


FORM A

Covering letter of the Annual Audit Report for the Financial Year 2014-15 to be filed with the Stock Exchange pursuant to Clause 31(a) of the Listing Agreement

1	Name of the Company	Mahindra & Mahindra Financial Services Limited
2	Annual financial statements for the year ended	31st March, 2015
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not Applicable

For Mahindra & Mahindra Financial Services Limited

**For B. K. Khare & Co.
Chartered Accountants
FRN : 105102W**


M. G. Bhide
Chairman of the Audit
Committee Meeting


Ramesh Iyer
Managing Director


V. Ravi
Chief Financial Officer


Naresh Kataria
Partner
M. No. 37825

Date: 23rd April, 2015

Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai – 400 001.

Corporate Office: Mahindra Towers, 'A' Wing, 4th Floor, Worli, Mumbai – 400 018.

Corporate Identity Number : L65921MH1991PLC059642

Tel: +91 22 66526000; **Fax:** +91 22 24984170

Website: www.mahindrafinance.com; **email:** investorhelpline_mmfsl@mahindra.com

NOTICE

THE TWENTY-FIFTH ANNUAL GENERAL MEETING OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED will be held at Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021 on Friday, the 24th day of July, 2015, at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt :
 - a) the Audited Financial Statement of the Company for the Financial Year ended 31st March, 2015, together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2015, together with the Report of the Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that Mr. Uday Y. Phadke (DIN: 00030191), a Director liable to retire by rotation, who does not seek re-appointment, be not re-appointed a Director of the Company.

FURTHER RESOLVED that the vacancy so created on the Board of Directors of the Company, be not filled.”
4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to sections 139, 142 and such other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder and pursuant to the recommendation of the Audit Committee of the Board of Directors, Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai, (ICAI Firm Registration Number 105102W), the retiring Auditors of the Company, be re-appointed as Auditors of the Company, to hold office from the conclusion

of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company, in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V. S. Parthasarathy (DIN: 00125299), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 24th July, 2014 and who holds office up to the date of this Annual General Meeting of the Company in terms of section 161 of the Act and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of requisite amount under section 160 of the Act proposing his candidature for the office of Director, being so eligible, be appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.”

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 [including any statutory modification(s) or re-enactment thereof, for the time being in force], a new set of Articles of Association, placed before the Members, be and is hereby approved and adopted and substituted in place of the existing Articles of Association of the Company.

FURTHER RESOLVED that the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof) be and is hereby authorised to do all such acts,

deeds, matters and things in this connection as may be deemed necessary, proper, desirable and expedient, including delegating all or any of the powers conferred herein to the Company Secretary/ any other Officer of the Company, seek all approvals as may be required to give effect to this Resolution and to settle any question, difficulty or doubt that may arise in this regard.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and Rules framed thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchanges, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of the Articles of Association of the Company, the Company be and is hereby authorised to pay to its Directors who are neither in the whole-time employment of the Company nor the Managing Director and Executive Director(s), with effect from 1st April, 2015, remuneration by way of commission, either by way of a monthly payment or at a specified percentage of the net profits of the 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 the Company in any financial year as computed in the manner provided in section 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof; such commission to be distributed amongst and paid to the aforesaid Directors concerned in such proportions as they may from time to time decide between themselves.

FURTHER RESOLVED that the above remuneration shall be in addition to fee payable to the Director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

FURTHER RESOLVED that the Board of Directors (including the Nomination and Remuneration Committee) be and is hereby authorised to do all such acts, deeds, matters and things in this connection as may be considered necessary, proper, desirable and expedient including seeking all approvals as may be required to give effect to this Resolution and to settle any question, difficulty or doubt that may arise in this regard.”

NOTES:

1. The Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013, in respect of Item Nos. 5 to 7 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
3. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
5. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Karvy Computershare Private Limited having their office at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
6. The Register of Members and Transfer Books of the Company will be closed from Saturday, 4th July, 2015 to Friday, 24th July, 2015 (both days inclusive).
7. The dividend, if declared at the Annual General Meeting, will be credited/dispatched on or after 25th July, 2015 to those persons or their mandates:
 - a) whose names appear as Beneficial Owners as at the end of the business hours on 3rd July, 2015 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before 3rd July, 2015.
8. Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required

to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Pursuant to the provisions of section 205C of the Companies Act, 1956 and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has transferred an amount of Rs. 1,41,722 in April, 2014 to the IEPF, being the unclaimed interim dividend for the Financial Year 2006-07. An

amount of Rs. 1,97,070 towards unclaimed final dividend for the Financial Year 2006-07 has also been transferred to the IEPF in August, 2014. No claim lies against the Company in respect of these dividends.

9. Due dates of transferring unclaimed and unpaid dividends declared by the Company for the Financial Year 2007-08 and thereafter to the IEPF:

Financial Year ended	Date of declaration of Dividend	Last date for claiming unpaid/unclaimed Dividend
31st March, 2008	23rd July, 2008	22nd August, 2015
31st March, 2009	27th July, 2009	26th August, 2016
31st March, 2010	23rd July, 2010	22nd August, 2017
31st March, 2011	29th July, 2011	28th August, 2018
31st March, 2012	27th July, 2012	26th August, 2019
31st March, 2013	25th July, 2013	24th August, 2020
31st March, 2014	24th July, 2014	23rd August, 2021

Members who have not encashed the dividend warrants so far in respect of the aforesaid periods, are requested to make their claim to Karvy Computershare Private Limited well in advance of the above due dates. It may be noted that once the amounts in the unpaid dividend accounts are transferred to IEPF, no claim shall lie against the IEPF or the Company in respect thereof and the Members would lose their right to claim such dividend.

10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts [as referred to in section 205C(2) of the Companies Act, 1956] lying with the Company as on 24th July, 2014 (date of the last Annual General Meeting of the Company) on the website of the Company at the link <http://www.mahindrafinance.com/unpaid-unclaimed.aspx> as well as on the website of the Ministry of Corporate Affairs viz. <http://www.iepf.gov.in>.

The concerned Members are requested to verify the details of their unclaimed amounts, if any, from the said websites and lodge their claim with the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited, before the same is due for transfer to the IEPF.

11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules,

2014. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH. 13 duly filled in to Karvy Computershare Private Limited having their office at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

12. To enable direct credit of the dividend amount into the Bank Account as per the Securities and Exchange Board of India circular dated 21st March, 2013, the Members are requested to update with their Depository Participant, the active Bank Account details (including 9 digit MICR Code and 11 digit IFSC Code), in case the holding is in dematerialized mode. In case the shares are held in physical mode, the said details may be communicated to the Registrar and Share Transfer Agents, by quoting the Reference Folio No., and attaching a photocopy of the cheque leaf of the active Bank Account along with a self- attested copy of the PAN card.

13. Members are requested to:

- a) intimate to the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited at the above mentioned address, changes, if any, in their registered addresses/ bank mandates at an early date, in case of shares held in physical form;

- b) intimate to the respective Depository Participant, changes, if any, in their registered addresses/ bank mandates at an early date, in case of shares held in electronic/ dematerialised form;

- c) quote their folio numbers/Client ID and DP ID in all correspondence;
- d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

14. Pursuant to sections 101 and 136 of the Companies Act, 2013, read with the Rules framed thereunder and pursuant to the Circulars issued by the Ministry of Corporate Affairs (MCA) regarding the Green Initiative, the Notice of the 25th Annual General Meeting (AGM) and the Annual Report for the year 2014-15, etc., would be sent in electronic mode to such of the Members of the Company whose e-mail addresses are available with the Company/ Depository Participant and who have not opted to receive the same in physical form.

For Members who have not registered their e-mail addresses, physical copies of the Annual Report for the year 2014-15 and the Notice of the 25th AGM would be sent in the permitted mode.

Members are requested to support the Green Initiative by registering / updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialised form) or with Karvy Computershare Private Limited (in case of Shares held in physical form).

15. Members may also note that the Notice of the 25th Annual General Meeting and the Annual Report for 2014 -15 will also be available on the Company's website at the link : <http://www.mahindrafinance.com/annual-reports.aspx> for their download. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request to the Company for the same. For any communication, the shareholders may also send requests to the Company's investor email id: investorhelpline_mmfs@mahindra.com.
16. Relevant documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

17. Appointment of Director and Shareholding in the Company

Mr. V. S. Parthasarathy holds 250 Equity Shares of Rs.2 each in the Company.

None of the Directors of the Company is inter-se related to each other.

In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Director being appointed, Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

18. Members/Proxies/Representatives are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.

19. Updation of Members' Details:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrar and Transfer Agents to record additional details of Members, including their PAN details, e-mail address, etc. A form for compiling the additional details is being sent along with this Notice. Members holding shares in physical form are requested to submit the form duly completed to the Company or its Registrar and Transfer Agents. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

20. Information relating to Voting through electronic means

In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, and Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to its Members to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means in respect of the businesses to be transacted at the AGM, through e-Voting platform provided by Karvy Computershare Private Limited (Karvy).

