance Capital Trustee Co Ltd/C-Reliance Money Manager Fund	50,000.00	
3.	Punjab National Bank	47,500.00	
4.	IDFC Bank Limited	44,000.00	
5.	Kotak Mahindra Bank Ltd	30,000.00	
6.	Citicorp Investment Bank (Singapore) Limited	27,500.00	
7.	Postal Life Insurance Fund A/C UTI AMC	27,500.00	
8.	CBT EPF-05-A-DM	27,000.00	
9.	Life Insurance Corporation of India P and GS Fund	24,550.00	
10.	Postal Life Insurance Fund A/C SBIFMPL	24,000.00	
Total		3,70,970.00	

As on December 31, 2015, the amount of corporate guarantee issued by our Company in favour of its Subsidiaries, Joint Venture entity, group company, etc. is NIL.

The total face value of Commercial Papers Outstanding as on December 31, 2015:

		(₹ in lacs)
Maturity Date	Amount Outstanding	
January 14, 2016	50,000.00	
January 25, 2016	20,000.00	
January 28, 2016	20,000.00	
February 1, 2016	50,000.00	
February 4, 2016	20,000.00	
February 5, 2016	40,000.00	
February 11, 2016	30,000.00	
February 18, 2016	40,000.00	
February 22, 2016	40,000.00	
February 29, 2016	35,000.00	
May 27, 2016	10,000.00	
Total	3,55,000.00	

Details of Rest of the borrowing (if any, including hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on December 31, 2015:

							(₹ in lacs)
Party Name (in case of Facility/Instrument Name)	Type of Facility/Instrument	Amount Sanctioned/ Issued	Principal Amount Outstanding	Repayment Date/Schedule	Credit Rating	Secured/Unsecured	Security
-----NA-----							

As on the date of this Draft Shelf Prospectus, there has been no rescheduling, default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by our Company, in the past 5 years.

There are no outstanding borrowings taken/ debt securities issued where taken/ issued (i) for consideration other than cash, whether in whole or in part, (ii) at a premium or discount, or (iii) in pursuance of an option as on December 31, 2015.

A portion of our funding requirements is met through short-term funding sources, being, bank loans, working capital demand loans, cash credit, short term loans and commercial papers. Further, a large portion of our loan assets mature over a medium term, while comparatively some of our liabilities in connection with the credit facilities obtained by us are for a relatively shorter periods of time. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities, in a timely manner or at all, may lead to mismatches between our assets and liabilities.

The total amount of cash credit from banks outstanding as of December 31, 2015 as per books of accounts of our Company is ₹ 1,01,187.45 lacs.

The total amount of loans and advances from related parties (ICDs) outstanding as of December 31, 2015 is ₹ 1,275.00 lacs.

Fixed Deposit Scheme of our Company:

Our Company's has launched an unsecured fixed deposit programme called the Samruddhi Fixed Deposits ("FD Programme"). The FD Programme has a CRISIL rating of 'FAAA', which indicates a highest level of safety. Our Company offers cumulative as well as non-cumulative options. The tenure of fixed deposits accepted by our Company are in the range of 12 to 60 months and present rate of interest is in the range of 7.90% to 8.45%. Senior citizens and all Mahindra group employees and employee's relatives are entitled to an additional rate of 0.25% and 0.35% respectively. As on December 31, 2015, our Company's outstanding fixed deposits amount to ₹ 4,90,966.33 lacs.

Restrictive Covenants under our Financing Arrangements:

Some of the corporate actions for which our Company requires the prior written consent of lenders include the following:

1. to declare and/ or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
2. to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
3. to create or permit any charges or lien on any mortgaged properties;
4. to amend its MOA and AOA or alter its capital structure; and
5. to make any major investments by way of deposits, loans, share capital, etc. in any manner.

SECTION VI - OUTSTANDING LITIGATIONS AND DEFAULTS

Our Company is subjected to various legal proceedings from time to time, mostly arising in the ordinary course of its business. The legal proceedings are initiated by us and also by customers, past employees and other parties. These legal proceedings are primarily in the nature of (a) consumer complaints, (b) tax disputes, (c) petitions pending before appellate authorities, (d) criminal complaints, and (e) civil suits. We believe that the number of proceedings in which we are involved in is not unusual for a company of our size in the context of doing business in India.

As on the date of the Draft Shelf Prospectus, there are no failures or defaults to meet statutory dues, institutional dues and dues towards instrument holders including holders of debentures, fixed deposits, and arrears on cumulative preference shares, etc., by our Company.

Effective from 1 December 2015, the Board of Directors of our Company has adopted policy for determination of materiality for disclosure of events or information ("Materiality Policy"). With respect to litigations / disputes / regulatory actions with impact, the Materiality Policy sets thresholds which are determined on the basis of consolidated financial statements of last audited Fiscal.

Save as disclosed below, there are no:

1. litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter of our Company during the last five years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;
2. litigation involving our Company, Promoter, Directors, Subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the position of our Company;
3. pending proceedings initiated against our Company for economic offences.

Litigations against our Company

Criminal

Our Company and our employees are party to certain criminal cases pending before various courts across India. These cases have been filed on the grounds, *inter alia*, cheating, fraud, defamation, illegal repossession of the vehicles, theft, insurance claims by our customers. There are several cases wherein applications have been for quashing of complaints and FIRs. We have been also named as a party as a financier where the vehicle financed by us is used for carrying illegal goods. There are some cases of assault, kidnapping and abduction against the employees of our Company while repossessing of vehicles.

Civil

There are various civil proceedings instituted against our Company from time to time, mostly arising in the ordinary course of its business. None of the pending civil proceedings against our Company involve an amount more than 5% of the consolidated profit after tax for the Fiscal 2015.

Litigations by our Company

Criminal

1. Our Company has filed numerous complaints, FIRs and cases of fraud and cheating against customers on account of loan defaults, cash misappropriation, cheating, forgery, assault on employees of our Company. In certain cases, our Company has also filed cases under section 420 of the Code of Criminal Procedure, 1973 ("Cr PC") for the criminal breach of trust and misappropriation of property. We have also filed applications for custody of vehicles of our Company under section 451 and 457 of Cr PC. Our Company has filed numerous applications under section 156 of the Cr PC for quashing of complaints across different high courts and magistrate courts. Our Company has also initiated certain complaints for matters including missing vehicles, theft and defamation.

2. Our Company has filed numerous cases under section 138 of the Negotiable Instruments Act, 1881, against our customers for dishonour of cheques which were presented to our Company. These cases are pending across different courts in India. Further, in some of the cases, our customers have filed appeal against our Company.

Civil

There are various civil proceedings instituted by our Company from time to time, mostly arising in the ordinary course of its business. None of the pending civil proceedings instituted by our Company involve an amount more than 5% of the consolidated profit after tax for the Fiscal 2015.

Litigations against our Promoter

Litigation or legal action pending or taken by any ministry or department of the Government of India or a statutory authority against any Promoter of our Company during the last five years immediately preceding the year of the issue of the Draft Shelf Prospectus and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action

1. M&M received a show cause notice bearing reference A/530/2015 dated July 13, 2015 under the Factories Act, 1948 (“**Factories Act**”) from the Deputy Chief Inspector of Factories, Hyderabad (Rural) (“**Authority**”) directing M&M to show cause why no action should be taken against the manager for non-compliance of various provisions of the Factories Act read with the A.P. Factories Rules, 1950 (“**AP Factories Rules**”). M&M was required to show cause for non-compliance of (i) section 7A (2) read with section 32(b) and section 41 and rule 61-F (3); (ii) section 40-B and rule 61-A; section 7A (2) read with section 111-A and section 41 and rule 61-F (3); (iii) section 7A (2) read with section 41 and rule 61-F (3); and (iv) section 51, section 54 and section 65 read with section 7A (2) of the Factories Act. M&M filed its reply dated August 12, 2015 to the show cause notice denying all the allegations and confirming that there is no violation of the Factories Act and the AP Factories Rules. The matter is currently pending.
2. The Maharashtra Pollution Control Board, Regional Office, Mumbai (“**Board**”) issued a show cause notice bearing reference MPCB/ROM/SCN/TB-5277 dated June 20, 2015 (“**Notice**”) against M&M. The notice alleged that M&M failed to obtain consent to establish and consent to operate with respect to Free Basin, Shed No. 03, Near Nariman, Bhavan, MbPT, Mazgaon, Mumbai. factory thereby violating the provisions of Section 25 and Section 21 of the Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) and Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) respectively, and directing M&M to show cause why legal action shall not be initiated against M&M under the provisions of the Water Act, the Air Act and the Environment Impact Assessment Notification 2004. M&M has filed its interim reply to the show cause notice dated August 8, 2015 setting out the factual position and submitted an application to establish and operate.
3. M&M received a show cause notice bearing reference 110 dated October 13, 2014 under the Legal Metrology Act (“**Metrology Act**”) and the Legal Metrology (Packaged Commodities) Rules, 2011 (“**Rules**”) from the Legal Metrology Inspector, Amroha, Uttar Pradesh (“**Authority**”). The notice alleged that M&M published an advertisement in dainik newspaper dated October 2, 2014 mentioning the unit ‘inch’ for the size of alloy wheels and infotainment screen, thereby violating section 11 of the Metrology Act read with rule 29 of the Rules. M&M filed its interim reply dated November 24, 2014 to the show cause notice denying all the allegations and contended that M&M has not violated any provision of the Metrology Act and the Rules.
4. M&M received a notice bearing reference number A3 dated April 30, 2015 from the Inspector of Legal Metrology, Shahjanpur (“**Authority**”) under the Legal Metrology Act (“**Metrology Act**”). The notice alleged that the advertisement dated April 30, 2015 in dainik newspaper mentioned the mileage of Maxximo as ‘KM/L’, thereby violating section 11 and section 29 of the Metrology Act and Rule 7(3) of the Legal Metrology (Packaged Commodities) Rules, 2011 (“**Rules**”). M&M filed its reply dated May 7, 2015 to the notice denying violation of the Metrology Act and the Rules. The matter is currently pending.
5. M&M received a notice bearing reference number MEMO/V.N.V.M.V.-Notice/2015 dated July 11, 2015 from the Legal Metrology Inspector, Lucknow (the “**Inspector**”) under the Legal Metrology Act (“**Metrology Act**”). The notice alleged that the advertisement in dainik newspaper by M&M on July 11, 2015 was in violation of section 11 and section 29 of the Legal Metrology Act, 2009 since the advertisement mentioned (i) the mileage of XUV-500 as ‘KMPL’ instead of km/l or km/L; (ii) size and touch screen of touch screen and alloy wheels as ‘CM’ instead of cm; and (iii) for wrongly mentioning

'INCH'. M&M filed a final reply dated August 14, 2015 intending to compound the alleged contravention and pay the compounding amount. The matter has been compounded and closed whereby M&M has paid a compounding amount of ₹ 1.2 lacs on September 4, 2015.

6. M&M received a show cause notice bearing reference no. MH/51100/PF/ENF-EXM/SRO/NSK/2497 dated November 5, 2007 by Regional Provident Fund Commissioner, Nasik ("**PF Authority**") under Section 7A of Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("**EPF Act**") towards (i) failure to produce the contractors records; (ii) payment of Provident Fund Contribution ("**Contribution**") of trainee employees; (iii) failure to produce the transporter contractors records. M&M filed its reply dated September 26, 2008 before the PF Authority. The PF Authority passed an adverse order bearing no. MH/51100 (SRO Nasik)/PF/CC-I/NGP/46 dated August 7, 2008. Aggrieved by the order of the PF Authority, M&M filed an appeal before the Employees' Provident Funds Appellate Tribunal, New Delhi ("**EPF Tribunal**"). The appeal was dismissed by the EPF Tribunal by an order dated October 13, 2010. M&M filed an appeal bearing no. WP/435/2011 dated January 17, 2011 before the High Court at Bombay (the "High Court") challenging the order of the EPF Tribunal. The matter is currently pending.
7. M&M received a notice bearing no. 564 dated February 17, 2014 under the Insecticides Act, 1968 ("**Insecticides Act**") from the Chief Agricultural Officer, Ferozepur ("**Authority**") alleging that the insecticides ("**Product**") manufactured by Acme Organic Pvt. Ltd. (the "**Manufacturer**") violated the provisions of the Insecticides Act by misbranding the Product (which also carried a label indicating M&M as the marketers of the Product). M&M filed its reply dated March 20, 2014 denying all the allegations contending that M&M is not involved in manufacturing, labelling or tampering the Product in any manner and hence, is not liable for contravention of any of the provisions of the Insecticides Act or the Insecticides Rules, 1971. The matter is currently pending.
8. M&M received a notice bearing no. 1055-59 dated March 16, 2015 under the Insecticides Act, 1968 ("**Insecticides Act**") from the Chief Agricultural Officer, Punjab ("**Authority**") alleging that the insecticides ("**Product**") manufactured by Acme Organic Pvt. Ltd. (the "**Manufacturer**") violated the provisions of the Insecticides Act by misbranding the Product (which also carried a label indicating M&M as the marketers of the Product). M&M in its reply denied all the allegations and contended that M&M is not involved in manufacturing, labelling or tampering the Product in any manner and hence, is not liable for contravention of any of the provisions of the Insecticides Act or the Insecticides Rules, 1971.
9. M&M received a notice bearing reference no. 1376 dated June 1, 2015 under the Essential Commodities Act, 1955 ("**Act**") and the Fertilizer (Order) Control, 1985 ("**Order**") from the Chief Agricultural Officer, Ludhiana ("**Authority**") alleging that the insecticides ("**Product**") manufactured by Mitul Industries Ltd. ("**Manufacturer**") violated the provisions of the Act. The sulphur content in the Product seized was found to be only 81.70% instead of 90% as mentioned in the package (which carries a label indicating M&M as the marketer of the Product). M&M filed its reply dated June 18, 2015 denying all the allegations and requested retesting of the sample of the Product. The matter is currently pending.
10. M&M received a show cause notice bearing reference LCPP/ADO-2015/3261-3266 dated December 7, 2015 under the Insecticides Act, 1968 ("**Insecticides Act**") from the Deputy Director (LC & PP)-cum-Licensing Authority, Chandigarh ("**Authority**") in respect of lambda Cyhalothrin 4.9% CS ("**Product**") manufactured by B R Agrotech Limited Samba ("**Manufacturer**") and marketed by M&M. The notice alleged that the Insecticide violated the provisions of the Insecticides Act and the Insecticides Rules, 1971 ("**Insecticides Rules**") by misbranding the Product. The active ingredient content of the Insecticide was found 4.22% against 4.9%. M&M filed its reply to the notice dated December 23, 2015 denying all allegations and contended that M&M is only a marketer of the Product and not involved in manufacturing or labelling. Hence, M&M is not liable under the Insecticides Act and the Insecticides Rules. M&M further requested for re-testing of the sample of the Product. The matter is currently pending.
11. M&M received a show cause notice bearing no. 330 dated September 23, 2015 ("**Notice**") under the Legal Metrology Act, 2009 ("**Metrology Act**") and the Legal Metrology (Packaged Commodities) Rules, 2011 ("**Rules**") from the Legal Metrology Inspector, Mahanagar Lucknow, Uttar Pradesh ("**Authority**") alleging that M&M in an advertisement published in dainik samachar newspaper on September 23, 2015 mentioned Mahindra Yuvraj 215 NVT's top speed by using the unit 'KMPH' instead of 'km/h', thereby violating Rule 11 of the Rules. M&M filed a reply dated December 7, 2015 stating that it has not received the Notice and requested the Inspector to not initiate any legal proceeding against M&M. The matter has been compounded. On December 19, 2015, M&M paid a compounding penalty of ₹ 1.1 lacs.

12. M&M received a notice bearing reference no. 166/PC/14-15 dated February 5, 2015 by the Legal Metrology Inspector, Warangal, Telangana (“**Authority**”) stating that the Authority seized 30 retail packages of alleged swaraj genuine parts, bearing part no.34.027.03.0, 1 in quantity and having a maximum retail price of ₹ 118.50 (inclusive of all taxes) on January 25, 2015 from the trading premises of Sony Automobiles and manufactured by M&M. The seized packages did not bear the name and address of the manufacturer, name of commodity contained in the package, the retail sale price, the month and year of the package and the consumer care telephone number of the contact person or the office. Thereby violating Section 18 read with section 49 of the Legal Metrology Act, 2009 (“**Act**”); rule 4 read with rule 6(1)(a)(b)(e)(d) and rule 6(2) of the Legal Metrology (Packaged Commodities) Rules, 2011 (“**Rules**”). Hence M&M was punishable under Section 36 of the Act. M&M in its reply to the notice dated April 11, 2015 denied ownership of the packages and stated that (i) the packages are counterfeit/spurious; and (ii) Sony Automobiles is not M&M’s authorized dealer/distributor. The matter is currently pending.
13. M&M received a show cause notice bearing no. 99 dated August 20, 2015 (“**Notice**”) under the Legal Metrology Act, 2009 (“**Metrology Act**”) from the Legal Metrology Inspector, Aligarh, Uttar Pradesh (“**Authority**”) alleging that M&M in an advertisement published in amar ujala mentioned the non-metric unit ‘Foot’, thereby violating Section 11(1) of the Metrology Act. On October 23, 2015, M&M filed a reply intending to compound the alleged contravention and paid the compounding penalty of ₹ 1.2 lacs.
14. M&M received a notice bearing no. January 16, 2015 dated January 16, 2015 (“**Notice**”) under the Legal Metrology Act, 2009 (“**Metrology Act**”) from the Inspector of Legal Metrology, Nakodar, Punjab (“**Authority**”) alleging that M&M in an advertisement pertaining to vehicle (Scorpio) played on Life OK channel had used the unit ‘inch’ for the size of alloy wheels thereby violating section 11 of the Metrology Act. M&M has filed a reply dated January 23, 2015 stating that the provisions of the Metrology Act and any of its rules are not applicable to the vehicles manufactured and distributed by M&M. The matter is currently pending.
15. M&M received a summon dated June 03, 2015 (“**Summon**”) under section 61 of the Code of Criminal Procedure (“**Cr.P.C**”) from the Metropolitan Magistrate, Hyderabad at Kukatpally (“**Magistrate**”). The Summon alleged violation of section 18 and 36 of the Legal Metrology Act, 2009 (“**Metrology Act**”), Rule 6(1)(e), 6(3) and 18 of Legal Metrology (Packaged Commodities) Rules, 2011 (“**the Rules**”) and Rule 32 of Andhra Pradesh Legal Metrology (Enforcement) rules 2011. The matter is closed by an order of the Metropolitan Magistrate bearing no. STC 4/2015 dated January 27, 2016.
16. M&M received a notice bearing no. 249 dated October 29, 2015 (“**Notice**”) under the Legal Metrology Act, 2009 (“**Metrology Act**”) from the Legal Metrology Inspector, Shahjanpur, Uttar Pradesh.. The notice alleged that M&M in an advertisement dated October 27, 2015 published in dainik jagran newspaper mentioned mileage as ‘LTR/HR’, thereby violating section 11 of the Metrology Act. M&M filed an interim reply dated November 09, 2015 for seeking 30 days’ time for assimilating the information. On January 11, 2016, M&M filed a final reply intending to compound the alleged contravention and paid the compounding amount of ₹1.1 lacs.
17. M&M received a notice bearing no. ILM/JOR-52(IA)(PC)2015- 16/31 dated April 06, 2015 (“**Notice**”) under the Legal Metrology Act, 2009 (“**Metrology Act**”) from the Inspector of Legal Metrology, Jorhat, Assam. The notice alleged that packages seized from the trading premises of M/s. Vintage Automobile had ‘MRP’ mentioned on it by putting an additional yellow sticker over the original declaration, thereby violating provisions of section 18(1) of the Metrology Act read with Rule 6 and Rule 18 of the Legal Metrology (Packaged Commodities) Rules, 2011 (“**Rules**”) Rules. M&M filed an interim reply dated April 30, 2015 seeking 30 days’ time for assimilating the information. On June 22, 2015, M&M filed a final reply stating that the additional sticker over the original MRP has not been affixed by M&M and no authorized supplies were made to M/s Vintage Automobile. The matter is currently pending.
18. M&M received a notice bearing no. LMO/PC/CN/0661003/15-16 dated January 05, 2016 (“**Notice**”) from the Assistant Controller of Legal Metrology Flying squad-2, Bangalore under the Legal Metrology Act, 2009 (“**Metrology Act**”). The notice alleged that retail sale price marked on seized packages was not as per rule 2(m) of the Legal Metrology (Packaged Commodities) Rules, 2011 (“**Rules**”), thereby violating section 18 of the Metrology Act. M&M filed an interim reply dated January 08, 2016 stating that the label on the product seized as mentioned in the Notice does not match with the label on product manufactured by M&M and asked for 30 days’ time to revert with detailed reply. The matter is currently pending.

19. M&M received a notice bearing no. ILM/KHAMGAON/2015/381 dated December 08, 2015 (“**Notice**”) from the Inspector of Legal Metrology, Khamgaon, District Buldana (M.S) under the Legal Metrology Act, 2009 (“**Metrology Act**”). The notice alleged that on inspection of the trading premises of M/s. Madhu Auto Agencies, Khamgaon it was found that declaration of Retail Sale Price on the packages of piston for thinner rings and pin assy cbs part no. 006012906891 did not mention the declaration of retail price, and also there was no mentioning of ‘inclusive of all taxes’ on the packages manufactured by M&M, thereby violating Section 18(1) and Rule 2(m) of the Legal Metrology (Packaged Commodities) Rules, 2011. M&M filed an interim reply dated January 08, 2016 seeking 30 days’ time for assimilating the information. The matter is currently pending.
20. M&M received a notice bearing no. ILM/Sakoli/Pros/2012/741 dated January 05, 2012 (“**Notice**”) from the Inspector of Legal Metrology, Bhandara (“**Inspector**”) under the Legal Metrology Act, 2009 (“**Metrology Act**”) alleging that on inspection of the trading premises of M/s Shahare Oil Shop, Gondia (the “**Manufacturer**”), it was found that the label on seized packages of oil filters bearing genuine part number 006001920AR91 and 005557147R91 (the “**Product**”) did not mention the customer care cell no. and the month of manufacturing, thereby violating section 18(1) of the Metrology Act read with rule 6(1)(c), 6(1)(d) and 6(2) of the Legal Metrology (Packaged Commodities) Rules, 2011 (the “**Rules**”). On January 12, 2012 M&M filed an interim reply seeking 30 days’ time for assimilating the information. On February 21, 2012 M&M filed a detailed reply stating that the seized packages were counterfeit and not genuine and were not manufactured by M&M. M&M also sent a legal notice to the Manufacturer dated March 1, 2012 to disclose the source of the seized Product so as to assimilate the relevant facts. However, the Inspector proceeded and filed a complaint no. 152/12 dated October 10, 2012 before the Magistrate Court, Morgaon Arjuni. On January 11, 2013, M&M filed a criminal application (quashing petition) before Bombay High Court (Nagpur Bench). On August 20, 2013 the petition was admitted and the interim stay was granted. The matter is currently pending.
21. M&M received a notice bearing no. ILM/JN/PCR/101/2014-15 dated March 23, 2015 (“**Notice**”) from the Office of the Inspector of Legal Metrology, Bengaluru under the Legal Metrology Act, 2009 (“**Metrology Act**”). The notice alleged that on inspection of the pre-packaged pushpin (“**Commodity**”) from the trading premises of Sireesh Auto Private Limited, it was found that the Maximum Retail Price (“**MRP**”), date of packing and consumer care number were not declared, thereby violating the provisions of section 18 read with section 36 of Metrology Act and read with Rule 4, 6 and 18(1) of the Legal Metrology (Packaged Commodities) Rules, 2011. On April 15, 2015, M&M filed a detailed reply stating that the commodities seized cannot be treated as pre-packaged commodity and the provisions of Metrology Act and the Rules do not apply to vehicles manufactured by M&M. The matter is currently pending.
22. M&M received a notice bearing no. 16/PC/ILM-MAR/15/530 dated August 03, 2015 (“**Notice no.1**”) under the Legal Metrology Act, 2009 (“**Metrology Act**”) from the Inspector of Legal Metrology, Margoa, Goa alleging that packages of Mahindra spares and Mahindra screen (“**Package**”) were seized and detained from M/s Muktar Automobile Pvt. Ltd. since the same did not bear MRP and the month and year of manufacturing thereby violating the provisions of Metrology Act and Legal Metrology (Packaged Commodities) Rules, 2011 (“**Rules**”). Also the notice no.1 requested M&M to furnish purchase bills/ invoices of the seized articles and name and address of the directors of M&M. On August 17, 2015 M&M sent detailed reply stating that it has not violated any provisions of Metrology Act and the Rules framed thereunder. On November 09, 2015, M&M received a notice no.16/PC/132/CLM-15/622/2657 (“**Notice no.2**”) from Controller, Legal Metrology, Goa (“**Controller**”) stating that M&M has violated section 1(1) of the Metrology Act and rule 6(1)(d), 6(1)(e), 18(1) of the Rules and to compound the violation by paying ₹ 0.15 lacs failing which it may proceed to prosecute M&M in the court of law. M&M has filed an appeal under section 50 of the Metrology Act before the Secretary, Metrology, Government of Goa against the order of the Controller. The matter is currently pending.
23. M&M received a notice bearing no. ILM/MEH/PCR/91/12 dated February 27, 2012 (“**Notice no. 1**”) from the Inspector of Legal Metrology, Mehkar Division, Buldhana (“**Inspector**”) under the Legal Metrology Act, 2009 (“**Metrology Act**”) alleging that De Sc- Air Filter having Mahindra package (“**Package**”) seized from the shop of M/s Shobha Automobiles (“**Manufacturer**”) did not contain the date of packing and customer care number. On March 12, 2012, M&M filed an interim reply seeking 30 days’ time for assimilating the information. On April 09, 2012, M&M filed a detailed reply stating that on inspection of the Package by executive of M&M, it was found that they were counterfeit products and not manufactured by M&M. M&M sent a legal notice bearing number dated April 9, 2012 to the Manufacturer to disclose the source of the seized product and full particulars of the supplier of counterfeit packages and also filed a police complaint against the Manufacturer on October 23, 2012. On August 07,

- 2012, M&M received notice from the Inspector bearing no. ILM/Court/Meh/401/2012 (“**Notice no. 2**”) intimating M&M that a complaint has been filed before the Court of the First Class Judicial Magistrate, Mehakar, District Buldhana (“**Magistrate Court**”), requiring presence of M&M’s representative on August 14, 2012. Aggrieved by Notice no. 2, M&M filed an appeal bearing no. 48 of 2012 dated November 9, 2012 before the Controller of Legal Metrology, Mumbai (“**Controller**”) praying that Notice no. 1 and Notice no. 2 be quashed and set aside and filed its written submission on February 4, 2013 before the Controller. M&M further prayed for the stay of implementation/ action/ prosecution etc. However, the Controller disposed of the appeal as pre-mature. M&M also filed a complaint against the Manufacturer under the provisions of the Indian Penal Code, 1860 and The Trade Marks Act, 1999. On July 30, 2013, M&M filed a criminal application (quashing petition) bearing no. 459 of 2013 before Bombay High Court (Nagpur Bench). On August 20, 2013 the petition was admitted and the interim stay was granted. The matter is currently pending.
24. M&M received a show cause notice bearing no. J.N./kh.A./Notice/116-17/15 (“**Notice**”) dated March 27, 2015 from the Agricultural Officer, Rajkot (“**Authority**”) under the Insecticide Act, 1968 (the **Insecticide Act**). The notice alleged that the sample of sarvodaya seeds (“**Product**”) manufactured by Acme Organics Pvt. Ltd. (the “**Manufacturer**”) contains 32.90% of Profenophos instead of 40%, thereby violating the provisions of the Insecticide Act for misbranding, and to show cause why no action shall be instituted against M&M. M&M replied to the notice denying all allegations and contended that they are not the manufacturers of the Product and hence cannot be held liable under the Pesticides Act. The matter is currently pending.
25. An order dated August 25, 2014 (“**Order**”) was passed by the Competition Commission (“**Commission**”) of India based upon information filed by Mr. Shamsher Kataria against 17 automobile manufacturers, including M&M, for non-availability of automobile spare parts in open market, thereby violating the provisions of the Competition Act, 2002 (“**Competition Act**”). The Commission passed the Order against 14 automobile manufactures including M&M, imposed a penalty of ₹ 29,225 lacs on M&M and issued directions for compliance of the provisions of the Act. Aggrieved by the Order, M&M filed a writ of mandamus on September 22, 2014, before the Delhi High Court, *inter alia*, challenging section 22(3), section 27 (b) of the Competition Act and regulation 48 (1) of the Competition Commission of India (General) Regulations, 2009 as ultra vires. The High Court of Delhi stayed the Order. The matter is currently pending.
26. A summon bearing no. MH/51100/PF/SRO/NSK/Comp-Exm/2894/19 dated November 23, 2011 was issued to M&M by Regional Provident Fund Commissioner, Nasik (“**RPFC, Nasik**”) under section 7A of the Employee Provident Fund and Miscellaneous Provisions Act, 1952 (“**EPF Act**”). The summon alleged that M&M did not extend provident fund benefits to contractor’s employees and transport contractor’s employees for the period July, 2006 to March, 2009 in respect of its establishment located at 89, MIDC, Satpur, Nasik (“**Establishment**”). The summon directed M&M to appear in person or through an authorized representative before the office of the RPFC, Nasik. M&M filed its reply dated January 4, 2016 to the summon contending that their main office situated at Automotive Sector, Akurli Road, Kandivali (E), Mumbai (“**Main Office**”) maintains the Mahindra & Mahindra Limited Employees Provident Fund Trust (“**MMEPF Trust**”) wherein all contribution towards the employee provident fund of the Establishment is made and necessary compliance audit is done by the Regional Provident Fund Commissioner, Kandivali (“**RPFC, Kandivali**”). M&M filed its written statement on January 04, 2016 before the RPFC, Nasik. The matter is currently pending.
27. M&M received a notice bearing no. 187 dated October 4, 2014 (“**Notice**”) from the Legal Metrology Inspector, Ghaziabad under the Legal Metrology Act (“**Metrology Act**”). The notice alleged that M&M published an advertisement in an english newspaper dated October 2, 2014 mentioning the unit ‘inch’ (new stunning 17” alloy wheels and new 6” touch screen infotainment), thereby violating section 11 of the Metrology Act read with rule 29 of the Legal Metrology Rules, 2011 (“**Rules**”). M&M filed its interim reply dated October 25, 2014 to the notice seeking an additional 30 days for assimilating the relevant information. M&M filed a final reply dated March 11, 2015 intending to compound the alleged contravention and pay the compounding amount. The matter has been compounded and closed whereby M&M has paid a compounding amount of ₹ 1.2 lacs on March 11, 2015.
28. A notification number CLA-08/2011/CR194/Lab-10 dated December 9, 2011 (“**Notification**”) was issued by the Government of Maharashtra prohibiting employment of contract labor for cleaning, maintenance, gardening, material supply, electrical maintenance, fabrication, internal transport, security, machine repairing and other technical works in the tractor division of M&M, Nagpur Plant. M&M by a petition bearing no. 503/2012 dated January 17, 2012 challenged the Notification before the Nagpur bench of the Bombay High Court (the “**High Court**”). The High Court by an order dated December 24,