The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

(i) The remote e-voting facility will be available during the following period:

- a) Day, date and time of commencement of remote e-voting : Monday, 20th July, 2015 at 9.00 a.m.
- b) Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: Thursday, 23rd July, 2015 at 5.00 p.m.

(ii) The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

(iii) Details of Website: <https://evoting.karvy.com>

(iv) Details of persons to be contacted for issues relating to e-voting:

Karvy Computershare Private Limited
Unit : Mahindra & Mahindra Financial Services Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel. No.: +91 40 67162222;
Toll Free No.: 18003454001
Fax No.: +91 40 23001153;
E-mail: evoting@karvy.com.

(v) Details of Scrutinizer: Mr. S. N. Ananthasubramanian, Practising Company Secretary, or failing him, Ms. Malati Kumar, Practising Company Secretary.

The instructions for remote e-voting are as under :

1. A. In case of Members receiving an email from Karvy [for members whose emails are registered with the Company/Depository Participant] :

- i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii) Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No./DP ID – Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii) After entering these details appropriately, click on “LOGIN”.
- iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret

question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**

v) You need to login again with the new credentials.

vi) On successful login, the system will prompt you to select the E-Voting Event Number for Mahindra & Mahindra Financial Services Limited.

vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. 17th July, 2015 under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option “ABSTAIN” and the shares held will not be counted under either head.

viii) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.

ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

x) You may then cast your vote by selecting an appropriate option and click on “Submit”.

xi) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, Members can login any number of times till they have voted on the Resolution(s).**

xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: scrutinizer@snaco.net with a copy to

evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

B. In case of Members receiving physical copy of the Notice of AGM and Attendance Slip [for members whose emails are not registered with the Company/Depository Participant or requesting physical copy] :

- i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii) Initial Password is provided in the Attendance Slip.
- iii) Please follow all the steps from (iii) to (xii) as mentioned in (A) above, to cast your vote.

2. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. **The Members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.**

3. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.

4. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member/Beneficial Owner (in case of electronic shareholding) as on the cut-off date i.e. Friday, 17th July, 2015.

5. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, i.e. Friday, 17th July, 2015 only shall be entitled to avail the facility of remote e-voting.

6. Any person who acquires Shares of the Company and becomes a Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date, i.e. 17th July, 2015, may obtain the User Id and password in the manner as mentioned below:

- a. If the mobile number of the member is registered against Folio No./ DPID Client ID, the Member may send SMS:

MYEPWD<space>E-Voting Event Number +Folio no. or DPID Client ID to +91-9212993399

Example for NSDL :

MYEPWD<SPACE>IN12345612345678

Example for CDSL :

MYEPWD<SPACE>1402345612345678

Example for Physical:

MYEPWD<SPACE> XXXX1234567890

- b. if e-mail address or mobile number of the member is registered against Folio No./ DPID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

- c. Member may call Karvy's Toll free number 1-800-3454-001.

- d. Member may send an e-mail request to evoting@karvy.com.

7. Mr. S. N. Ananthasubramanian, Practising Company Secretary, or failing him, Ms. Malati Kumar, Practising Company Secretary have been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

8. The Scrutinizer after scrutinising the votes cast at the Meeting by Poll and through remote e-voting, will not later than two (2) days of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same forthwith to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

9. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company (www.mahindrafinance.com) and on the website of Karvy (<https://evoting.karvy.com>). The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.

10. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 24th July, 2015, subject to receipt of the requisite number of votes in favour of the Resolutions.

By Order of the Board

Arnavaz M. Pardiwala
Company Secretary

Registered Office :

Gateway Building, Apollo Bunder,
Mumbai - 400 001.

CIN : L65921MH1991PLC059642

Email: investorhelpline_mmfsl@mahindra.com

23rd April, 2015

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 5

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its adjourned Meeting held on 24th July, 2014, had appointed Mr. V. S. Parthasarathy as an Additional Director of the Company with effect from 24th July, 2014. Mr. Parthasarathy holds the office up to the date of the ensuing Annual General Meeting of the Company pursuant to section 161 of the Companies Act, 2013 and the Articles of Association of the Company. The Company has received a Notice in writing from a Member along with the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company.

A brief profile of Mr. V. S. Parthasarathy, nature of his expertise in specific functional areas, names of companies in which he holds directorship and membership/ chairmanship of Board Committees, shareholding in the Company, etc., as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is furnished in Corporate Governance Report forming part of the Annual Report.

The Board is of the view that Mr. Parthasarathy's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

Apart from Mr. V. S. Parthasarathy, who would be interested in his appointment, none of the other Directors, Key Managerial Personnel ('KMP') of the Company and relatives of the Directors and KMP are, in any way, concerned or interested, financially or otherwise, in this item of business. The relatives of Mr. V. S. Parthasarathy may be deemed to be interested in the Resolution for his appointment as set out in Item No. 5 to the extent of their shareholding interest, if any, in the Company.

This Explanatory Statement may be regarded as disclosure under clause 49 of the Listing Agreement with Stock Exchanges.

Item No. 6

The Articles of Association of the Company currently in force were originally adopted when the Company was incorporated in 1991 under the Companies Act, 1956. The Articles of Association were amended from time to time in accordance with the provisions of the Companies Act, 1956. The existing Articles of Association are based on the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956. Some

regulations in the existing Articles of Association are no longer in conformity with the Companies Act, 2013.

With the introduction of the Companies Act, 2013, it is proposed to amend the existing Articles of Association to make it consistent with the provisions of the Companies Act, 2013 including Rules framed thereunder.

In terms of section 14 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required for adoption of new set of Articles of Association of the Company.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the business hours on any working day, up to the date of the Annual General Meeting and during the Annual General Meeting. In addition, the proposed draft Articles of Association is also available on the Company's website www.mahindrafinance.com for perusal by the Members.

The Board recommends the Special Resolution as set out at Item No. 6 of the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution as set out at Item No. 6 of the Notice.

Item No. 7

The Members at the 20th Annual General Meeting (AGM) of the Company held on 23rd July, 2010, had passed a Special Resolution for payment of commission of up to one per cent per annum of the net profits of the Company to the Directors of the Company, other than the Directors who are in the whole-time employment of the Company, the Managing Director, Executive Director(s) and such other Directors as may not desire to participate, for each of the five years commencing from 1st April, 2010, such commission distributed amongst and paid to the aforesaid Directors in such proportions as they may, from time to time, decide between themselves, subject to a limit of one quarter per cent of the net profits for any such Director. The said Special Resolution would remain in force up to 31st March, 2015.

Further, the Members at their 21st AGM held on 29th July, 2011 had partially modified the aforesaid Special Resolution passed at the earlier AGM by removing the limit of one quarter per cent per annum of the net profits of the Company payable as commission to a single Director and had authorised the Board of Directors to determine the quantum of commission to be paid to any such Director within the overall limit not exceeding one per cent of the net profits of the Company.

Accordingly, the validity of the above mentioned resolution expired on 31st March, 2015.

As per the provisions of Clause 49 (II) (C) of the Listing Agreement entered into with the Stock Exchanges (as may be in force from time to time) relating to Non-Executive Directors' compensation and disclosures, all fees/compensation, payable to Non-Executive Directors require prior approval of the Members.

The current competitive business environment, stringent accounting standards, various regulatory compliances and corporate governance norms require considerably enhanced levels of involvement of the Directors in the decision making process. The role and responsibility of the Directors have become onerous and the Directors are required to increasingly devote more time and contribute to the business of the Company keeping in mind the interest of all the stakeholders at large.

The Policy on Remuneration of Directors inter alia, provides for remuneration to Non-Executive Directors by way of commission to the extent approved by the Members.

It is therefore proposed to continue the payment of commission to the Directors of the Company other than Directors who are in the whole-time employment of the Company, the Managing Director, Executive Director(s) and such other Directors as may not desire to participate. The Board of Directors will determine each year, the specific amount to be paid as commission to the Non-Executive Directors which shall not exceed one percent of the net profits of the Company for that year, as computed in the manner referred to in section 198 of the Companies Act, 2013.

In view of the above, the approval of the Members is requested for the payment of commission to all the Non-Executive Directors of the Company pursuant to sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, commencing from 1st April, 2015. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof.

The Board recommends the passing of the Resolution at Item No.7 as a Special Resolution.

Except for Mr. Ramesh Iyer, Managing Director and Mr. V. S. Parthasarathy, Non-Executive Director of the Company who is in whole-time employment of Mahindra & Mahindra Limited, the holding company, all the other Directors of the Company and their relatives may be deemed to be concerned or interested in the Special Resolution as set out at Item No. 7 of the Notice to the extent of commission that may be payable to them from time to time. None of the Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Special Resolution.