2013, dismissed the notification and directed the Contract Labor Advisory Board (“**Advisory Board**”) to decide the matter. Subsequently, the Government of Maharashtra passed an order dated September 18, 2014 withdrawing the notification for one year, subject to submission of an undertaking from M&M. M&M submitted an undertaking dated November 14, 2014 to the Advisory Board undertaking to, *inter alia*, (i) ensure that if the contractor changes, the laborers will not be changed; (ii) enhance wages of the laborers and improve their service conditions through wage agreements; (iii) giving preference to contract labor in case of vacancy in permanent workmen. The matter is currently pending.

Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company

There have been instances of fraud, which are inherent in the nature of the business of our Company. However, there is no material fraud committed against our Company in the last five Fiscals. The total amount involved in all acts of fraud committed against our Company in the last five Fiscals is set forth below:

(₹ in lacs)

Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012	Fiscal 2011
119 cases of frauds aggregating to ₹ 354 lacs	77 cases of fraud aggregating to ₹ 560.32 lacs mainly in the nature of misappropriation of assets	28 cases of fraud aggregating to ₹ 450.18 Lacs	No frauds by our Company were noticed or reported.	No frauds by our Company were noticed or reported.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company, held on October 21, 2015, the Directors approved the issue of NCDs to the public in one or more tranches, upto an amount not exceeding ₹ 100,000 lacs. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated June 17, 2015.

Prohibition by SEBI

Our Company, persons in control of our Company and/or our Directors and/or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Disclaimer Clause of SEBI

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Disclaimer Clause of the BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED [•], PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

- A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**
- B. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL**

- CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTER, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of the RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED SEPTEMBER 4, 1998 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY.

Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

Name of Lead Manager	Website
ICICI Securities Limited	www.icicisecurities.com
JM Financial Institutional Securities Limited	www.jmfl.com
A.K. Capital Services Limited	www.akcapindia.com
Edelweiss Financial Services Limited	www.edelweissfin.com
SBI Capital Markets Limited	www.sbicaps.com
Trust Investment Advisors Private Limited	www.trustgroup.co.in
YES Securities (India) Limited	http://yesinvest.in/YES/aboutus.jsp

Listing

An application has been made to the BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Draft Shelf Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 12 Working Days from the date of closure of the relevant Issue.

For the avoidance of doubt, it is hereby clarified that in the event of under subscription to any one or more of the series, such NCDs with series shall not be listed.

Consents

Consents in writing of: (a) the Directors, (b) our Company Secretary and Compliance Officer (c) Bankers to our Company (d) Lead Managers; (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating

Agencies, (h) the Debenture Trustee (i) Chief Financial Officer (j) Banker to the Issue in respective tranche and (k) Society of Indian Auto Manufacturers to act in their respective capacities, have been obtained and the same will be filed along with a copy of this Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus with the ROC.

The consent of the Statutory Auditors of our Company, namely B.K. Khare & Co. for (a) inclusion of their name as the Statutory Auditors, (b) examination reports on Reformatted Financial Statements in the form and context in which they appear in this Shelf Prospectus and (c) limited review reports for Audited Half Yearly Financial Results and Unaudited Financial Statement included in this Draft Shelf Prospectus have been obtained and has not withdrawn such consent and the same will be filed with the BSE and the RoC, along with a copy of this Draft Shelf Prospectus.

Expert Opinion

Except the following, our Company has not obtained any expert opinions in connection with this Draft Shelf Prospectus:

1. Our Company has received consent from its Statutory Auditors namely, B. K. Khare & Co., Chartered Accountants to include their name as required under Section 26 (1) (v) of the Companies Act, 2013 and as "Expert" as defined under Section 2(38) of the Companies Act, 2013 in this Draft Shelf Prospectus in respect of the examination reports of the Auditor dated March 15, 2016 and statement of tax benefits dated March 15, 2016 included in this Draft Shelf Prospectus and such consent has not been withdrawn as on the date of this Draft Shelf Prospectus. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S Securities Act, 1933.
2. Our Company has received consent from CARE to act as the credit rating agency to the Issue and an expert as defined under Section 2(38) of the Companies Act, 2013 *vide* its letter dated February 26, 2016.
3. Our Company has received consent from India Ratings to act as the credit rating agency to the Issue and an expert as defined under Section 2(38) of the Companies Act, 2013 *vide* its letter dated February 22, 2016.

Common form of Transfer

The Issuer undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of the Base Issue, prior to the Issue Closing Date, the entire subscription amount shall be refunded to the Applicants within 12 days from the date of closure of the Issue. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay, by the Issuer in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Filing of the Draft Shelf Prospectus

A copy of the Draft Self Prospectus has to be filed with the BSE in terms of Regulation 7 of the SEBI Debt Regulations for dissemination on their website.

Filing of the Shelf Prospectus and Tranche Prospectus with the RoC

Our Company is eligible to file a Shelf Prospectus as per requirements of Section 6A of SEBI Debt Regulations. A copy of the Shelf Prospectus and relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Debenture Redemption Reserve

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997 shall be 25% of the value of debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly our Company is required to create a DRR of 25% of the value of the NCDs issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The above mentioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during the year ending on the 31st day of March of that year.

Issue Related Expenses

The expenses of this Issue include, *inter alia*, lead management fees and selling commission to the lead managers, lead-brokers, fees payable to debenture trustees, underwriters, the Registrar to the Issue, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses shall be as specified in the relevant Tranche Prospectus.

Reservation

No portion of this Issue has been reserved

Public / Rights Issues

Our Company has not made any public or rights issuances in the last five years.

Details regarding the Company and other listed companies under the same management within the meaning of section 370(1B) of the Companies Act, which made any capital issue during the last three years

NIL

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on December 31, 2015 our Company has listed rated/ unrated, secured/ unsecured, non-convertible redeemable debentures and listed subordinated debt. For further details see "Financial Indebtedness" on page 154 of this Draft Shelf Prospectus.

Dividend

Our Company has no stated dividend policy. The declaration and payment of dividends on our shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The following table details the dividend declared by our Company on the Equity Shares for the Fiscals 2015, 2014, 2013, 2012 and 2011.

Particulars	For the year ended March 31				
	2015	2014	2013	2012	2011
Interim Dividend					
Rate of Dividend	-	-	-	-	-
Dividend per share (in ₹)	-	-	-	-	-
Amount of Interim Dividend (excluding dividend distribution tax)	-	-	-	-	-
Final Dividend for the previous year					
Rate of Dividend	200%	190%	180%	140%	100%
Dividend per share (in ₹)	4.00	3.80	3.60	14.00	10.00
Amount of Dividend (excluding dividend distribution tax) (₹ in lacs)	22,750.60	21,613.07	20,475.54	14,560.38	10,400.27

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

The Registrar Agreement dated March 11, 2016 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the Allotment Advice, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted. The contact details of Registrar to the Issue are as follows:

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda, Gachibowli,
Hyderabad – 500 032
Tel: 91 40-6716 2222
Fax: 91 40-2300 1153
Email: einward.ris@karvy.com
Investor Grievance Email: kosammattam.ncdipo6@karvy.com
Website: www.karisma.karvy.com
Contact Person: Mr. M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U74140TG2003PTC041636

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed fifteen (15) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a fortnightly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Compliance Officer for the purposes of this Issue are set out below:

Ms. Arnavaz M. Pardiwalla
 Company Secretary and Compliance Officer
 Mahindra and Mahindra Financial Services Limited
 Mahindra Towers, 4th Floor, Dr. G M. Bhosale Marg,
 P K. Kurne Chowk, Worli, Mumbai –400 018
 Tel: +91 22 66526035 (Direct), +91 22 66526000 (Board)
 Fax: +91 22 24984170/71
 Email: pardiwala.arnavaz@mahindra.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, refund orders, non-receipt of Debenture Certificates, transfers, or interest on application amount etc.

Change in Auditors of our Company during the last three years

There has been no change(s) in the Statutory Auditors of our Company in the last 3 (three) Fiscals preceding the date of this Draft Shelf Prospectus.

Details of overall lending as of March 31, 2015

1. Classification of loans/advances

a. Type of loans			(₹ in lacs)
Sr. No.	Type of loans	Amount	(%)
1.	Secured	31,13,909.32	95.6
2.	Unsecured	1,42,013.49	4.4
Total asset under management (AUM)		32,55,922.81	100

b. Sectoral Exposure

Sr. No.	Segment	Percentage of AUM
1	Agriculture & allied activities/Auto	94.9%
2	MSME/Corporate borrowers	4.9%
3	Unsecured personal loans	0.1%
4	Other loans	0.1%
Total		100%

c. Denomination of loans outstanding by ticket size :

c. Denomination of loans outstanding by ticket size :			(₹ in lacs)
Sr. No.	Ticket Size	Percentage of AUM (%)	
1.	Up to ₹ 2 Lacs	12%	
2.	₹ 2 to ₹ 5 Lacs	56%	
3.	₹ 5 to ₹ 10 Lacs	25%	
4.	₹ 10 to ₹ 25 Lacs	7%	
5.	₹ 25 to ₹ 50 Lacs	1%	
Total		100%	

d. Denomination of loan outstanding by LTV*:

d. Denomination of loan outstanding by LTV*:			(₹ in lacs)
Sr. No.	LTV	Percentage of AUM (%)	
1.	Up to 40%	1%	
2.	40%-50%	3%	
3.	50%-60%	7%	
4.	60%-70%	14%	
5.	70%-80%	29%	

6.	80%-90%	36%
7.	Above 90%	11%
Total		100%

*LTV at the time of sanctioning

e. Geographical classification of borrowers

S. No	Top 5 states	Percentage of AUM
1.	Maharashtra	12.7%
2.	Uttar Pradesh	9.0%
3.	Madhya Pradesh	8.8%
4.	Tamil Nadu	6.6%
5.	Karnataka	6.4%
Total		43.5%

f. Details of loans overdue and classified as non-performing in accordance with RBI's guidelines

(i) Movement of Gross NPAs

Sr. No.	Particulars	Amount (in ₹ lacs)
1.	Opening balance as of April 1, 2014	1,40,569.12
2.	Additions during the year	1,47,895.67
3.	Reductions during the year	78,492.59
4.	Closing balance as of March 31, 2015	2,09,972.20

(ii) Movement of provisions for NPAs (excluding provisions on standard assets)

Sr. No.	Particulars	Amount (in ₹ lacs)
1.	Opening balance as of April 1, 2014	63,358.06
2.	Provisions made during the year	61,506.02
3.	Write-off / write back of excess provisions	28,247.00
4.	Closing balance as of March 31, 2015	96,617.08

g. Segment-wise gross NPA

Sr. No.	Sector	Percentage (%) of NPAs to Total Advances in that sector
1.	Agriculture & allied activities/Auto	6.5%
2.	MSME/Corporate borrowers	5.6%
3.	Unsecured personal loans	13.1%
4.	Other loans	3.4%

2. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities (As of March 31, 2015)

Particulars	(₹ in lacs)								
	1 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Deposits	90,67.27	11,956.49	9,896.81	27,006.66	78,767.68	3,24,767.42	6,561.05	-	4,68,023.39
Advances	2,41,340.37	1,28,593.80	1,42,272.10	3,46,743.95	5,69,732.88	14,02,397.67	2,57,345.01	1,338.97	30,89,764.75
Reserves and surplus	-	-	-	-	-	-	-	5,55,658.11	5,55,658.11
Investments	-	-	-	-	1,500.00	41,93.09	17,510.26	62,163.65	85,367.00
Borrowings	51,735.60	2,82,050.00	1,10,295.24	1,95,920.24	2,36,823.81	9,11,417.71	1,98,001.90	1,31,550.00	21,17,794.51
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	10,794.47	-	31,250.00	12,500.00	-	-	54,544.47

3. Concentration of Exposure and NPA as of March 31, 2015

Particulars	Amount (in ₹ lacs)
Concentration of Exposures	
Total Exposure to twenty largest borrowers / customers	37,180.54
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.1%
Concentration of NPAs	
Total Exposure to top four NPA accounts	6,241.67

Others

- a. Lending policy: For details on lending policy please see “Our Business – Our Operations” on page 86 of this Draft Shelf Prospectus.
- b. Classification of loans/advances given to associates, entities/person relating to the board, senior management, Promoter: Nil
- c. Our Company has not provided any loans/advances to “Group” entities.

SECTION VII- ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in “*Terms of the Issue*” on page 193 of this Draft Shelf Prospectus.

The key common terms and conditions of the NCDs are as follows:

Issuer	Mahindra & Mahindra Financial Services Limited
Type of instrument/ Name of the security/ Seniority	Unsecured Subordinated Redeemable Non-Convertible Debentures
Nature of the instrument	Unsecured Subordinated Redeemable Non-Convertible Debenture
Mode of the issue	Public issue
Lead Managers	ICICI Securities Limited, Edelweiss Financial Services Limited, A. K. Capital Services Limited, SBI Capital Markets Limited, JM Financial Institutional Securities Limited, Trust Investment Advisors Private Limited and Yes Securities (India) Limited
Debenture Trustee	Axis Trustee Services Limited
Depositories	NSDL and CDSL
Registrar	Karvy Computershare Private Limited
Base Issue	As specified in the relevant Tranche Prospectus for each Tranche Issue
Option to retain Oversubscription Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Eligible investors	See the section titled “ <i>Issue Procedure – Who can apply?</i> ” on page 206 of this Draft Shelf Prospectus
Objects of the Issue	Please see “ <i>Objects of the Issue</i> ” on page 70 of this Draft Shelf Prospectus
Details of utilization of the proceeds	See the section titled “ <i>Objects of the Issue</i> ” on page 70 of this Draft Shelf Prospectus.
Interest rate	As specified in the relevant Tranche Prospectus for each Tranche Issue
Step up/ Step down interest rates	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest type	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issuance mode of the instrument	Physical and demat
Frequency of interest payment	As specified in the relevant Tranche Prospectus for each Tranche Issue
Interest payment date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Day count basis	Actual/ Actual
Interest on application money	As specified in the relevant Tranche Prospectus for each Tranche Issue
Default interest rate	Our Company shall pay interest in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Redemption Amount	The principal amount on the NCDs along with interest accrued on them as on the Redemption Date
Redemption premium/ discount	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issue Price (in ₹)	₹ 1,000 per NCD
Discount at which security is issued and the effective yield as a result of such discount.	As specified in the relevant Tranche Prospectus for each Tranche Issue
Put option date	Not applicable

Put option price	Not applicable
Call option date	Not applicable
Call option price	Not applicable
Put notification time.	Not applicable
Call notification time	Not applicable
Face value	₹ 1,000 per NCD
Minimum Application size and in multiples of NCD thereafter	As specified in the relevant Tranche Prospectus for each Tranche Issue
Market Lot/ Trading Lot	One
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Credit ratings	The NCDs proposed to be issued under this Issue have been rated 'CARE AAA' for an amount of ₹ 1,00,000 lacs, by CARE and "IND AAA" for an amount of ₹ 1,00,000 lacs, by India Ratings. The rating of NCDs by CARE and India Ratings <i>vide</i> their letter dated February 18, 2016 and March 3, 2016 respectively indicate that instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations and carry lowest credit risk. For the rationale for these ratings, see Annexures A and B of this Draft Shelf Prospectus.
Listing	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within 12 Working Days from the date of Issue Closure.
Issue size	As specified in the respective Tranche Prospectuses
Modes of payment	Please see the section titled " Issue Procedure – Payment Instructions " on page 206 of this Draft Shelf Prospectus.
Trading	In dematerialised form only
Issue opening date	As specified in the relevant Tranche Prospectus for each Tranche Issue
Issue closing date**	As specified in the relevant Tranche Prospectus for each Tranche Issue <i>**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board or Debenture Public Issue Committee thereof. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in a reputed daily national newspaper on or before such earlier or extended date of Issue closure. On the Issue Closing Date Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by BSE.</i>
Record date	15 (fifteen) days prior to the relevant interest payment date, relevant Redemption Date for NCDs issued under the relevant Tranche Prospectus. In the event the Record Date falls on second Saturday or fourth Saturday or Sunday or a public holiday in India, the succeeding Working Day will be considered as the Record Date.
Issue documents	This Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Escrow Agreement, the Registrar Agreement, the Agreement with the Lead Managers and the Consortium Agreement. For further details please refer to " Material Contracts and Documents for Inspection " on page 239 of this Draft Shelf Prospectus
Conditions precedent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions subsequent to disbursement.
Events of default / cross default	See the section titled " Terms of the Issue – Events of Default " on page 193 of this Draft Shelf Prospectus
Deemed date of Allotment	The date on which the Board of Directors/or duly authorised committee thereof approves the Allotment of the NCDs for each Tranche Issue or such date as may be determined by the Board of Directors/ or duly authorised committee

	thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debentureholders from the Deemed Date of Allotment
Roles and responsibilities of the Debenture Trustee	See the section titled “ <i>Terms of the Issue – Debenture Trustee</i> ” on page 193 of this Draft Shelf Prospectus
Governing law and jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively
Working day convention	If any Interest Payment Date falls on a day that is not a Working Day, the payment shall be made on the immediately succeeding Working Day along with interest for such additional period. Such additional interest will be deducted from the interest payable on the next date of payment of interest. If the Redemption Date of any series of the NCDs falls on a day that is not a Working Day, the redemption/maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment

** In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. However, in terms of section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will fulfil such request. However, trading in NCDs shall be compulsorily in dematerialized form.*

*** The subscription list shall remain open at the commencement of banking hours and close at the close of banking hours for the period as indicated, with an option for early closure or extension by such period, as may be decided by the Board or the duly authorised committee of the Board constituted by resolution of the Board dated October 21, 2015. In the event of such early closure of or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a leading daily national newspaper on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only from 10:00 a.m. till 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the BSE.*

SPECIFIC TERMS FOR EACH SERIES OF NCDs

As specified in the relevant Tranche Prospectus.

Terms of payment

The entire face value per NCDs is payable on application (except in case of ASBA Applicants). In case of ASBA Applicants, the entire amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall refund the amount paid on application to the Applicant, in accordance with the terms of the respective Tranche Prospectus.

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the U.S. Securities Act, 1933, as amended (the “**Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Shelf Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account (in case of Applicants applying for Allotment of the NCDs in dematerialized form) held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

For further details, see the section titled “*Issue Procedure*” on page 206 of this Draft Shelf Prospectus.

TERMS OF THE ISSUE

GENERAL TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorized by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on October 21, 2015. Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution dated June 17, 2015.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the Debt Regulations, the Act, the Memorandum and Articles of Association of our Company, the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs would constitute unsecured and subordinated obligations of our Company and shall rank *pari passu* *inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements. The NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of our Company, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the NCD holders shall be subordinated to those of the other creditors of our Company, subject to applicable statutory and/or regulatory requirements. Our Company may, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the NCDs as Tier II capital.

Debenture Redemption Reserve

Section 71 (4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 further states that 'the adequacy' of DRR for NBFCs registered with the RBI under Section 45-1A of the RBI (Amendment) Act, 1997 shall be 25% of the value of debentures issued through a public issue as per the SEBI Debt Regulations. Accordingly our Company is required to create a DRR of 25% of the value of the NCDs issued through the Issue. In addition, as per Rule 18 (7) (e) under Chapter IV of the Companies Act, 2013, the amounts credited to DRR shall not be utilised by our Company except for the redemption of the NCDs. The Rules further mandate that every company required to maintain DRR shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year.

Face Value

The face value of each NCD shall be ₹ 1,000

Trustees for the NCD Holders

We have appointed Axis Trustee Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 4(4) of the Debt Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed,

be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us pro tanto to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default:

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Default is committed in payment of the principal amount of the NCDs on the due date(s); and Default is committed in payment of any interest on the NCDs on the due date(s).

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI LODR Regulations.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136 (1) of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.
2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.
3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.
4. The NCDs are subject to the provisions of the Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the respective Tranche Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed

in connection with the NCDs.

5. A register of NCD Holders holding NCDs in physical form (“**Register of NCD Holders**”) will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date. For the NCDs issued in dematerialized form, the Depositories shall also maintain the upto date record of holders of the NCDs in dematerialized Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD holders for this purpose.
6. Subject to compliance with RBI requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of this Draft Shelf Prospectus, the respective Tranche Prospectus and the Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 (“**Rule 19**”) and the Companies Act, 2013, the sole NCD holder, or first NCD holder, along with other joint NCD Holders’ (being individual(s)), may nominate, in the **Form No. SH.13**, any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder’s death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

to register himself or herself as holder of NCDs; or

to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

Applicants who have opted for allotment of NCDs in the physical form and/or persons holding NCDs in the physical form should provide required details in connection with their nominee to our Company and inform our Company in connection with NCDs held in the physical form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

Application in the Issue

NCDs being issued through this Draft Shelf Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable.

Form and Denomination

In case of NCDs held in physical form, a single certificate will be issued to the NCD Holder for the aggregate amount (“**Consolidated Certificate**”) for each type of NCDs. A successful Applicant can also request for the issue of NCDs certificates in the denomination of 1 (one) NCD at any time post allotment of the NCDs (“**Market Lot**”).

In respect of Consolidated Certificates, we will, only upon receipt of a request from the NCD Holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the Companies Act, 2013 shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCD(s) as well. In respect of the NCDs held in physical form, a suitable instrument of transfer as may be prescribed by the Issuer may be used for the same. The NCDs held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

Please see “*Issue Structure –Interest/Premium*” on page 189 of this Draft Shelf Prospectus for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.

For NCDs held in electronic form:

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer’s DP account to his depository participant.

In case the transferee does not have a DP account, the seller can re-materialise the NCDs and thereby convert his dematerialized holding into physical holding. Thereafter, the NCDs can be transferred in the manner as stated above.

In case the buyer of the NCDs in physical form wants to hold the NCDs in dematerialized form, he can choose to dematerialize the securities through his DP.

Title

In case of:

the NCDs held in the dematerialized form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

the NCDs held in physical form, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCD(s) as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the DP. No proposal for rematerialization of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialization.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any requirements of the RBI and/or as provided in our Articles of Association. Please refer to the section titled "*Main Provisions of the Articles of Association of our Company*" on page 234 of this Draft Shelf Prospectus.

Period of Subscription

ISSUE PROGRAMME

ISSUE OPENS ON As specified in the relevant Tranche Prospectus**ISSUE CLOSES ON** As specified in the relevant Tranche Prospectus

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Lead Managers or the Trading Members of the Stock Exchange, as the case maybe, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Lead Managers or the Trading Members of the Stock Exchange, as the case maybe, only at the Selected Cities. On the Issue Closing Date Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis in accordance with SEBI Circular dated October 29, 2013.

Interest/Premium

As specified in the relevant Tranche Prospectus.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7(seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialized form.

However in case of NCDs held in physical form, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor (in case of resident Individuals and HUFs), if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by Individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all Applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all Applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted to our Company quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/ 15G/certificate in original from Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or Chennai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory

modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date as stated on page 5 of this Draft Shelf Prospectus, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Shelf Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on a 365 days-a-year basis on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013. Day count convention shall be actual / actual.

Effect of holidays on payments:

If the date of payment of interest does not fall on a Working Day, then the immediately succeeding Working Day will be considered as the effective date for such payment of interest along with interest for such additional period (the "Effective Date"). Such additional interest will be deducted from the interest payable on the next date of payment of interest. Interest and principal or other amounts, if any, will be paid on the Effective Date. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 will be a disclosed in the relevant Tranche Prospectus.

Interest on Application Amount

Interest on application amounts received which are used towards allotment of NCDs:

Our Company shall pay interest on application amount on the amount allotted to the Applicants, other than to ASBA Applicants, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicants to whom NCDs are allotted pursuant Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE upto one day prior to the Deemed Date of Allotment,

Our Company may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment/ NCD Certificates at the sole risk of the Applicant, to the sole/first Applicant.

Interest on application amounts received which are liable to be refunded:

Our Company shall pay interest on application amount on the amount allotted to the Applicants, other than to ASBA Applicants, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any Applicants to whom NCDs are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment. In the event that such date of realization of the cheque(s)/ demand draft(s) is not ascertainable in terms of banking records, we shall pay interest on Application Amounts on the amount Allotted from three Working Days from the date of upload of each Application on the electronic Application platform of the BSE upto one day prior to the Deemed Date of Allotment, at the rate as specified in the relevant Tranche Prospectus. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the Applicant, to the sole/first Applicant.

In the event our Company does not receive a minimum subscription, as specified in the relevant Tranche Prospectus on the date of closure of the Issue, our Company shall pay interest on application amount which is

liable to be refunded to the Applicants, other than to ASBA Applicants, in accordance with the provisions of the Debt Regulations and/or the Companies Act, 2013, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of upload of each application on the electronic platform of the Stock Exchange) whichever is later and upto the date of closure of the Issue at the rate of [•]% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched / credited (in case of electronic payment) to the account of the Applicants, other than ASBA Applicants, as mentioned in the depository records along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. Please refer to “*Rejection of Application*” at page 226 of this Draft Shelf Prospectus.

Maturity and Redemption

As specified in the relevant Tranche Prospectus.

Put / Call Option

As specified in the relevant Tranche Prospectus.

Application Size

As specified in the relevant Tranche Prospectus.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ [•] per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall refund the excess amount paid on application to the Applicant in accordance with the terms of this Draft Shelf Prospectus. For further details please refer to the paragraph on “*Interest on Application Amount*” on page 199 of this Draft Shelf Prospectus.

Manner of Payment of Interest / Refund

The manner of payment of interest / refund in connection with the NCDs is set out below:

For NCDs held in physical form:

The bank details will be obtained from the Application Form or from the copy of the cancelled cheque or such other documentary proof as may have been annexed to the Application Form by the Applicant for payment of interest / refund / redemption as the case may be. In case of NCDs held in physical form on account of re-materialization and/or subsequent transfer post-allotment, the bank details will be obtained from the documents submitted to our Company along with the re-materialisation request. *Please refer to “Procedure for Re-materialization of NCDs” on page 197 of this Draft Shelf Prospectus for further details.*

For NCDs applied / held in electronic form:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the Applicant’s sole risk, and the Lead Managers, our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. **Direct Credit:** Investors having their bank account with the Refund Banks, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.
2. **NECS:** Payment of interest / refund / redemption shall be undertaken through NECS for Applicants having an account at the centers mentioned in NECS MICR list.
This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code, IFSC code, bank account number, bank name and branch name as appearing on a cheque leaf, from the Depositories. One of the methods for payment of interest / refund / redemption is through NECS for Applicants having a bank account at any of the abovementioned centers.
3. **RTGS:** Applicants having a bank account with a participating bank and whose interest payment / refund / redemption amount exceeds ₹ 2 lacs, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive interest payment / refund / redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrars to the Issue at least 7 (seven) days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment / refund / redemption shall be made through NECS subject to availability of complete bank account details for the same as stated above.
4. **NEFT:** Payment of interest / refund / redemption shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/refund/redemption will be made to the Applicants through this method.
5. **Registered Post/Speed Post:** For all other Applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through Speed Post/ Registered Post only to Applicants that have provided details of a registered address in India. Refunds may be made by cheques, pay orders, or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. All cheques, pay orders, or demand drafts as the case may be, shall be sent by registered/speed post at the Investor's sole risk. Bank charges, if any, for cashing such cheques, pay orders, or demand drafts at other centres will be payable by the Applicant.