By Order of the Board

Arnavaz M. Pardiwala
Company Secretary

Registered Office :

Gateway Building, Apollo Bunder,
Mumbai - 400 001.

CIN : L65921MH1991PLC059642

Email: investorhelpline_mmfsl@mahindra.com

23rd April, 2015

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Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number : L65921MH1991PLC059642

Tel: +91 22 66526000; Fax: +91 22 24984170

Website: www.mahindrafinance.com; email: investorhelpline_mmfsl@mahindra.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders desiring to attend the Meeting may obtain additional Attendance Slips on request, provided such request is received by the Company/Registrar & Transfer Agents, Karvy Computershare Private Limited at Karvy Selenium, Tower-B, Plot No.31 – 32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 before 14th July, 2015.

Name & Registered Address
of the Shareholder:

Joint Holder 1:

Joint Holder 2:

Folio No.:

DP ID.:

Client ID.:

No. of Shares:

I hereby record my presence at the TWENTY-FIFTH ANNUAL GENERAL MEETING of the Company being held at Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021 on Friday, the 24th day of July, 2015 at 3.30 p.m.

Name(s) of the Shareholder(s)/Representative/Proxy (IN BLOCK CAPITALS)	
Signature(s) of the Shareholder(s)/ Representative/Proxy	

Note: You are requested to bring your copy of the Annual Report to the Meeting.

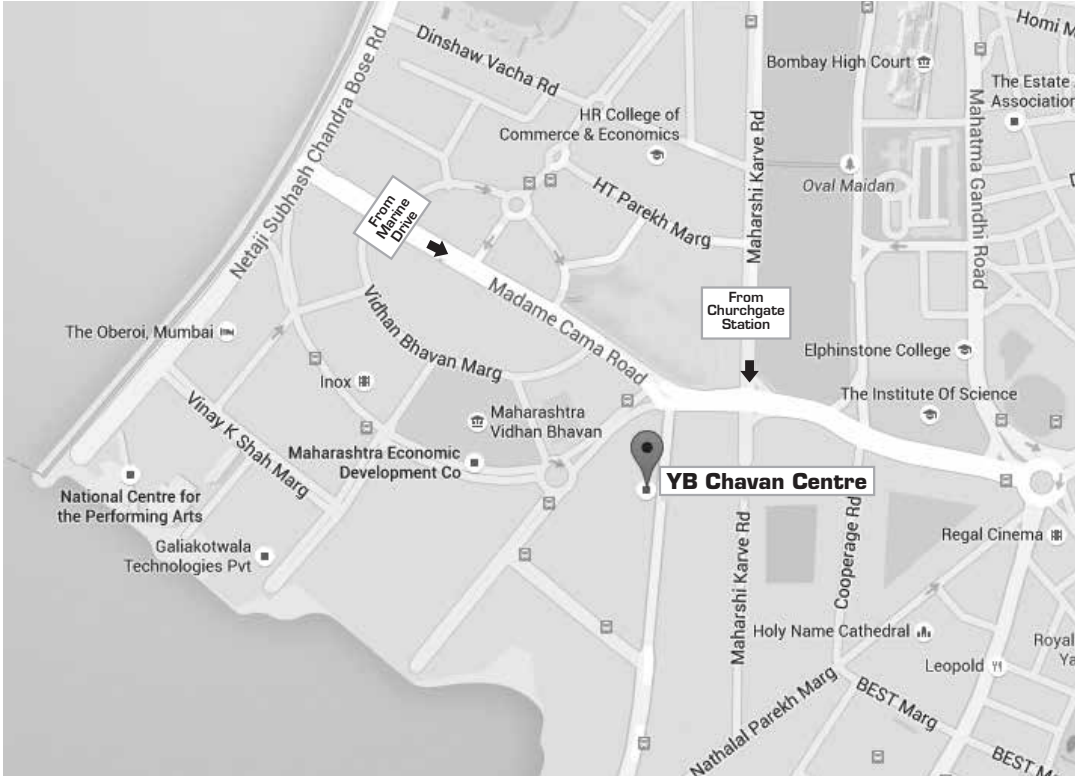
ELECTRONIC VOTING PARTICULARS

Shareholders may please note the User Id and Password given below for the purpose of e-voting in terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014.

EVEN (E-Voting Event Number)	USER ID	PASSWORD

Notes:

1. The e-voting period will commence on Monday, 20th July, 2015 (9.00 a.m. IST) and will end on Thursday, 23rd July, 2015 (5.00 p.m. IST).
2. Detailed instructions for e-voting are given in Note No.20 of the AGM Notice.



Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number : L65921MH1991PLC059642

Tel: +91 22 66526000; Fax: +91 22 24984170

Website: www.mahindrafinance.com; email: investorhelpline_mmfsl@mahindra.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):

Registered Address of the Member :

.....

E-mail Id: Folio No. / Client ID: DPID:

I/We, being the Member(s) of MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED holding Equity Shares hereby appoint :

1. Name: E-mail Id:

Address:

..... Signature: or failing him

2. Name: E-mail Id:

Address:

..... Signature: or failing him

3. Name: E-mail Id:

Address:

..... Signature:

as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held on Friday, 24th July, 2015 at 3.30 p.m. at Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai - 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Description
Ordinary Business	
1.	To receive, consider and adopt :
	a) the Audited Financial Statement for the Financial Year ended 31st March, 2015, together with the Reports of the Board of Directors and Auditors thereon, and
	b) the Audited Consolidated Financial Statement of the Company for the Financial Year ended 31st March, 2015, together with the Report of the Auditors thereon.

-
2. Declaration of Dividend on Equity Shares.
 3. Approve not to fill the vacancy created on the Board of Directors of the Company in place of Mr. Uday Y. Phadke, Director, who retires by rotation and does not seek re-appointment.
 4. Re-appointment of M/s. B. K. Khare & Co., Chartered Accountants (ICAI Firm Registration No. 105102W), as Statutory Auditors of the Company and approve their remuneration.
-

Special Business

-
5. Appointment of Mr. V. S. Parthasarathy as a Director, liable to retire by rotation.
 6. Alteration of the Articles of Association of the Company by adoption of a new set of Articles of Association.
 7. Approve payment of remuneration by way of commission up to one per cent of the net profits of the Company to the Non - Executive Directors, with effect from 1st April, 2015.
-

Signed thisday of2015

.....
Signature of Shareholder

.....
Signature of Proxyholder

Affix Revenue Stamp

Notes:

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. A person can act as Proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights; provided that a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

To,
Karvy Computershare Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium Tower B, Gachibowli,
Plot number 31 & 32, Financial District,
Nanakramguda, Hyderabad – 500 032.

UPDATION OF SHAREHOLDER INFORMATION

I/ We request you to record the following information against our Folio No.:

General Information:

Folio No.:	
Name of the first named Shareholder	
Father's/Mother's/ Spouse's Name	
Address (Registered Office address in case Member is a Body Corporate)	
E-mail ID	
PAN *	
CIN/Registration No. * (applicable to Corporate Shareholders)	
UIN (Aadhar Number)	
Occupation	
Residential Status	
Nationality	
In case member is a minor, name of the guardian	
Date of birth of the Member	
Tel No. with STD Code	
Mobile No.	

*Self attested copy of the document(s) enclosed

Bank Details:

IFSC: (11 digit)	MICR: (9 digit)
Bank A/c Type:	Bank A/c No.: *
Name of the Bank:	
Bank Branch Address:	

* A blank cancelled cheque is enclosed to enable verification of bank details

I/ We hereby declare that the particulars given above are correct and complete. I/ We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/ We understand that the above details shall be maintained by you till I/We hold the securities under the above mentioned Folio No.

Place:

Date:

Signature of Sole/ First holder

Note :

- As per the provisions of Section 88 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company needs to update its 'Register of Members' to incorporate certain new details, as required under the said provisions. We, therefore request you to furnish the above mentioned details for updation of Register of Members.
- In case of shares held in dematerialised mode, kindly furnish the above mentioned information to your respective Depository Participant.

WE



With a vision of creating a **self-reliant India**, we have **empowered millions** of aspiring individuals by providing flexible financing opportunities to **transform their dreams** and help them to **'Rise'**.

We



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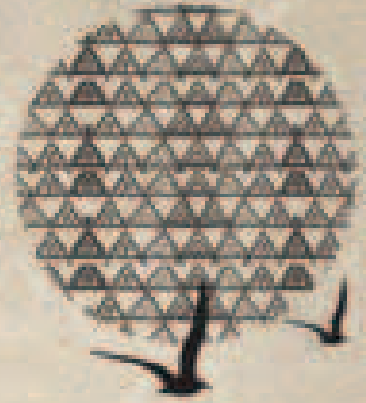
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We Believe

Our beliefs have shaped our being. We have been successful over the years because of our ability to anticipate market needs and business trends by responding with the right combination of products and partnerships. We believe we must consistently perform to deliver results responsibly, and stay true to our vision of transforming rural lives.