Refunds for Applicants other than ASBA Applicants

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of NCDs. In case of Applicants who have applied for Allotment of NCDs in dematerialized form, the Registrar to the Issue will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. In case of Applicants who have applied for Allotment of NCDs in physical form, the bank details will be extracted from the Application Form or the copy of the cancelled cheque. For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, as per Demographic Details received from the Depositories or the address details provided in the Application Form, in case of Applicants who have applied for Allotment of NCDs in physical form. The Demographic Details or the address details provided in the Application Form would be used for mailing of the physical refund orders, as applicable. Investors who have applied for NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the

investors at their sole risk and neither the Lead Managers nor our Company shall have any responsibility and undertake any liability for such delays on part of the investors.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either on account of rematerialisation or transfer, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCDs as available in the records of our Company. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to the RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form:

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the para "*Payment on Redemption*" given below.

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form:

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s)). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those NCD Holders whose names stand in the Register of NCD Holders maintained by us/Registrar to the Issue on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least 7 (seven) days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 (seven) days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrars.

Our liability to holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Issue of Duplicate NCD Certificate(s)

If any NCD certificate(s) is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Right to Reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of Information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial

institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Mumbai and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, pari passu or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447 of the Companies Act, 2013”

Pre-closure

Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription or as may be specified in the relevant Tranche Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Tranche Issue Closing Date, as applicable, through advertisement(s) in all those newspapers in which preissue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

In terms of the SEBI circular dated June 17, 2014, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75 % of the Base Issue, prior to the Issue Closing Date, the entire subscription amount shall be refunded to the Applicants within 12 Days from the date of closure of the Issue. The refunded subscription amount shall be credited only to the account from which the relevant subscription amount was remitted. In the event, there is a delay, by the Issuer in making the aforesaid refund, our Company will pay interest at the rate of 15% per annum for the delayed period.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

- a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.

- b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- d) We shall utilize the Issue proceeds only upon execution of the documents for creation of security as stated in this Draft Shelf Prospectus and on receipt of the minimum subscription.
- e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the respective Debenture Trust Deed:

- (i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (ii) default is committed in payment of any interest on the NCDs on the due date(s)

Filing of the Shelf Prospectus and Tranche Prospectus with the RoC

A copy of the Shelf Prospectus and relevant Tranche Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Tranche Issue Opening Date. This advertisement will contain the information as prescribed in Schedule IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt Regulations. Material updates, if any, between the date of filing of the Shelf Prospectus and the relevant Tranche Prospectus with ROC and the date of release of this statutory advertisement will be included in the statutory advertisement.

Listing

The NCDs offered through this Draft Shelf Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* their letter dated [•]. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 12 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

ISSUE PROCEDURE

This section applies to all Applicants. ASBA Applicants should note that the ASBA process involves application procedures which may be different from the procedures applicable to Applicants who apply for NCDs through any of the other channels, and accordingly should carefully read the provisions applicable to ASBA Applications hereunder. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the Designated Branches of the SCSBs.

ASBA Applicants should note that they may submit their ASBA Applications to the Lead Managers, or Trading Members of the Stock Exchange only in the Specified Cities or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Lead Manager, or Trading Members of the Stock Exchange at the centres mentioned in the Application Form. For further information, please refer to "Submission of Completed Application Forms" on page 223 of this Draft Shelf Prospectus.

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Shelf Prospectus.

Please note that this section has been prepared based on the Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI. The following Issue procedure is subject to the functioning and operations of the necessary systems and infrastructure put in place by the Stock Exchange for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the online platform and online payment facility to be offered by the Stock Exchange and is also subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

Specific attention is drawn to the circular (No. CIR./IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the 2012 SEBI Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchanges, as opposed to the date and time of upload of each such application.

PLEASE NOTE THAT ALL TRADING MEMBERS OF THE STOCK EXCHANGE WHO WISH TO COLLECT AND UPLOAD APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE.

THE LEAD MANAGERS, THE CONSORTIUM MEMBERS AND THE COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITY OF SUCH TRADING MEMBERS IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS REGISTERED WITH SUCH STOCK EXCHANGE.

For purposes of the Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India, and Record Date. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the securities, Working Days shall mean all days excluding 2nd and 4th Saturdays of a month or Sundays or a holiday of commercial banks in Mumbai or a public holiday in India..

The information below is given for the benefit of the investors. Our Company and the Lead Managers are not

liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Shelf Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

Please note that there is a single Application Form for ASBA Applicants as well as Non-ASBA Applicants who are Persons Resident in India.

Physical copies of the abridged Shelf Prospectus containing the salient features of the Shelf Prospectus, the respective Tranche Prospectus together with Application Forms may be obtained from:

- (a) Our Company's Registered Office and Corporate Office;
- (b) Offices of the Lead Managers;
- (c) Trading Members; and
- (d) Designated Branches of the SCSBs.

Electronic Application Forms may be available for download on the websites of the Stock Exchange and on the websites of the SCSBs that permit submission of ASBA Applications electronically. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

On a request being made by any Applicant before the Issue Closing Date, physical copies of the Shelf Prospectus, the respective Tranche Prospectus and Application Form can be obtained from our Company's Registered and Corporate Office, as well as offices of the Lead Managers. Electronic copies of this Draft Shelf Prospectus, Shelf Prospectus and relevant Tranche Prospectus will be available on the websites of the Lead Managers, the Stock Exchange, SEBI and the SCSBs.

Who are eligible to apply for NCDs?

The following categories of persons are eligible to apply in the Issue:

Category I	Category II	Category III
Institutional Investors	Non Institutional Investors	High Net-worth Individual, ("HNIs"), Investors and Retail Individual Investors
<ul style="list-style-type: none"> • Public financial institutions, statutory corporations, scheduled commercial banks, co-operative banks, Indian multilateral and bilateral development financial institution and RRBs which are authorised to invest in the NCDs; • Provident funds, pension funds, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Venture Capital Funds/ Alternative Investment Fund registered with SEBI; 	<ul style="list-style-type: none"> • Companies within the meaning of section 2(20) of the Companies Act, 2013; statutory bodies corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name 	<p>Resident Indian individuals and Hindu Undivided Families through the Karta</p>

Category I	Category II	Category III
Institutional Investors	Non Institutional Investors	High Net-worth Individual, (“HNIs”), Investors and Retail Individual Investors
<ul style="list-style-type: none"> • Insurance Companies registered with IRDA; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual Funds. 	<ul style="list-style-type: none"> of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons 	

Note: All categories of persons who are individuals or natural persons (including Hindu Undivided Families acting through their Karta) including without limitation HNIs and Retail Individual Investors who are eligible under applicable laws to hold the NCDs are collectively referred to as “Individuals”.

All categories of entities, associations, organizations, societies, trusts, funds, partnership firms, Limited Liability Partnerships, bodies corporate, statutory and/or regulatory bodies and authorities and other forms of legal entities who are NOT individuals or natural persons and are eligible under applicable laws to hold the NCDs including without limitation Institutional Investors and Non Institutional Investors are collectively referred to as “Non Individuals”.

Please note that it is clarified that Persons Resident Outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- a) Minors without a guardian name*;
- b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- c) Persons resident outside India;
- d) Foreign Institutional Investors;
- e) Foreign Portfolio Investors;
- f) Qualified Foreign Investors;
- g) Overseas Corporate Bodies; and

- h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

No offer to the public (as defined under Directive 20003/71/EC, together with any amendments and implementing measures thereto, the “**Prospectus Directive**”) has been or will be made in respect of the Issue or otherwise in respect of the NCDs, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a “**Relevant Member State**”) except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the NCDs.

Please refer to “*Rejection of Applications*” on page 226 of this Draft Shelf Prospectus for information on rejection of Applications.

Modes of Making Applications

Applicants may use any of the following facilities for making Applications:

- (a) ASBA Applications through the Lead Managers, or the Trading Members of the Stock Exchange only in the Specified Cities (namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) (“**Syndicate ASBA**”). For further details please refer to “*Submission of ASBA Applications*” on page 213 of this Draft Shelf Prospectus;
- (b) ASBA Applications through the Designated Branches of the SCSBs. For further details please refer to “*Submission of ASBA Applications*” on page 213 of this Draft Shelf Prospectus; and
- (c) Non-ASBA Applications through the Lead Managers or the Trading Members of the Stock Exchange at the centres mentioned in Application Form. For further details please refer to “*Submission of Non-ASBA Applications (other than Direct Online Applications)*” on page [•] of this Draft Shelf Prospectus.
- (d) Non-ASBA Applications for Allotment in physical form through the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange at the centres mentioned in Application Form. For further details please refer to “*Submission of Non-ASBA Applications for Allotment of NCDs in the Physical Form*” on page 214 of this Draft Shelf Prospectus.

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by both Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to a recent SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 (“SEBI Circular 2016”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The Applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and trust deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions (iv) Specimen signatures of authorized signatories. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the “**SEBI AIF Regulations**”) for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons

thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) Board Resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) Specimen signature of authorized person; (vi) certified copy of the registered instrument for creation of such fund/trust; and (vii) Tax Exemption certificate issued by Income Tax Authorities, if exempt from Tax. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

The application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) Any Act/ Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions; (iv) Specimen signature of authorized person. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants who are HNI Investors or Retail Individual Investors, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company, the Lead Managers may deem fit.**

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE PHYSICAL AND DEMATERIALIZED FORM

Application for allotment in the physical form

Submission of Non- ASBA Applications for Allotment of the NCDs in physical form

Applicants can also apply for Allotment of the NCDs in physical form by submitting duly filled in Application Forms to the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange, with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified under “*Applications for Allotment of NCDs*” and “*Issue Procedure - Additional instructions for Applicants seeking Allotment of the NCDs in physical form*” on page 209 and page 220 of this Draft Shelf Prospectus, respectively. The Lead Managers, Consortium Members, sub-brokers and the Trading Members of the Stock Exchange shall, on submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platforms of Stock Exchange, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant.

On uploading of the Application details, the Lead Managers, Consortium Members, sub-brokers and Trading Members of the Stock Exchange will submit the Application Forms, with the cheque/demand draft to the Escrow Collection Bank(s) along with the KYC documents, which will realise the cheque/demand draft, and send the Application Form and the KYC documents to the Registrar to the Issue, who shall check the KYC documents submitted and match Application details as received from the online platforms of Stock Exchange with the Application Amount details received from the Escrow Collection Bank(s) for reconciliation of funds received from the Escrow Collection Bank(s). In case of discrepancies between the two databases, the details received from the online platforms of Stock Exchange will prevail, except in relation to discrepancies between Application Amounts. Lead Managers, Consortium Members and the Trading Members of the Stock Exchange

are requested to note that all Applicants are required to be banked with only the designated branches of Escrow Collection Bank(s). On Allotment, the Registrar to the Issue will dispatch NCD certificates/Allotment Advice to the successful Applicants to their addresses as provided in the Application Form. **If the KYC documents of an Applicant are not in order, the Registrar to the Issue will withhold the dispatch of NCD certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar to the Issue at the earliest. In such an event, any delay by the Applicant to provide complete KYC documents to the Registrar to the Issue will be at the Applicant's sole risk and neither our Company, the Registrar to the Issue, the Escrow Collection Bank(s), nor the Lead Managers and/or the Consortium Members will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the NCD certificates are withheld by the Registrar to the Issue. Further, our Company will not be liable for any delays in payment of interest on the NCDs Allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the NCDs.**

For instructions pertaining to completing Application Form please see “*Issue Procedure - General Instructions*” and “*Issue Procedure - Additional Instructions for Applicants seeking allotment of NCDs in physical form*” on pages 215 and 220 of this Draft Shelf Prospectus, respectively.

Applications for allotment in the dematerialized form

Submission of ASBA Applications

Applicants can also apply for NCDs using the ASBA facility. ASBA Applications can be submitted through either of the following modes:

- a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchange.** If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the ASBA Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.
- b) Physically through the Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat), i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

Upon receipt of the Application Form by the Lead Managers or Trading Members of the Stock Exchange, as the case may be, an acknowledgement shall be issued by giving the counter foil of the Application Form to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). Upon receipt of the

ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Managers and Trading Members of the Stock Exchange at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Tranche Prospectus is made available on their websites.

(b) The Designated Branches of the SCSBs shall accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, please refer to "*General Information – Issue Programme*" on page 40 of this Draft Shelf Prospectus.

(c) In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Managers or Trading Members of the Stock Exchange, as the case maybe, if not, the same shall be rejected. **Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.**

Please note that ASBA Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

Submission of Non-ASBA Applications (Other than Direct Online Applications)

Applicants must use the specified Application Form, which will be serially numbered, bearing the stamp of the relevant Lead Manager or Trading Member of the Stock Exchange, as the case maybe, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Lead Manager, Consortium Members or Trading Member of the Stock Exchange, as the case maybe, at the centers mentioned in the Application Form along with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. **Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.** The Stock Exchange may also provide Application Forms for being downloaded and filled. Accordingly the investors may download Application Forms and submit the completed Application Forms together with cheques/ demand drafts to the Lead Manager, Consortium Members or Trading Member of the Stock Exchange at the centers mentioned in the Application Form. On submission of the complete Application Form, the relevant Lead Manager, Consortium Members or Trading Member of the Stock Exchange, as the case maybe, will upload the Application Form on the electronic system provided by the Stock Exchange, and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date and time and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft shall be forwarded to the Escrow Collection Banks for realization and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with:

- (a) any cancellation/ withdrawal of their Application;
- (b) queries in connection with allotment and/ or refund(s) of NCDs; and/or

- (c) all investor grievances/ complaints in connection with the Issue.

Submission of Direct Online Applications

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

In the event the Direct Online Application facility is implemented by the Stock Exchange, relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated UAN and an SMS or an e-mail confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

As per Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI, the availability of the Direct Online Applications facility is subject to the Stock Exchange putting in place the necessary systems and infrastructure, and accordingly the aforementioned disclosures are subject to any further clarifications, notification, modification deletion, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;
- Application Forms must be completed in block letters in English, as per the instructions contained in this Draft Shelf Prospectus, the Shelf Prospectus the abridged Tranche Prospectus and the Application Form.
- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.
- Applications must be for a minimum of [•] NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of [•] NCDs, an Applicant may choose to apply for [•] NCDs of the same series or across different series. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.
- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.;
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;
- No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Managers, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must

ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Manager, Trading Member of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.

- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form.
- All Applicants are required to tick the relevant box of the “Mode of Application” in the Application Form choosing either ASBA or Non-ASBA mechanism.
- ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant’s bank records, otherwise the Application is liable to be rejected
- KYC Documents to be submitted by Applicants who do not have a Demat account and are applying for NCDs in the Physical Form

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Lead Managers, Trading Member of the Stock Exchange, Escrow Collection Banks nor Designated Branches, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the series of NCDs, as specified in the relevant Tranche Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant’s Beneficiary Account and Bank Account Details

Applicants applying for Allotment in dematerialized form must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant’s name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition (“MICR”) Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants’ sole risk, and neither our Company, the Lead Managers, Trading Members of the Stock Exchange, Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. **Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead**

Managers, Trading Members of the Stock Exchange, Escrow Collection Banks, SCSBs, Registrar to the Issue nor the Stock Exchange shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Draft Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

D. Joint Applications

If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

E. Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other series of NCDs, subject to a minimum application size of ₹ [•] and in multiples of ₹ [•] thereafter as specified in the relevant Tranche Prospectus. **Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected.** However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ [•] shall be deemed such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed

to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus and applicable law;
2. Read all the instructions carefully and complete the Application Form in the prescribed form;
3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue.
4. Ensure that the DP ID and Client ID are correct and beneficiary account is activated for Allotment of NCDs in dematerialized form. The requirement for providing Depository Participant details shall be mandatory for all Applicants.
5. Ensure that the Application Forms are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Lead Manager or Trading Members of the Stock Exchange, as the case may be, for Applications other than ASBA Applications.
6. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;
7. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.
8. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
9. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange, match with the DP ID, Client ID and PAN available in the Depository database;
10. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta;
11. Ensure that the Applications are submitted to the Lead Managers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please refer to "*General Information – Issue Programme*" on page 40 of this Draft Shelf Prospectus.
12. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;
13. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of NCDs pursuant to the Issue;
14. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
15. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;
16. Applicants (other than ASBA Applicants) are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made;
17. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form;

and

18. Tick the series of NCDs in the Application Form that you wish to apply for.
19. Submit KYC documents in case you are applying for physical allotment.

The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and non-CTS 2010 instruments in the three CTS grid locations.

SEBI Circular No. CIR/CFD/DIL/1/2011 dated April 29, 2011 stipulating the time between closure of the Issue and listing at 12 Working Days. In order to enable compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond 6 Working Days from the date of the closure of the Issue to avoid any delay in the timelines mentioned in the aforesaid SEBI Circular.

Don'ts:

1. Do not apply for lower than the minimum application size;
2. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest;
3. Do not send Application Forms by post; instead submit the same to the Lead Managers, sub-brokers, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be;
4. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
5. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
6. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
7. Do not submit the Application Forms without the full Application Amount;
8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
9. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
10. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;
11. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;
12. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (*inter-alia* including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);
13. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases; and
14. Do not make an application of the NCD on multiple copies taken of a single form.

Additional Instructions Specific to ASBA Applicants

Do's:

1. Check if you are eligible to Apply under ASBA;
2. Read all the instructions carefully and complete the Application Form;
3. Ensure that you tick the ASBA option in the Application Form and give the correct details of your ASBA Account including bank account number/ bank name and branch;
4. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, and not directly to the Escrow Collecting Banks (assuming that such bank is not a SCSB) or to our Company or the Registrar to the Issue;
5. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to the Lead Managers or Trading Members of the Stock Exchange, ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
6. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, in case of an SCSB making

an ASBA Application, such ASBA Application should be made through an ASBA Account utilised solely for the purpose of applying in public issues and maintained in the name of such SCSB Applicant with a different SCSB, wherein clear demarcated funds are available.

7. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
8. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form and that your signature in the Application Form matches with your available bank records;
9. Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and
10. Ensure that you receive an acknowledgement from the Designated Branch or the concerned Lead Manager or Trading Member of the Stock Exchange, as the case may be, for the submission of the Application Form.

Don'ts:

1. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;
2. Do not submit the Application Form to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at a location other than the Specified Cities.
3. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities; and
4. Do not submit more than five Application Forms per ASBA Account.

Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit such Application Forms (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

Please refer to “*Rejection of Applications*” on page 226 of this Draft Shelf Prospectus for information on rejection of Applications.

ADDITIONAL INSTRUCTIONS FOR APPLICANTS SEEKING ALLOTMENT OF NCDS IN PHYSICAL FORM

Only Applicants who do not have a demat account as on date of the Application shall be eligible to apply for Allotment of NCDs in the physical form. Any Applicant who subscribes to the NCDs in physical form shall undertake the following steps:

Complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide DP details in the Application Form. The requirement for providing DP details shall be mandatory only for Applicants who wish to subscribe to the NCDs in dematerialised form.

Provide the following documents with the Application Form:

- (a) Self-attested copy of the PAN card
- (b) Proof of identification in case of Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim. Any one of the following documents shall be considered as a verifiable proof of identification:
 - i. valid passport issued by the GoI; or
 - ii. voter’s identity card issued by the GoI; or
 - iii. valid driving license issued by any transport authority of the Republic of India; or

- iv. Government ID card; or
 - v. Defence ID card; or
 - vi. ration card issued by the GoI
 - vii. Aadhar Card, Photo PAN Card
- (c) Self-attested copy of proof of residence:
Any one of the following documents shall be considered as a verifiable proof of residence:
- i. ration card issued by the GoI; or
 - ii. valid driving license issued by any transport authority of the Republic of India; or
 - iii. electricity bill (not older than three months); or
 - iv. landline telephone bill (not older than three months); or
 - v. valid passport issued by the GoI; or
 - vi. voter's identity card issued by the GoI; or
 - vii. passbook or latest bank statement issued by a bank operating in India; or
 - viii. registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill.
 - ix. AADHAAR letter, issued by Unique Identification Authority of India, GoI.
- (d) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited. In the absence of such cancelled cheque, our Company reserves the right to reject the Application or to consider the bank details given on the Application Form at its sole discretion. In such case our Company, the Lead Managers and the Registrar to the Issue shall not be liable for any delays/errors in payment of refund and/or interest.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers, the Consortium Members nor our Company shall have any responsibility and undertake any liability for the same. Applications for Allotment of the NCDs in physical form, which are not accompanied with the abovestated documents, may be rejected at the sole discretion of our Company.

In relation to the issuance of the NCDs in physical form, note the following:

1. An Applicant has the option to seek Allotment of NCDs in either dematerialised or physical mode. **However, an Applicant can seek Allotment of NCDs in physical mode only if the Applicant does not have a beneficiary account. No partial Application for the NCDs shall be permitted; any such partial Application is liable to be rejected.**
2. **Any Applicant who provides Depository Participant details in the Application Form shall be Allotted the NCDs in dematerialised form only, irrespective of whether such Applicant has provided the details required for Allotment in physical form. Such Applicant shall not be Allotted NCDs in physical form.**
3. In case of NCDs issued in physical form, our Company will issue one certificate to the holders of the NCDs for the aggregate amount of the NCDs for each of the series of NCDs that are applied for (each such certificate, a "**Consolidated NCD Certificate**"). A successful Applicant can also request for the issue of NCD certificates in the denomination of 1 (one) NCD at any time post allotment of the NCDs.
4. Our Company shall dispatch the Consolidated NCD Certificate to the (Indian) address of the Applicant provided in the Application Form, within the time and in the manner stipulated under Section 113 of the Companies Act, 2013 read with our Company's Articles of Association.

All terms and conditions disclosed in relation to the NCDs held in physical form pursuant to rematerialisation shall be applicable mutatis mutandis to the NCDs issued in physical form.

The Applicant shall be responsible for providing the above information and KYC documents accurately. Delay or failure in credit of payments or receipt of Allotment Advice or NCD certificates due to inaccurate or incomplete details shall be at the sole risk of the Applicants and the Lead Managers, the Consortium Members, our Company and the Registrar to the Issue shall have no responsibility and undertake no liability in this relation. In case of Applications for Allotment of NCDs in physical form, which are not accompanied with the aforesaid documents, Allotment of NCDs in physical form may be held in abeyance by the Registrar to the Issue, pending receipt of KYC documents.

TERMS OF PAYMENT

The entire issue price for the NCDs is payable on Application only. In case of Allotment of lesser number of

NCDs than the number applied, our Company shall refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

Payment mechanism for ASBA Applicants

The ASBA Applicants shall specify the ASBA Account number in the Application Form.

For ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Managers or Trading Members of the Stock Exchange, as the case may be (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Managers or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allocable to the successful ASBA Applicants to the Public Issue Account(s). In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Escrow Mechanism for Applicants other than ASBA Applicants

Our Company shall open an Escrow Account with each of the Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) shall draw the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the full Application Amount from Applicants would be deposited in the Escrow Account(s). All cheques/ bank drafts accompanying the Application should be crossed "A/c Payee only" for eligible Applicants must be made payable to the account details as specified in the relevant Tranche Prospectus. **Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.**

The Escrow Collection Bank(s) shall transfer the funds from the Escrow Account into the Public Issue Account(s), as per the terms of the Escrow Agreement and this Draft Shelf Prospectus.

The Escrow Collection Banks will act in terms of this Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of NCDs (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account(s) provided that our Company will have access to such funds only after receipt of minimum subscription as described in relevant Tranche Prospectus, receipt of final listing and trading approval from the Stock Exchange and execution of the Debenture Trust Deed.

The balance amount after transfer to the Public Issue Account(s) shall be transferred to the Refund Account.

Payments of refund to the relevant Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement, this Draft Shelf Prospectus and the relevant Tranche Prospectus.

The Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Lead Managers, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Applicants.

Each Applicant shall draw a cheque or demand draft mechanism for the entire Application Amount as per the following terms:

1. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form.
2. The Applicants shall, with the submission of the Application Form, draw a payment instrument for the Application Amount in favour of the Escrow Accounts and submit the same along with their Application. If the payment is not made favouring the Escrow Accounts along with the Application Form, the Application is liable to be rejected by the Escrow Collection Banks. Application Forms accompanied by cash, stockinvest, money order or postal order will not be accepted.
3. The payment instruments for payment into the Escrow Account should be drawn as specified in the relevant Tranche Prospectus.
4. The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.
5. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account(s) with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.
6. Payments should be made by cheque or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques, post dated cheques and cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/ money orders/ postal orders will not be accepted. Please note that cheques without the nine digit Magnetic Ink Character Recognition ("MICR") code are liable to be rejected.
7. Applicants are advised to provide the Application Form number on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.
8. Applicants must use only CTS compliant instruments and refrain from using NON-CTS 2010 instruments for the payment of the Application Amount.

Payment by cash/ stockinvest/ money order

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

Payment mechanism for Direct Online Applicants

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using <u>physical Application Form</u> , (a) to the Lead Managers or

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
	<p>Trading Members of the Stock Exchange only at the Specified Cities (“Syndicate ASBA”), or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or</p> <p>(ii) If using <u>electronic Application Form</u>, to the SCSBs, electronically through internet banking facility, if available.</p>
Non-ASBA Applications	<p>The Lead Managers or Trading Members of the Stock Exchange at the centres mentioned in the Application Form. Note: Applications for Allotment in physical form can be made only by using non-ASBA Applications and Applicants are not permitted to make Applications for Allotment in physical form using ASBA Applications and Direct Online Applications.</p>

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Lead Managers/ Trading Members of Stock Exchange will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Lead Managers or Trading Members of the Stock Exchange only at the Specified Cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat). Kindly note that ASBA Applications submitted to the Lead Managers or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Lead Managers or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

For information on the Issue programme and timings for submission of Application Forms, please refer to “General Information – Issue Programme” on page 40 of this Draft Shelf Prospectus.

Applicants other than ASBA Applicants are advised not to submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Electronic Registration of Applications

- (a) The Lead Managers, Trading Members of the Stock Exchange and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange. **The Lead Managers, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, or (v) any Applications accepted both uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

In case of apparent data entry error by the Lead Managers, Trading Members of the Stock Exchange, Escrow Collection Banks or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Managers, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment/rejection of Application.