About Mahindra Finance



✦ Vision

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

✦ Mission

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



✦ Mahindra & Mahindra Financial Services Limited

Mahindra & Mahindra Financial Services Limited (MMFSL) is a subsidiary of the Indian conglomerate Mahindra & Mahindra (M&M). It is a leading Non-Banking Financial Company (NBFC) catering to the financing needs of the large population residing in rural and semi-urban areas of India. We provide a range of retail products and services, such as financing utility vehicles for commercial use and personal use, tractors, SME loans, and many other financial products.

On recognizing the demand in niche segments, we have introduced Mutual Fund Distribution, Fixed Deposit Schemes and Personal Loans. Our subsidiary, Mahindra Insurance Brokers Limited, is in the business of distributing life and non-life insurance products through tie-ups with the various leading insurance companies.

✦ Core Purpose

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

✦ Core Values

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

Brand Pillars

- ◆ Accepting No Limits
- ◆ Alternative Thinking
- ◆ Driving Positive Change

Operational & Financial Highlights

Operational Highlights

Number of Contracts

	15,57,622
10 - 11	20,24,038
11 - 12	25,57,172
12 - 13	31,19,034
13 - 14	36,34,688
14 - 15	

Estimated Value of Assets Financed (Rs. in lacs)

	14,41,987
10 - 11	19,50,433
11 - 12	23,83,858
12 - 13	25,40,002
13 - 14	24,33,110
14 - 15	

Financial Highlights

Total Income

(Rs. in lacs)

	1,97,751
10 - 11	2,79,459
11 - 12	3,89,470
12 - 13	4,95,300
13 - 14	5,58,471
14 - 15	

Total Assets

(Rs. in lacs)

	13,68,297
10 - 11	18,56,156
11 - 12	25,49,242
12 - 13	31,66,572
13 - 14	35,07,415
14 - 15	

Reserves & Surplus

(Rs. in lacs)

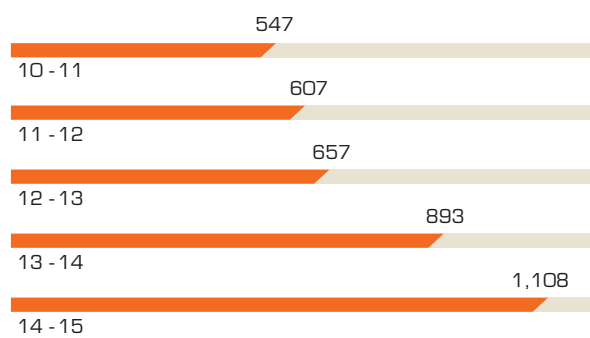
	2,38,764
10 - 11	2,84,832
11 - 12	4,34,197
12 - 13	4,98,151
13 - 14	5,55,658
14 - 15	

Networth

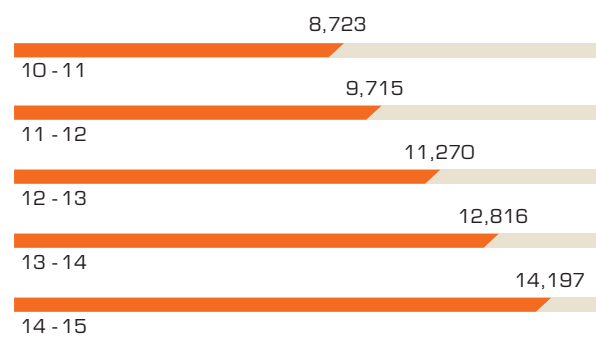
(Rs. in lacs)

	2,49,009
10 - 11	2,95,101
11 - 12	4,45,458
12 - 13	5,09,422
13 - 14	5,66,941
14 - 15	

Number of Offices

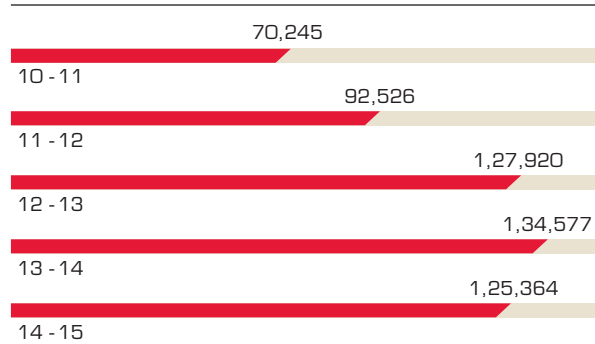


Number of Employees Engaged



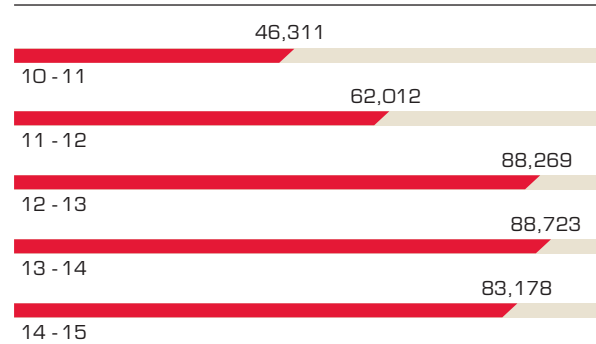
Profit Before Tax

(Rs. in lacs)



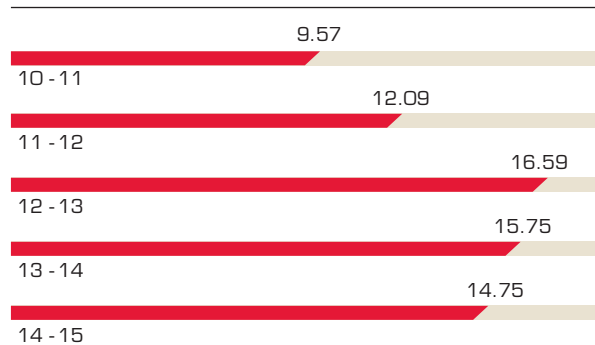
Profit After Tax

(Rs. in lacs)



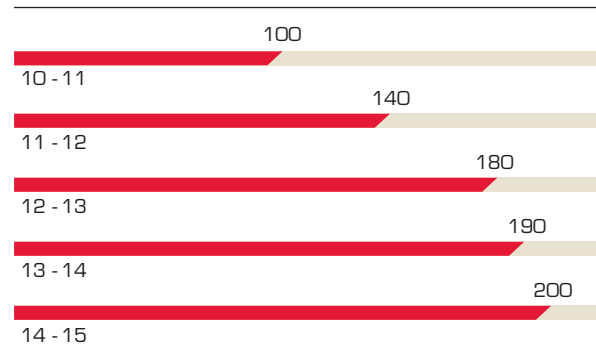
EPS (Basic)

(Rs.)



Dividend

[%]