- (b) The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Lead Managers, Trading Members of the Stock Exchange and the SCSBs during the Issue Period. The Lead Managers and Trading Members of the Stock Exchange can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please refer to “*General Information – Issue Programme*” on page 40 of this Draft Shelf Prospectus.
- (c) At the time of registering each Application, other than ASBA Applications and Direct Online Applications, the Lead Managers, or Trading Members of the Stock Exchange shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID (not applicable to Applications for Allotment of NCDs in physical form)
 - Client ID (not applicable to Applications for Allotment of NCDs in physical form)
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series of NCD
 - Price per NCD
 - Application amount
 - Cheque number
- (d) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches shall enter the requisite details of the Applicants in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series of NCD
 - Price per NCD
 - Bank code for the SCSB where the ASBA Account is maintained
 - Bank account number
 - Application amount
- (e) With respect to ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange only at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:
- Application Form number
 - PAN (of the first Applicant, in case of more than one Applicant)
 - Investor category and sub-category
 - DP ID
 - Client ID
 - Series of NCDs applied for
 - Number of NCDs Applied for in each series of NCD
 - Price per NCD

- Bank code for the SCSB where the ASBA Account is maintained
 - Location of Specified City
 - Application amount
- (f) A system generated acknowledgement will be given to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement from the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs, as the case may be. The registration of the Application by the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.**
- (g) Applications can be rejected on the technical grounds listed on page 226 of this Draft Shelf Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.
- (h) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Shelf Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.
- (i) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment. The Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Lead Managers, Trading Members of the Stock Exchange and the Designated Braches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed on page 226 of this Draft Shelf Prospectus below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or any committee of our Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- i. Applications submitted without payment of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;
- ii. Application Amount paid being higher than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- iii. Applications where a registered address in India is not provided for the Applicant;
- iv. In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However a Limited Liability Partnership firm can apply in its own name;
- v. Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, except bids by Minors (applying through the guardian) having valid demat account as per demographic details provided by the Depository Participants;
- vi. Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- vii. PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim,

- provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian, when PAN of the Applicant is not mentioned;
- viii. DP ID and Client ID not mentioned in the Application Form (except in case Applicant has applied for Allotment of NCDs in the physical form);
 - ix. GIR number furnished instead of PAN;
 - x. Applications by OCBs;
 - xi. Applications for an amount below the minimum application size;
 - xii. Submission of more than five ASBA Forms per ASBA Account;
 - xiii. Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
 - xiv. In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
 - xv. Applications accompanied by Stockinvest/ money order/ postal order/ cash;
 - xvi. Signature of sole Applicant missing or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
 - xvii. Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
 - xviii. Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form.
 - xix. ASBA Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;
 - xx. Application Forms submitted to the Lead Managers, or Trading Members of the Stock Exchange does not bear the stamp of the relevant Lead Manager or Trading Member of the Stock Exchange, as the case may be. ASBA Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Lead Managers, or Trading Members of the Stock Exchange, as the case may be;
 - xxi. ASBA Applications not having details of the ASBA Account to be blocked;
 - xxii. In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
 - xxiii. With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
 - xxiv. SCSB making an ASBA application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;
 - xxv. Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;
 - xxvi. Applications where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
 - xxvii. Authorization to the SCSB for blocking funds in the ASBA Account not provided;
 - xxviii. Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
 - xxix. Applications by any person outside India;
 - xxx. Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory/regulatory requirements;
 - xxxi. Applications not uploaded on the online platform of the Stock Exchange;
 - xxxii. Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
 - xxxiii. Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Draft Shelf Prospectus and as per the instructions in the Application Form, this Draft Shelf Prospectus and the relevant Tranche Prospectus;
 - xxxiv. Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
 - xxxv. Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;
 - xxxvi. ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is

- not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- xxxvii. Applications tendered to the Trading Members of the Stock Exchange at centers other than the centers mentioned in the Application Form;
- xxxviii. Category not ticked; and/or
- xxxix. Application Form accompanied with more than one cheque.
- xl. In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.
- xli. Forms not uploaded on the electronic software of the Stock Exchange.
- xlii. ASBA Application submitted directly to escrow banks who aren't SCSBs.
- xliii. Payment made through non CTS cheques.

Kindly note that ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Managers, or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please refer to “*Information for Applicants*” on page 228 of this Draft Shelf Prospectus.

Information for Applicants

In case of ASBA Applications submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Lead Managers, and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

As specified in the relevant Tranche Prospectus.

Allocation Ratio

Reservations shall be made for each of the Portions as specified relevant Tranche Prospectus.

Retention of oversubscription

As specified in the relevant Tranche Prospectus

PAYMENT OF REFUNDS

Refunds for Applicants other than ASBA Applicants

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/ give instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/ Allotment of NCDs.

The Registrar to the Issue will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds.

For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be given to the clearing system within 12 Working Days from the Issue Closing Date. A suitable communication shall be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses of Applicants, as per the Demographic Details received from the Depositories.

The Demographic Details would be used for mailing of the physical refund orders, as applicable.

Mode of making refunds for Applicants other than ASBA Applicants

The payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
2. NECS – Payment of refund would be done through NECS for Applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2 lacs, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (IFSC). Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post or Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Mode of making refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

With respect to Applicants other than ASBA Applicants, our Company shall (i) ensure dispatch of Allotment Advice/ intimation within 12 Working Days of the Issue Closing Date, and (ii) give instructions for credit of NCDs to the beneficiary account with Depository Participants, for successful Applicants who have been allotted NCDs in dematerialized form, within 12 Working Days of the Issue Closing Date. The Allotment Advice for successful Applicants who have been allotted NCDs in dematerialized form will be mailed to their addresses as per the Demographic Details received from the Depositories.

With respect to the ASBA Applicants, our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants within 12 Working Days of the Issue Closing Date. The Allotment Advice for successful ASBA Applicants will be mailed to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within 12 Working Days from the Issue Closing Date.

Allotment Advices shall be issued or Application Amount shall be refunded within fifteen days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. per annum for the delayed period

Our Company will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants can withdraw their ASBA Applications during the Issue Period by submitting a request for the same to Lead Manager, Trading Member of the Stock Exchange or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Lead Managers, or Trading Members of the Stock Exchange at the Specified Cities, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Lead Manager, or Trading Member of the Stock Exchange, as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the ASBA Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

Withdrawal of Non-ASBA Applications (other than Direct Online Applications)

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to Lead Manager, or Trading Member of the Stock Exchange, as the case may be, through whom the Application had been placed. Upon receipt of the request for withdrawal from the Applicant, the relevant Lead

Manager, or Trading Member of the Stock Exchange, as the case may be, shall do the requisite, including deletion of details of the withdrawn Non-ASBA Application Form from the electronic system of the Stock Exchange.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the stock exchange(s), by submitting a written request to the Lead Managers/ Trading Members of the Stock Exchange/ the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Lead Managers, Trading Members of the Stock Exchange and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialized form. In this context:

- i. Agreement dated December 16, 2005 between us, the Registrar to the Issue and NSDL, and dated December 5, 2005, between us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors.
- ii. An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- iii. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.
- iv. NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- vi. Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- ix. It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.
- x. Interest or other benefits with respect to the NCDs held in dematerialized form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- xi. The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form only.

Please also refer to “*Instructions for filling up the Application Form - Applicant’s Beneficiary Account and Bank Account Details*” on page 216 of this Draft Shelf Prospectus.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALIZED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Applicant, Application Form number, Applicant’s DP ID and Client ID, Applicant’s PAN, number of NCDs applied for, date of the Application Form, name and address of the Lead Manager, Trading Member of the Stock Exchange or Designated Branch, as the case may be, where the Application was submitted, and cheque/ draft number and issuing bank thereof or with respect to ASBA Applications, ASBA Account number in which the amount equivalent to the Application Amount was blocked. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB.

Applicants may contact our Compliance Officer (and Company Secretary) or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on application amount or credit of NCDs in the respective beneficiary accounts, as the case may be.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Statement by the Board:

- (a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013.
- (b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised; and
- (c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.
- (d) the details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;
- (e) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Draft Shelf Prospectus and on receipt of the minimum subscription of 75% of the Base Issue and receipt of listing and trading approval from the Stock Exchange.

- (f) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

Other Undertakings by our Company

Our Company undertakes that:

- (a) Complaints received in respect of the Issue will be attended to by our Company expeditiously and satisfactorily;
- (b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;
- (c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within 12 Working Days of the Issue Closing Date;
- (d) Funds required for dispatch of refund orders/Allotment Advice/NCD Certificates will be made available by our Company to the Registrar to the Issue;
- (e) Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the Statutory Auditor, to the Debenture Trustee;
- (f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in this Draft Shelf Prospectus.
- (g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report.

SECTION VIII- MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The main provisions of the AOA relating to the issue and allotment of debentures and matters incidental thereto have been set out below. Please note that each provision herein below is numbered as per the corresponding article number in the AOA. All defined terms used in this section have the meaning given to them in the AOA. Any reference to the term “Article” hereunder means the corresponding article contained in the AOA.

Clause (2) of Article 6 provides that the Company shall be entitled to issue, offer and allot fresh and further shares, Debentures and other Securities in dematerialised form pursuant to and in accordance with the provisions under the Depositories Act and it shall also be entitled to dematerialise its existing shares, debentures and other Securities, subject to the provisions of the Companies Act, 2013. In this connection, the Company shall comply with all the applicable provisions of the Depositories Act.

Article 9 provides that the Company by a Resolution in General Meeting may from time to time, increase its Share Capital by the creation of further Shares, such increases to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Companies Act, 2013, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof shall direct, and if no direction be given as the Board shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends and in distribution of assets of the Company, and with a right of voting at General Meetings of the Company.

Article 15 provides that notwithstanding anything contained in the AOA but subject to the provisions of Section 68 and 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other securities.

Article 16 provides that the Company may, subject to the provisions of Sections 52, 55 and 66 and other applicable provisions (if any) of the Act, from time to time by Special Resolution reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power that the Company would have, if it were omitted.

Nothing in this article shall apply to Buy-Back of its own securities by the Company under Section 68 of the Act.

Article 17 provides that subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time:

Clause (a) of Article 17 Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;

Clause (b) of Article 17 Sub-divide its shares, or any of them into shares of smaller amount so however, that in the sub-division the proportion between amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;

Clause (c) of Article 17 Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Article 20 provides that subject to the provisions of the Act, the Board shall have the power to issue or re-issue equity shares with differential rights as to dividend, voting or otherwise in accordance with the provisions of the Act and Rules made thereunder.

Article 22 provides that the Company shall cause to be kept a register and index of Members, debenture holders and other security holders (if any) in the form and manner provided under Section 88 of the Act and Rules made pursuant thereto and also a Register of Renewed and Duplicate Certificates. It shall give inspection of the Registers, Indexes, returns and copies of certificates and other documents referred to in Section 94 of the Act and furnish a copy thereof as provided in the said Section. The Company may keep in any State or Country outside India a “foreign register” of Members or debenture holders, other security holders resident in that State or Country. The provisions of Section 88 of the Act shall apply thereto.

Clause (a) of Article 26 provides that subject to the applicable provisions of Section 56 of Act, and in case of fresh issue of shares subject to applicable provisions of Section 29 of the Act, the Company shall, keep ready for

delivery, the Certificates of all shares, the debentures and debenture stock allotted or transferred, within prescribed time, under the applicable law, after the allotment of any of its shares, debentures or debenture stock, or after the application for the registration of the transfer or transmission of any such shares, debentures, or debenture stock, the certificate of all shares, debentures, and or debenture stock as the case may.

Clause (e) of Article 26 provides that every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with the Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificates of the securities.

Clause (f) of Article 26 provides that if a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, on receipt of the information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.

Article 27 provides that a certificate may be renewed or a duplicate of a certificate may be issued by the Company if such certificate (a) is proved to have been lost or destroyed or (b) having been defaced or mutilated or torn is surrendered to the Company. The Company shall comply with the rules as may be prescribed regarding the manner of issue or renewal of a certificate or issue of a duplicate thereof, the form of a certificate (original or renewed) or of a duplicate thereof, the particulars to be entered in the Register of Members or in the Register of Renewed or Duplicate Certificates, the form of such Registers, the fee on payment of which, the terms and conditions, if any, (including terms and conditions as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the company in investigating evidence) on which a certificate may be renewed or a duplicate thereof may be issued.

Article 30 provides that the Company shall not give whether directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company, save as provided by Section 67 of the Act.

Article 36 provides that the Board may, from time to time, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call (in accordance with Section 49 of the Act) as it may think fit upon the Members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

Article 59 provides that the Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 29 hereof is to have full effect and such lien shall extend to all dividends/interests and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Board may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

Article 66 provides that subject to the provision of the Act, and these Articles, no transfer of shares in, or debentures of the Company shall be registered, unless a proper instrument of transfer duly stamped and in the form as prescribed under the rules made under sub-section (1) of Section 56 of the Act and has been delivered to the Company along with the Certificate relating to the shares or debentures or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in the respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

Article 67 provides that in the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act shall apply.

Article 68 provides that the instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and of the registration thereof. However, the provisions relating to instrument of transfer shall not apply to the shares/debentures of the Company which have been dematerialised.

Provided that in respect of shares held in dematerialised form, the Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of shares on behalf of the Beneficial Owner.

Article 69 provides that no fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Clause (1) of Article 70 provides that the Board may, subject to the right of appeal conferred by Section 58 of the Act, and Section 22A of Securities Contracts (Regulation) Act, 1956 at its own, absolute and uncontrolled discretion and by giving reason(s), decline to register or acknowledge any transfer of any shares, or interest of a Member in, or debentures in the Company to any person of whom it does not approve and in particular, if any arrangement or contract between two or more persons in respect of transfer of securities is found not enforceable may so decline in any case in which the Company has lien upon the shares or any of them. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board from declining to register any subsequent or other transfer or other shares applied for in the name of such transferee.

Article 75 provides that the Board may after giving not less than seven days previous notice by advertisement in some newspaper circulating in Mumbai as required by Section 91 of the Act, close the Register of Transfer and Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45 (forty-five) days in each year, but not exceeding 30 days at any one time.

Article 76 provides that in the case of death of any one or more of the persons named in the Register of Members as joint shareholders of any share, the survivor(s) shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estates of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.

Article 77 provides that the heir, executor or administrator of a deceased shareholder shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognise such heir, executor or administrator unless shall have first obtained probate or letters of administration or succession certificate.

Article 78 provides that subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of death, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, and approved by the Board, registered as such holder provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share.

Article 79 provides that the Board shall, subject to the provisions of Article 70 hereof, have the same right to refuse to register a person entitled by transmission to any share, or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

Article 82 provides that the certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.

Article 89 provides that subject to the provisions of Section 179, 180 and 181 of the Act, the Board may, from time to time at its discretion accept deposits from Members or from the public, either in advance of calls or

otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves, the Board shall not borrow such money's without the consent of the Company in General Meeting.

Article 90 provides that subject to the provisions of the previous Article the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a Resolution passed at a meeting of the Board (and not by a circular resolution) including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debenture-stock and other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

Article 91 provides that any issue of debentures, debenture stock, bonds or other securities shall be governed by Section 71 of the Act. This Article and Article 90 shall be subject to the said provisions. In the case of the Company giving a charge on any of its property, the provisions of Sections 2(16), 77 to 87 of the Act shall apply thereto. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

Article 92 provides that the Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of the mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirement of Sections 71, 77 and 79 to 85 (both inclusive) of the Act in that behalf to be duly complied with.

Article 93 provides that the Company shall, if at any time issues debentures, keep a Register and Index of Debenture holders in accordance with Section 88 of the Act. The Company shall have the power to keep in any State or Country outside India a branch of Register of Debenture holders resident in that state or country.

Article 146 states that if it is provided by the trust deed securing or otherwise in connection with any issue of Debentures of the company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be bound to hold any qualification shares. A Debenture Director shall not be liable to retire by rotation.

Clause (1) of Article 163 provides that the Company may by ordinary resolution remove a Director not being a Nominee Director or a Debenture Director and not being a Director appointed by the Central Government in pursuance of the Act before the expiry of his period of office.

Clause (c) of Article 175 provides that the Board shall not, except with the consent of the Company in general meeting borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose provided further that the powers specified in Section 180 of the Act, shall subject to these Articles be exercised only at meeting of the Board unless the same be delegated to the extent stated.