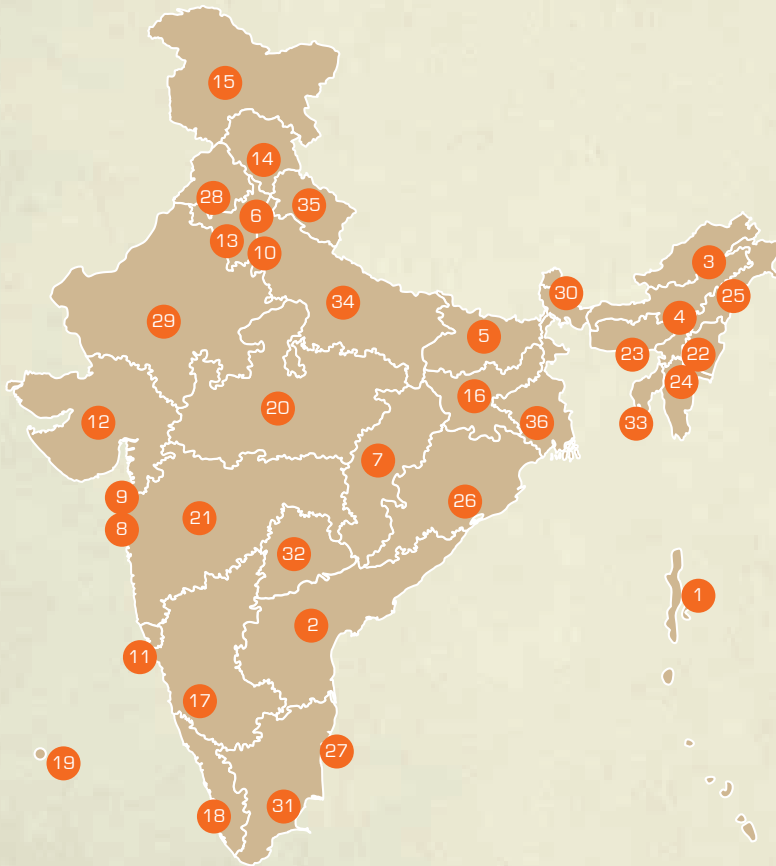


Group Structure



Geographic Presence

Presence in villages across India



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

States		No of Villages MF Presence
1	Andaman & Nicobar Islands	198
2	Andhra Pradesh	8042
3	Arunachal Pradesh	124
4	Assam	4410
5	Bihar	19608
6	Chandigarh	21
7	Chhattisgarh	8945
8	Dadra & Nagar Haveli	61
9	Daman and Diu	22
10	Delhi	250
11	Goa	14
12	Gujarat	11744
13	Haryana	5278
14	Himachal Pradesh	5640
15	Jammu and Kashmir	1556
16	Jharkhand	6340
17	Karnataka	13891
18	Kerala	1642
19	Lakshadweep	1
20	Madhya Pradesh	25731
21	Maharashtra	20522
22	Manipur	3
23	Meghalaya	1213
24	Mizoram	38
25	Nagaland	1
26	Odisha	10437
27	Puducherry	73
28	Punjab	6318
29	Rajasthan	18308
30	Sikkim	321
31	Tamil Nadu	9793
32	Telangana	7119
33	Tripura	318
34	Uttar Pradesh	35495
35	Uttarakhand	2332
36	West Bengal	15557
GRAND TOTAL		241366

Product Portfolio



At Mahindra Finance, we are evolving constantly by introducing new products, entering new markets and expanding our business segments.

Vehicle Financing

- ◆ Auto and Utility Vehicles
- ◆ Tractors
- ◆ Cars
- ◆ Commercial Vehicles
- ◆ Construction Equipment



Pre-Owned Vehicle Financing

- ◆ Cars
- ◆ Multi-utility Vehicles
- ◆ Tractors
- ◆ Commercial Vehicles



SME Financing

- ◆ Project Finance
- ◆ Equipment Finance
- ◆ Working Capital Finance



Housing Finance*

- ◆ New House
- ◆ House renovation and improvements

* Through our subsidiary Mahindra Rural Housing Finance Limited



Personal loan

- ◆ Wedding
- ◆ Children's Education
- ◆ Medical Treatment
- ◆ Working Capital



Insurance Broking*

- ◆ Retail Customers
- ◆ Corporates

* Through our subsidiary Mahindra Insurance Brokers Limited



Investments and Advisory

- ◆ Investment Products
 - Fixed Deposits

- ◆ Advisory Services

– Investment planning (under the brand Mahindra Finance Finsmart)



**We believe in
the power of
rural India
as the growth**

enoc



pline



that will
drive our
country forward.



India's villages have for long been the barometer of national transformation. For a country, where a majority of its population resides in rural areas, true change can only happen if people living here experience the benefits of change and prosperity.

1.3%

Vehicle loan-to-GDP ratio in India

53 MN

Mobile internet users in rural India

60 MN

Houses to be built by Government of India by 2022

At Mahindra Finance, we have always believed that it is possible to transform rural lives with the right kind of financial empowerment, and that has been our consistent endeavour. **Our belief has been validated over the years, and we continue to remain invested in the potential of rural India.** We have provided capital for better livelihoods and new forms of employment. Thus, Mahindra Finance has been a part of the rural growth story since its inception.

India's economic change story over the last decade has made as much influence on its rural landscape as it has on the urban areas. Collectively, all over India's rural heartland and in its teeming cities, India appears to be readying for an even more impressive era of economic growth.

Between 2003-04 and 2013-14, domestic tractor sales more than trebled from under 1.9 lac to over 6.3 lac units. **Vehicle loans witnessed a healthy 14% CAGR over FY08-FY14. Still, the vehicle loan-to-GDP ratio in India is a low 1.3%.** The overall vehicle loan growth is expected to be 15-18% over the next four years.¹

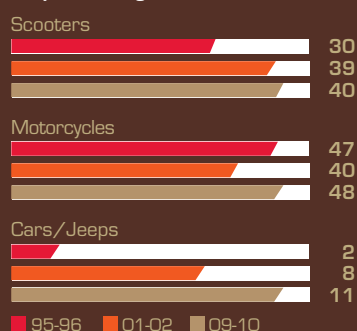
The number of mobile internet users in rural India is set to grow to 53 million users by June 2015.²

Over the past decade, the government has stepped up its rural spending, leading to double-digit growth in per capita income in rural India. We feel that the sharper focus on infrastructure across the country, the setting up of industrial corridors and the likely expansion of suburbs as cost of living in metros increases would lead to greater transformation of India's villages. **The soon to be launched Rs. 98,000 crore Smart City and AMRUT projects are an ambitious roadmap to transform India.** The Government aims to build 60 million houses in urban and rural areas and provide housing to all by the year 2022. This will have a significant impact on the construction and real-estate sectors.

With the development of roads we expect vehicle sales to rise. Similarly, with increasing road density the penetration of cars and commercial vehicles will increase.

These factors support our view of an increase in auto and housing demand over the medium term. Committed to providing genuine financing solutions, we aim to propel rural India to higher productivity and improved socio-economic well-being.

Automobile - share of rural market as percentage of all India market



Source: Edelweiss Research
Graphs not to scale

¹ Report on Retail tailwinds, Anand Rathi

² Report 'Mobile Internet in India 2014', released by the Internet & Mobile Association of India (IAMAI) and IMRB International

We believe
in creating an
unparalleled

real





reach
across India's length
and breadth.



True financial inclusion can only be achieved through an intensive and extensive presence. We have created a vast network in order to be closer to our customers across the country.



3.6+ MN

Customer base

2.4+ LAC

Number of villages covered

1,108

Number of offices across India

We believe in reaching customers, whatever the location or the social strata. **The cornerstone of our continued growth over the years has been the ability to have a deep local connect with the market and customer**, without losing sight of national opportunities.

We strengthen customer engagement by being closer to people, listening to their requirements and trying to improve our products and services, based on their insights. **We have a presence in over 2,41,000 villages, i.e. one out of every three villages in India.** Our sensitivity to local cultures and aspirations has enabled us to become trusted advisors of our customers.

To better understand and cater to the local requirements, we have consciously aimed at recruiting local people and empowering them to take decisions that help us build the trust among our customers. We have carved a niche through our two decades of dominant presence in rural markets which enables us to achieve a larger customer base. **We are catering to underserved rural and semi-urban markets through our strong presence.** We partner aspirations through our extensive reach and diversified product portfolio. Our vast network enables us to deliver solutions with speed and consistency. The result is an improved customer experience and greater brand recall.

Initiatives in 2014-15

- ◆ Expanded network to **1,108 offices in 26 states** and **5 union territories** in India to deepen penetration across markets
- ◆ **Increased visibility** across various platforms in all key markets to reinforce the brand
- ◆ Organised **several dealer meets** to strengthen brand awareness
- ◆ **Pan-India network** enables a wider and deeper reach, redefining consumer experience

We believe in
being an

an



holder



of self employment,
farm mechanisation,
affordable housing
and access to essential
financial products
and services.



We believe in driving financial inclusion through our innovative and cost-effective delivery model that empowers India's rural community and protects the integrity of financial services in a transparent manner.

Rs. **36,878** CR

Total Assets under Management (AUM)

Rs. **24,331** CR

Total loans disbursed in 2014-15

Rs. **4,680** CR

Fixed Deposits Outstanding as of March 31, 2015

We understand the background of our customers and endeavour to provide livelihoods. **We believe in the 'bande mein hai dum' philosophy, that signifies a confidence in our customers' abilities.** We stand by them in their difficult times by providing all kinds of products and services from financing utility vehicles for personal and commercial use, tractors, SME loans to mutual fund distribution, fixed deposit schemes, insurance products and personal loans. Over the years, we have developed the insight to understand the exact requirements of customers and deliver customised solutions to suit their specific needs.

We have consistently spread our business presence across the spectrum of financial services products which include a host of secured lending and wealth management products. We are a one-stop destination for varied financial needs for retail and enterprise customers. **We have strategically entered and developed new businesses, spread to multiple locations and created functions that operate at various levels.** We recognize that access to affordable finance can enhance productivity and change the financial future of a rural household. Our lending strategy aims to ensure that the financial security of rural India is secured, while offering specialized credit solutions at the best possible rates.

We provide a range of financial products and services to customers through our nationwide distribution network. **Through our focus on asset quality, we have been able to control delinquencies within reasonable levels.** We have established a robust risk management framework and are continuously engaged in reinforcing risk management practices.

**We believe that
technology
will be a crucial facilitator
in building**

svst



teams



and processes
that drive our
value delivery.



We believe technology is our trusted ally in the creation of business value. It plays a crucial role in improving productivity, reach a broader audience and deliver better customer experience.



Our business model is supported by a powerful technology platform that helps us to rationalize credit approval, administrative and monitoring procedures on a real-time basis. **We believe in constantly updating our technology to keep costs low and deliver enhanced customer service.** We have standardised our processes to enable better and more cost-effective access to our customers. And we believe in fostering innovation to elevate our organization to the next level. We are consistently making significant investments in leveraging technology across our business functions and processes. We aim to provide suitable financial products and services at an affordable cost and in a fair and transparent manner; with the support of advanced technology.

During the year, process automation initiatives were effectively rolled out that enhanced operational efficiency, reduced turnaround time and bolstered process compliance. **Several IT enabled initiatives were executed that focused on training and development and welfare needs of the workforce.** Our offices are connected to Mumbai's centralised data centre through leased line. Our sales force is equipped with a modern Hand-Held Devices. These devices are connected by GPRS to the central server and provide:

- ◆ Prompt intimation by SMS to customers
- ◆ Complete information to handle customer queries with real-time transaction security
- ◆ MIS of On-line collection on management's dashboard
- ◆ Recording customer commitments

We believe
in the

struc



mind



relationships we
have built across
multiple stakeholder
groups.



Our ability to create long-term sustainable relationships with our stakeholders based on mutual respect and fairness is at the heart of our success.



5.15 LAC

Number of New
Contracts in 2014-15

2.45 LAC

Number of Fixed
Deposits as on
March 31, 2015

Rs. **15.3** BN
Total Consortium Size

Understanding the needs of customers, pursuing new opportunities for them, and delivering unique solutions in line with their expectations is vital to us. **When customers succeed, we succeed;** and we look at our business through the prism of mutual benefit.

Our best-in-class product portfolio is the result of thorough knowledge of customer aspirations. Through quality product portfolio, we have been able to strengthen relationships with our customer base across various industries. **Our focused efforts on both asset and liability side of the balance sheet with rebalanced funding mix, along with our leadership in rural markets provides an added advantage.** We are preferred partners of prominent OEMs and global equipment manufacturing giants in India. We are associated with a large number of dealers, providing us with stable business and cross-selling opportunities.

Our fund mix is evenly distributed across the major financial instruments and institutions.

We believe in transparency and candid communication with our investors and regulators, and at the same time managing our balance sheet well. These initiatives have helped us emerge as one of India's most respected NBFCs. **Our unwavering value-based approach to business strengthens our brand reputation and recall.** This translates into sizeable repeat and referral business opportunities from existing and past customers.

We believe
that our people
are the
driving

force



CEE



behind our
vision of
transforming
rural lives.



We believe in the potential of our people, who push the levers of change at Mahindra Finance. Our encouraging performance over the years reflects the ability and acumen of our vast talent pool.



30+


Average employee age as on March 31, 2015

1,381

Increase in team strength in 2014-15

14,197

Team members as on March 31, 2015



We are committed to the growth and development of our human capital, which represents our brand promise. **We are convinced that the resilience, trust and integrity that brings our 14,197 employees together as one team, form the fundamentals of sustainable and successful partnerships,** wherever we do business.

- ◆ Nurturing the professional aspirations of all employees and enabling career progression through increased responsibilities and enhanced recognition
- ◆ Fostering personal and professional growth through knowledge management and training and development programs
- ◆ Stimulating higher levels of all-round performance through best-in-class HR practices and performance management
- ◆ Creating an entrepreneurial environment for growth while balancing it with risk management and professional rigour

Our focus is to develop talent and identify future leaders who will help our business succeed in a constantly evolving scenario. Our brand traction and progressive HR policies enable us to attract and retain the best industry talent.

Sustainability

At Mahindra Finance we believe in the triple bottom-line approach that aims to bring about progress not only in profits but also with people and the planet. We work on the People and Planet planks and are engaged in a number of Corporate Social Responsibility initiatives directed at – Community Development, Employability Enhancement and Environment Sustenance. We are committed to financial inclusion and providing access to financial services to customers in semi-urban and rural locations.

Inspired by Rise, our core philosophy and Alternate Thinking we have always put our best foot forward to drive a positive change in the society and foster inclusive growth. We work towards empowering lives through education, healthcare and environmental change in rural India and constantly touch the lives of underprivileged communities across the country.



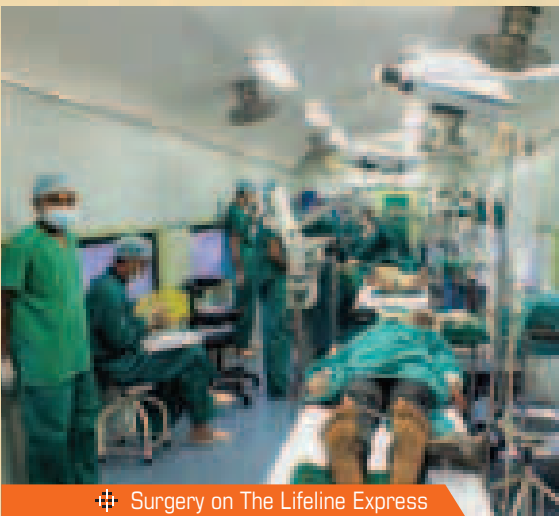
Member of Dow Jones Sustainability Indices



Tree Plantation Drive



Blood Donation Camp



Surgery on The Lifeline Express



Transforming lives through Education



Lifeline Express Counter



Ambulance Donation

Awards & Recognition

- ♦ **Mr. Ramesh Iyer**, was adjudged the **Best CEO - Financial Services Sector Mid Cap** by Business Today at an Awards function held in Delhi on 28th November, 2014. He was also short-listed in the Top 5 overall Best CEO mid-cap category across all Industry.
- ♦ Mahindra Finance won the **Golden Peacock National Training Award**. The award was presented by Shri Oommen Chandy, Hon'ble Chief Minister of Kerala during the 24th World Congress on Total Quality & Leadership.
- ♦ Mahindra Finance **ranks 83rd** among 500 plus participating organizations in **Great Places to Work 2014**.
- ♦ **Mr. V. Ravi** received the **"CFO 100 Roll of Honour 2014"** award in the category - 'Winning Edge in Raising Capital/Fund Management – Revenues above Rs. 1,000 Crores' in the year 2014.
- ♦ **Mr. V. Ravi** was awarded **"CFO 100 League of Excellence 2015"** award by **CFO 100** in the year 2015.





✦ Mr. Ramesh Iyer receiving the Best CEO - Financial Services Sector Mid Cap by Business Today



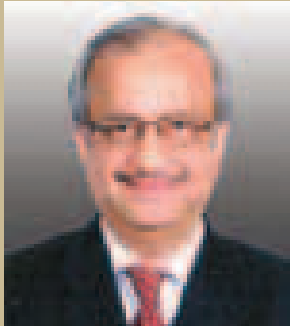
✦ Mr. V. Ravi receiving the "CFO 100 League of Excellence 2015" award by CFO 100 in the year 2015

- ✦ Mahindra Finance has been listed on **Dow Jones Sustainability Index (DJSI)** – Emerging Market Trends for two years consecutively – 2013 and 2014.
- ✦ Mahindra Finance is now a part of the **Carbon Disclosure Leadership Index (CDLI) 2014**.

- ✦ Mahindra Rural Housing Finance Limited (MRHFL) has been awarded the **"Platinum Award"** under the category 'Social Development' and sub-category of 'Rural Upliftment' by Assocham's 3rd Innovation Excellence Award 2014.

- ✦ Mahindra & Mahindra Financial Services Limited has been declared as the winner of **'Golden Peacock HR Excellence'** for the year 2014.
- ✦ Mahindra Finance is among **'India's Top 500 Companies 2014'** as per **Dun & Bradstreet'**.