Clause (3) of Article 177 provides that without prejudice to the general powers conferred by Article 174 and the other powers conferred by these Articles and Section 179 of the Act, so as not in any way to limit or restrict those powers, but subject however to the provisions of the Act, it is hereby expressly declared that the Board shall have the power at its discretion and subject to the provisions of the Act, to pay for any property, right or privileges, acquired by or for services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, debenture stock or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as fully paid up thereon as may be agreed upon and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the

property of the Company including its uncalled capital or not so charged.

Clause (19) of Article 177 provides that without prejudice to the general powers conferred by Article 174 and the other powers conferred by these Articles and Section 179 of the Act, so as not in any way to limit or restrict those powers, but subject however to the provisions of the Act, it is hereby expressly declared that the Board shall have the power before recommending any dividend, to set aside out of the profits of the Company such sums as it may think proper for depreciation or to a depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies to repay debentures or for debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in clause 17 and 18 of Article 177) as the Board of Directors may in its absolute discretion think conducive to the interest of the Company, and subject to the Act to invest the several sums so set aside or so much thereof as is required to be invested upon such investments (other than shares of the Company) as it may think fit and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board of Directors, in its absolute discretion thinks conducive to the interests of the Company, notwithstanding that the matters to which the Board of Directors applies or upon which it expends the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the general reserve fund into such special funds as the Board may decide to transfer the whole or any portion of the reserve fund or division of a reserve fund to another reserve fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board of Directors at its discretion to pay or allow to the credit of such funds interest at such rates as the Board of Directors may think proper.

Clause (1) Article 211 provides that a copy of every such Financial Statement so audited (including the auditor's report and every other document required by the Act to be annexed or attached to the balance sheet) shall at least twenty one days before the meeting at which the same are to be laid before the Members be sent to the Members of the Company, to the trustees for the holders of Debentures and to all persons entitled to receive notice of general meetings of the Company.

Clause (2) Article 211 provides that if and as long as the Company's shares are listed on a recognised stock exchange and subject to the provisions of Section 136 of the Act, it shall be sufficient compliance with clause (1) of this Article if the copies of documents referred to in Clause (1) are made available for inspection at the Company's registered office during working hours for a period of twenty-one days before the date the meeting and a statement containing the salient features of such documents in the prescribed form or copies may deem fit, is or are sent, not less than twenty-one days before the date of the meeting to every Member of the Company and to every trustee for the holders of Debentures issued by the Company.

SECTION IX- MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Shelf Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Corporate Office of our Company situated at 4th Floor, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Cowk, Worli, Mumbai 400018, Maharashtra between 10 am to 5 pm on any Working Day (Monday to Friday) during which issue is open for public subscription under the respective Tranche Prospectus.

MATERIAL CONTRACTS

1. Issue Agreement dated March 16, 2016 between our Company and the Lead Managers.
2. Agreement dated March 11, 2016 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated March 11, 2016 executed between our Company and the Debenture Trustee.
4. Escrow Agreement dated [•] between our Company, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
5. Undertaking by our Company for execution of Debenture Trust Deed
6. Consortium Agreement dated [•] between our Company, the Consortium Members and the Lead Managers.
7. Tripartite agreement dated December 5, 2005 among our Company, the Registrar and CDSL.
8. Tripartite agreement dated December 16, 2005 among our Company, the Registrar and NSDL.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Certificate of Incorporation of our Company dated January 1, 1991, issued by Registrar of Companies, Mumbai.
3. Certificate of Registration as an NBFC from the RBI dated September 4, 1998 issued by Reserve Bank of India u/s 45 IA of the Reserve Bank of India, 1934.
4. Copy of shareholders resolution dated June 17, 2015, under section 180 (1) (c) of the Companies Act, 2013 on overall borrowing limits of the Board of Directors of our Company.
5. Copy of the resolution by the Board of Directors dated October 21, 2015, approving the issue of NCDs.
6. Copy of the resolution passed by Debenture Public Issue Committee at its meeting held on March 16, 2016 approving the Draft Shelf Prospectus.
7. Letter dated December 1, 2015 by CARE assigning a rating of 'CARE AAA' to the long term borrowing programme of our Company for the FY 2016 and revalidation letter dated February 18, 2016.
8. Letter dated December 16, 2015 by the India Ratings assigning a rating of 'IND AAA' to the long term borrowing of our Company for the FY 2016 and revalidation letter dated March 3, 2016.
9. Consents of the Directors, our Company Secretary and Compliance Officer, Lead Managers, Members of the Consortium, Legal Advisor to the Issue, Bankers to the Issue, Registrar to the Issue, the Debenture Trustee for the NCDs, Society of Indian Auto Manufacturers, India Ratings and Credit Rating Agencies to include their names in this Draft Shelf Prospectus, in their respective capacities.
10. Consent of the Statutory Auditors of our Company, for inclusion of their name and the report on the Reformatted Financial Statements in the form and context in which they appear in this Draft Shelf Prospectus and their statement on tax benefits mentioned herein.
11. The examination report dated March 15, 2016 in relation to the Reformatted Financial Statements included therein.
12. Limited review report dated October 21, 2015 on the Audited Half Yearly Financial Results of our Company for the six months period ended September 30, 2015.
13. Limited review report dated January 21, 2016 on the Unaudited Financial Statements of our Company for the quarter and nine months period ended December 31, 2015.
14. Statement of tax benefits dated March 15, 2016 issued by our Statutory Auditors.
15. Annual Report of our Company for the last five Fiscals.
16. In-principle listing approval from BSE by its letter no. [•] dated [•].
17. Due Diligence Certificate dated [•] filed by the Lead Managers with SEBI.
18. ESOP Scheme

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Debentureholders, in the interest of our Company in compliance with applicable laws.

DECLARATION

We, the Directors of the Company, hereby certify & declare that all the relevant provisions of the Companies Act, 1956 as amended, relevant provisions of Companies Act, 2013, as amended and rules prescribed thereunder to the extent applicable as on this date, the guidelines issued by the Government of India and the regulations and guidelines and circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended and rules made thereunder in connection with the Issue have been complied with and no statement made in this Draft Shelf Prospectus is contrary to the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Draft Shelf Prospectus.

We further certify that all the disclosures and statements in this Draft Shelf Prospectus are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Shelf Prospectus does not contain any misstatements.

Signed by the Board of Directors of the Company



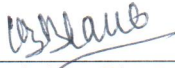
Mr. Ravi Venkatraman, Executive Director and Chief Financial Officer



Mr. Ramesh Iyer, Managing Director



Mr. V S Parthasarathy, Non-Executive Director



Mr. Chandrashekhar Bhawe, Independent Director



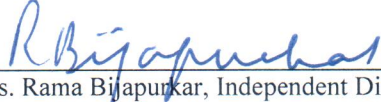
Mr. Manohar Gopal Bhide, Independent Director



Mr. Piyush Gunwantrai Mankad, Independent Director



Mr. Dhananjay Narendra Mungale, Independent Director



Ms. Rama Bijapurkar, Independent Director

MARCH 04, 2016

ANNEXURE A

CARE REAFFIRMS RATING TO THE PUBLIC ISSUE OF SUBORDINATED DEBT OF MAHINDRA AND MAHINDRA FINANCIAL SERVICES LTD. FOR AN ENHANCED AMOUNT

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Proposed Subordinated debt (public issue)	1000 (enhanced from Rs.500 crore) (Rupees One thousand crore only)	CARE AAA (Triple A)	Reaffirmed

Rating Rationale

The ratings factor in the majority ownership of MMFSL by Mahindra & Mahindra Ltd. (M&M, rated CARE AAA), strategic importance of MMFSL for M&M and common brand name. The ratings also take into account the expected support from M&M, good operational linkages with M&M, strong management, long track record of operations, comfortable capitalization and liquidity profile, diversified asset mix, well-diversified funding profile and good profitability. The ratings also factor in the stressed asset quality due to the seasonal nature of income of its customers in rural and semi-urban areas and current slowdown in the overall economy. Credit profile of the parent (M&M), strategic importance of MMFSL for M&M, asset quality and profitability are the key rating sensitivities.

Background

MMFSL is a subsidiary of M&M which holds 51.2% stake and enjoys market leadership position in its key product segments with 42.7% market share in tractor segment and 38.6% share in Utility Vehicles segment for Q3FY16. MMFSL was incorporated in 1991 and started its operations as a captive financier for M&M vehicles but since 2002-03 it has started financing vehicles of other OEMs like Maruti, Hyundai, Eicher, Tata etc. MMFSL is strategically important for M&M since it finances around 30% of M&M's UV and tractor sales. Around 48% of MMFSL's disbursements are towards financing M&M products. At the end of FY15, MMFSL, on a standalone basis, had a loan portfolio of Rs.32,576 crore comprising asset classes like utility vehicles, cars, tractors, commercial vehicles, three wheelers and construction equipment. The assets under management, on a standalone basis, at the end of FY15 stood at Rs.34,256 crore. MMFSL has four subsidiaries namely, Mahindra Insurance Brokers Ltd. (85% stake), Mahindra Rural Housing Finance Ltd. (87.5%), Mahindra Asset Management Company Pvt. Ltd. (100%) and Mahindra Trustee Company Pvt. Ltd. (100%). It also has a US based joint venture company (49% stake), Mahindra Finance USA LLC., which is in the business of providing wholesale inventory financing to US based dealers, financing dealer purchases of Mahindra products and providing retail financing to end-user customers to finance their lease or purchase of Mahindra products. MMFSL is headed by Mr. Ramesh Iyer as the Managing Director and Mr. Bharat Doshi is the company's Chairman.

In FY15, the company earned a PAT of Rs.832 crore on a total income of Rs.5585 crore. Total capital adequacy stood at 18.3% with a Tier I CAR of 15.5%. Gross and Net NPA ratio (on a 150+dpd basis) stood at 6.45% (FY14: 4.79%) and 2.59% (FY14: 2.01%) as on March 31, 2015. In 9MFY16, there has been further rise in Gross and Net NPA ratios (on a 150+dpd basis) which stood at 10.4% and 4.4%, respectively. However, the company has started reporting Gross NPA on a 135+dpd basis since September 2015, and accordingly Gross and Net NPA ratio stood at 11.1% and 5.0%, respectively at the end of December 31, 2015.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

On a y-o-y basis, net profit declined 39% in 9MFY16 to Rs.303 crore primarily due to rise in NPA provisions. Total and Tier I CAR stood comfortable at 17.8% and 15.0%, respectively at the end of December 2015.

Analyst Contact

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Ind-Ra Rates Mahindra and Mahindra Financial Services' Additional Sub Debt at 'IND AAA' and Proposed CP at 'IND A1+'

02

By [Priya Sunder](#)

MAR 2016

India Ratings and Research (Ind-Ra) has assigned Mahindra and Mahindra Financial Services Limited's (MMFSL) additional INR5bn retail subordinated debt a rating of 'IND AAA' with a Stable Outlook. The agency has also assigned MMFSL's proposed INR15bn commercial paper (CP) issuance an 'IND A1+' rating. This brings the total rated retail subordinated debt to IR10bn and total rated CP amount to INR25bn.

The INR25bn CP rated by Ind-Ra is a part of the company's overall CP programme of INR75bn. A list of MMFSL's outstanding ratings is at the end of this commentary.

KEY RATING DRIVERS

MMFSL's long-term ratings continue to reflect the credit strength of its parent - Mahindra & Mahindra Limited (M&M; 'IND AAA'/Stable; 51.2% stake), and Ind-Ra's expectation of strong, timely financial support to MMFSL from M&M, if required. Ind-Ra considers MMFSL to be a core subsidiary of M&M due to its high importance to M&M. MMFSL finances about one-fourth of M&M's total sales in rural and semi-urban regions and Ind-Ra considers MMFSL vital for M&M's strategy in rural geographies. MMFSL shares its parent's brand name and has strong operational linkages with it. In FYE15, M&M's liquid investments were sufficient to cover the debt obligations of both M&M and MMFSL payable over a quarter.

The CP rating is driven by MMFSL's largely matched asset liability maturity (ALM) profile at end-September 2015. The CP contributed 10% to the company's funding in 1HFY16 (FY15: 13%) and the company typically maintains adequate unutilized bank lines (including term loans), which will provide comfort in the event of any liquidity or refinance risk arising in the short term. Incremental delinquencies could stress MMFSL's cash flows and lead to ALM mismatches, in which case MMFSL is likely to increasingly depend on external borrowings. However, access to funding remains comfortable, given MMFSL's longstanding banking relationships with over 40 different banks.

MMFSL's asset quality remains under stress, and gross NPLs rose to 10.6% at end-December 2015 (FY15: 6.4%, FY14: 4.8% on a150-day NPL recognition). Asset quality pressure may prolong over the next few quarters, given the weak agriculture and subdued rural construction activity and the high dependence of MMFSL on the rural economy.

MMFSL's capitalisation ratios (Tier 1; December 2015: 15.0%, FY15: 15.5%, FY14: 15.5%), though reasonable, could come under pressure with the increasing stress on asset quality. However, Ind-Ra believes the parent is committed to infusing equity, if required.

RATING SENSITIVITIES

A negative rating action could result from any substantial decline in the proportion of M&M's revenue from MMFSL due to M&M's faster expansion in urban products and high-end products and/or with sharply increased participation from other financiers in M&M's sales making it less dependent on MMFSL. The rating would also be affected if MMFSL's operational linkages with M&M dilute significantly. Any weakening of M&M's credit profile or its ability to support MMFSL's increasing debt levels will also be negative for MMFSL's ratings.

COMPANY PROFILE

MMFSL is a large non-banking finance company and M&M is a leading Indian automobile company. Besides financing M&M's vehicles, MMFSL is the holding company of the group's other financial services forays, including rural housing finance.

MMFSL's ratings (including the above) are as follows:

- Long-Term Issuer Rating: 'IND AAA'; Outlook Stable
- INR14.5bn lower Tier II subordinated debt: 'IND AAA'; Outlook Stable
- INR10bn retail subordinated debt: 'IND AAA'; Outlook Stable
- INR85bn non-convertible debentures: 'IND AAA'; Outlook Stable
- INR25bn CPs: 'IND A1+' (out of a total CP programme of INR75bn)

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

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Rating Outstanding

(As on 03/Mar/2016)

Long Term Issuer Rating	IND AAA / Stable	
Commercial Paper	IND A1+	INR 15000 m
Debenture	IND AAA / Stable	INR 5000 m

Debenture

IND AAA/ Stable

INR 5000 m

Commercial Paper

IND A1+

INR 10000 m

Applicable Criteria

Financial Institutions Rating Criteria
Rating of Bank Legacy Hybrids and Sub-Debt

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Associate Director

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