Board of Directors



✦ Mr. Bharat Doshi
Chairman



✦ Mr. Dhananjay Mungale
Independent Director



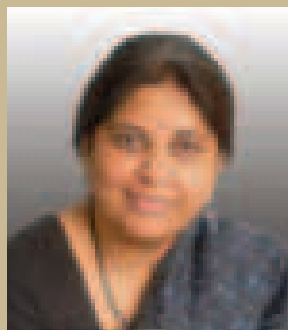
✦ Mr. Uday Phadke
Director



✦ Mr. M. G. Bhide
Independent Director



✦ Mr. Piyush Mankad
Independent Director



✦ Ms. Rama Bijapurkar
Independent Director



✦ Mr. V. S. Parthasarathy
Director



✦ Mr. C. B. Bhave
Independent Director



✦ Mr. Ramesh Iyer
Managing Director

Corporate Information

Directors

Bharat Doshi - Chairman
 Uday Y. Phadke
 Dhananjay Mungale
 M. G. Bhide
 Piyush Mankad
 C. B. Bhavé
 Rama Bijapurkar
 V. S. Parthasarathy
 Ramesh Iyer - Managing Director

Chief Financial Officer

V. Ravi

Company Secretary

Arnavaz M. Pardiwala

Registered Office

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

Corporate Office

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

Committees of the Board

Audit Committee

Dhananjay Mungale - Chairman
 Uday Y. Phadke
 M. G. Bhide
 Piyush Mankad
 C. B. Bhavé
 Rama Bijapurkar
 V. S. Parthasarathy

Nomination and Remuneration Committee

Piyush Mankad - Chairman
 Bharat Doshi
 Dhananjay Mungale
 Uday Y. Phadke
 M. G. Bhide

Stakeholders Relationship Committee

Rama Bijapurkar - Chairperson
 M.G. Bhide
 Uday Y. Phadke
 Ramesh Iyer

Asset Liability Committee

M. G. Bhide - Chairman
 Dhananjay Mungale
 Uday Y. Phadke
 Ramesh Iyer
 V. S. Parthasarathy

Risk Management Committee

C. B. Bhavé - Chairman
 Dhananjay Mungale
 M. G. Bhide
 Rama Bijapurkar
 V. S. Parthasarathy

Corporate Social Responsibility Committee

Bharat Doshi - Chairman
 Piyush Mankad
 Uday Y. Phadke
 Ramesh Iyer

Strategy Committee for Acquisitions

M. G. Bhide
 Dhananjay Mungale
 V. S. Parthasarathy

Auditors

B. K. Khare & Co.
 Chartered Accountants,
 706/708, Sharda Chambers,
 New Marine Lines,
 Mumbai - 400 020.

Solicitors

Khaitan & Co.
 One Indiabulls Centre, 13th Floor,
 841, Senapati Bapat Marg,
 Elphinstone Road,
 Mumbai - 400 013.

Debenture Trustee

Axis Trustee Services Limited
 Axis House, 2nd Floor,
 Bombay Dyeing Mills Compound,
 Pandurang Budhkar Marg, Worli,
 Mumbai - 400 025
 Ph: 022 2425 5215/16
 Fax: 022 2425 4200
 Email: debenturetrustee@axistrustee.com

Registrar and Share Transfer Agents

Karvy Computershare Private Limited
 Karvy Selenium Tower B,
 Plot number 31 & 32,
 Gachibowli, Financial District,
 Nanakramguda,
 Hyderabad - 500 032
 Tel.: + 91 40 67162222
 Fax: + 91 40 23001153
 Website : www.karvy.com
 E-mail : support@karvy.com;
 einward.ris@karvy.com
 (address changed w.e.f. April, 2015)

Bankers

Abu Dhabi Commercial Bank
 Allahabad Bank
 Andhra Bank
 Axis Bank
 Bank of America
 Bank of Bahrain & Kuwait B.S.C
 Bank of Baroda
 Bank of India
 Bank of Maharashtra
 Barclays Bank
 Canara Bank
 Central Bank of India
 Citibank N.A.
 Corporation Bank
 Credit Suisse AG
 Dena Bank
 Deutsche Bank
 FirstRand Bank
 HDFC Bank
 The Hongkong and Shanghai Banking Corporation Limited
 ICICI Bank
 IDBI Bank
 Indian Bank
 IndusInd Bank
 Industrial & Commercial Bank of China
 ING Vysya Bank
 Kotak Mahindra Bank
 Oriental Bank of Commerce
 Punjab and Sind Bank
 Punjab National Bank
 Standard Chartered Bank
 State Bank of Bikaner and Jaipur
 State Bank of Hyderabad
 State Bank of India
 State Bank of Patiala
 Syndicate Bank
 The Bank of Novascotia
 The Royal Bank of Scotland N.V.
 UCO Bank
 Union Bank of India
 United Bank of India
 United Overseas Bank
 Vijaya Bank
 Yes Bank

Summary of Results

(Rs. in Lacs unless indicated otherwise)

Sr. No.	Particulars	F- 2015	F- 2014	F- 2013	F- 2012	F- 2011	F- 2010	F- 2009	F- 2008	F- 2007	F- 2006
1	Estimated Value of Assets Financed	2433110	2540002	2383858	1950433	1441987	891536	628122	584972	544094	447791
2	No. of Contracts	3634688	3119034	2557172	2024038	1557622	1189848	973493	815665	641087	467977
3	Total Assets	3507415	3166572	2549242	1856156	1368297	942578	775898	723857	640343	510796
4	Total Income	558471	495300	389470	279459	197751	155026	137787	121827	83290	58875
5	Profit before depreciation & tax	129516	137006	130144	94482	71824	53047	33435	28070	21014	16731
6	Depreciation	4152	2430	2224	1956	1579	990	873	873	743	517
7	Profit before tax	125364	134577	127920	92526	70245	52057	32562	27197	20272	16214
8	Profit after tax	83178	88723	88269	62012	46311	34271	21452	17702	13288	10827
9	Dividend %	200	190	180	140	100	75	55	45	40	35
10	Equity Share Capital	11283	11271	11260	10269	10245	9598	9571	9529	8402	8331
11	Reserves & Surplus	555658	498151	434197	284832	238764	163258	137345	121898	69422	59947
12	Net Worth	566941	509422	445458	295101	249009	172856	146916	131426	77823	68278
13	No. of Employees Engaged	14197	12816	11270	9715	8723	6972	5981	5690	4730	4012
14	No. of Offices	1108	893	657	607	547	459	436	436	403	305
15	Earnings Per Share - Basic (Rs.) (Face value - Rs.2/- per share)	14.75	15.75	16.59	12.09	9.57	7.16	4.49	4.16	3.16	2.92
16	Earnings Per Share - Diluted (Rs.) (Face value - Rs.2/- per share)	14.62	15.60	16.40	11.93	8.91	7.07	4.43	3.65	3.07	2.88

Statutory Reports

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Directors' Report

To,

The Members of
Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Twenty-Fifth Report together with the audited accounts of your Company for the Financial Year ended 31st March, 2015.

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

PERFORMANCE HIGHLIGHTS

- ◆ Consolidated income for the year increased by 14% to Rs.6,060.91 Crores as compared to Rs.5,300.55 Crores in 2013-14;
- ◆ Consolidated income from operations for the year was Rs. 6,021.14 Crores as compared to Rs. 5,275.23 Crores in 2013-14, a growth of 14%;
- ◆ Consolidated profit before tax for the year was Rs.1,399.87 Crores as compared to Rs. 1,461.53 Crores in 2013-14;
- ◆ Consolidated profit after tax and minority interest for the year was Rs. 912.91 Crores as compared to Rs.954.42 Crores in 2013-14.

FINANCIAL RESULTS

Rs. in Crores

	CONSOLIDATED		STANDALONE	
	March 2015	March 2014	March 2015	March 2014
Total Income	6,060.9	5,300.6	5,584.7	4,953.0
Less : Finance Costs	2,643.0	2,281.0	2,496.7	2,188.0
Expenditure	1,972.5	1,532.0	1,792.9	1,394.9
Depreciation/Amortisation	45.5	26.1	41.5	24.3
Total Expenses	4,661.0	3,839.1	4,331.1	3,607.2
Profit Before Tax	1,399.9	1,461.5	1,253.6	1,345.8
Less : Provision For Tax				
Current Tax	576.1	580.0	520.0	535.4
Deferred Tax	(101.1)	(83.3)	(98.2)	(76.8)
Profit After Tax for the Year before Minority Interest	924.9	964.8	831.8	887.2
Less : Minority Interest	12.0	10.4	-	-
Profit After Tax for the Year after Minority Interest	912.9	954.4	831.8	887.2
Add : Amount brought forward from Previous Years	1,883.4	1,457.5	1,728.3	1,358.8
Add : Transfer of opening balance in profit and loss statement on amalgamation of Mahindra Business & Consulting Services Private Ltd	-	-	5.3	-
Less : Transitional depreciation charge/Special Reserve	9.6	-	3.2	-
Amount available for Appropriation	2,786.7	2,411.9	2,562.2	2,246.0

Rs. in Crores

	CONSOLIDATED		STANDALONE	
	March 2015	March 2014	March 2015	March 2014
Appropriations				
General Reserve	88.8	91.6	83.2	88.7
Statutory Reserve	179.3	184.7	166.4	177.5
Proposed Dividend on Equity Shares	227.5	216.1	227.5	216.1
Income-tax on Proposed Dividend	45.5	36.1	44.2	35.4
Surplus carried to Balance Sheet	2,245.6	1,883.4	2,040.9	1,728.3

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 83.2 Crores to the General Reserve and Rs.166.4 Crores to the Statutory Reserve. An amount of Rs. 2,040.9 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 4 per Equity Share of the face value of Rs. 2 each payable to those Members whose names appear in the Register of Members as on the Book Closure date. The dividend including dividend tax will absorb a sum of Rs. 271.7 Crores [as against Rs. 251.5 Crores on account of dividend of Rs. 3.80 per Equity Share paid for the previous year].

OPERATIONS

Your Company during the year under review, continued to offer a wide range of financial products and services to its customers through diversification of its product portfolio within its vehicle financing business as well as through the introduction and growth of other financial products in rural and semi-urban markets. The overall disbursement registered a decline of 4% at Rs. 24,331.1 Crores as compared to Rs. 25,400.0 Crores in the previous year, on account of difficult market conditions. Despite the diminution in disbursement, your Company was able to retain its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its

lending to vehicles of other Original Equipment Manufacturers (OEMs).

Your Company has a pan-India presence with a network of 1,108 offices, which is one of the largest amongst Non-Banking Financial Companies operating in rural and semi-urban areas. The new branches opened by the Company in the villages are aimed at enhancing collections and providing services closer to the customers' doorsteps. Your Company's nationwide network of branches and locally recruited employees have facilitated in catering to the diverse financial requirements of its customers as well as in developing and strengthening relationship with them. Your Company has cumulatively financed over three and half million customers since its inception.

Total Income grew by 13% to Rs. 5,584.7 Crores for the year ended 31st March, 2015 as compared to Rs. 4,953.0 Crores for the previous year. Profit Before Tax (PBT) declined by 7% to Rs. 1,253.6 Crores as compared to Rs. 1,345.8 Crores for the previous year. Profit After Tax (PAT) declined by 6% to Rs. 831.8 Crores as compared to Rs. 887.2 Crores in the previous year.

During the year under review, the Assets Under Management stood at Rs. 36,878 Crores as at 31st March, 2015 as against Rs. 34,133 Crores as at 31st March, 2014.

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

DISTRIBUTION OF MUTUAL FUND PRODUCTS

During the year under review, the activity of distribution of Mutual Fund Products (MFP) was carried out across 157 branches covering 20 States. As on 31st March, 2015, the amount of Assets Under Management outstanding through the Company's Advisory and Distribution Services on MFP, aggregate of institutional and retail segment, was Rs. 1,601.45 Crores and the number of clients stood at 42,967.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. A Report on Corporate Governance along with a Certificate from the Statutory Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are annexed to this Report.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2015 was Rs.113.75 Crores comprising of 56,87,64,960 Equity Shares of the face value of Rs.2 each. During the year under review, the Company has neither issued shares with differential rights as to dividend, voting or otherwise, nor has issued sweat equity, other than Employee Stock Options under the Employees' Stock Option Scheme referred to in this Report. As on 31st March, 2015, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

STOCK OPTIONS

During the year under review, on the recommendation of the Nomination and Remuneration Committee of your Company, the Trustees of the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust have granted 16,01,507 Stock Options to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2010. No new Options have been granted under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme - 2005.

Disclosure pertaining to details of the grants under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2005 and Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2010, in compliance with Clause 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are set out in **Annexure I** to this Report. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Voting rights on the Shares issued to employees under the aforesaid schemes are either exercised by them directly or through their appointed proxy.

ECONOMY

The global economy continued to expand during 2014 at a moderate, however, uneven pace at 3.3% up from 3% in 2013. Increasingly divergent trends have been observed in major economies. U.S. exceeded growth expectations. India and the U.K. recorded significant pickups in economic growth. Eurozone showed modest recovery in growth. However, this was offset by Japan struggling to strengthen its weak recovery, further slowdown in China, Russian and Brazilian economies faltering. Weaker-than-expected growth has been reflected in falling oil prices, which in turn have pushed inflation rates lower. Central banks have responded with a new wave of stimulus measures. The Reserve Bank of India's (RBI) inflation focus, strong government mandate, over and above the benign global commodity prices have led to improvement in India's economic fundamentals.

India's macroeconomic fundamentals have improved in 2014-15. The annual growth rate of the Indian economy is estimated to have increased to 7.4% in 2014-15 as compared to 6.9% in the fiscal year 2013-14. The growth in 2014-15 is largely due to domestic demand. The growth in the exports is projected to be only 0.9% and the growth rate of imports, around -0.5%. The deceleration in imports owe substantially to the sharp decline in international oil prices. Acceleration in services and manufacturing growth in the face of subdued global demand conditions point to the strengthening of domestic demand. Manufacturing is expected to grow further with the Government of India making it a focus area with the

'Make in India' initiative. However, agriculture suffered due to poor monsoon. The Gross Value Added (GVA) at basic prices in agriculture is expected to decline from 3.7 per cent in 2013-14, an exceptionally good previous year from the point of view of rainfall, to 1.1 per cent in 2014-15. Inflation has declined by over 6 percentage points since late 2013. Current Account Deficit came down from a peak of 6.7% of GDP (in Q3, 2012-13) to an estimated 1% in 2014-15. The average Wholesale Price Index inflation declined in 2014-15 to 3.5% (April-December) vis-à-vis 8.9% in 2013-14. Average retail inflation moderated to 6.3% in 2014-15 (April-December) from 9.5% in 2013-14.

With easing of inflationary conditions, the RBI signalled softening of the monetary policy stance by cutting policy repo rates by 25 bps in January and 25 bps in February to 7.5%. RBI also reduced the Statutory Liquidity Ratio by 50 bps to 21.5% of Net Demand and Time Liabilities (NDTL). RBI decided to infuse liquidity to banks on weekends through MSF operations. Liquidity conditions are expected to be comfortable in the coming year. These conditions should augur well for a reinvigoration of private consumption demand. This coupled with a stable government, thrust on rural infrastructure and reforms, it is expected that India's growth will be strong.

The Company has maintained its leadership position for vehicles and tractors in the rural and semi-urban markets. Despite unfavourable monsoons affecting the tractor segment, the Company maintained a healthy growth of business backed by growth in the overall auto industry. All vehicle categories were in the positive territory except for commercial vehicles, which are gradually moving towards positive territory.

Source for global growth rates:

1. <http://www.imf.org/external/pubs/ft/weo/2015/update/O1/info.htm>
2. <http://www.kpmg.com/IN/en/services/Tax/FlashNews/IES-2014-15.pdf>
3. <http://rbi.org.in>

FINANCE

During the year under review, the Reserve Bank of India (RBI) remained focused on keeping the economy on a disinflationary glide path and targeted to hit 8% Consumer Price Index (CPI) inflation by January 2015 and 6 % by January 2016. The RBI continued its stance against inflation by holding the policy rates for the first nine months of the Fiscal Year 2014-15, while allowing the effects of past monetary policy tightening to work to bring down inflation. However, at the same time, RBI through active liquidity management operations ensured that Liquidity conditions remained broadly stable and it continued to provide liquidity through overnight and term repos. RBI remained committed to provide liquidity/credit to the productive sectors, and hence reduced the Statutory Liquidity Ratio (SLR) by 150 basis points (bps) during the year. With softening of international commodity prices, particularly crude oil, CPI decelerated sharply in second half of the year from September 2014, which allowed the RBI to cut the policy (Repo) rates by 50 bps during the last quarter of the year. The actions of RBI resulted in sovereign and corporate bond yields declining by 80 bps and more in the year. However, despite a generalized fall in the cost of funds, banks did not transmit that by reducing their base rates. Liquidity conditions remained in a deficit but stable mode throughout the year. However, your Company was able to take advantage of reduction in interest rates by

devising appropriate borrowing strategies and ensuring that prudent Asset Liability Management Guidelines are adhered to.

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Commercial Papers, etc., and maintained prudential Asset/Liability match throughout the year. Your Company sourced long term debentures and loans from banks and other institutions at attractive rates.

Your Company also issued Subordinated Debt amounting to Rs. 215 Crores and successfully completed five at par securitisation transactions aggregating to Rs. 722.3 Crores.

During the year, your Company actively participated in a number of investor meets both in India and abroad organised by reputed Global and Domestic Broking Houses. Your Company also periodically conducted analysts' meets and conference calls to communicate details of performance, important developments and exchange of information.

CAPITAL ADEQUACY

As on 31st March, 2015, the Capital to Risk Assets Ratio (CRAR) of your Company was 18.3%, which is well above 15.0% CRAR prescribed by the RBI.

RBI GUIDELINES

The Company has complied with all the applicable regulations of the Reserve Bank of India (RBI). As a prudent practice, your Company makes accelerated provisioning for Non-Performing Assets (NPAs) than that required by RBI for NBFCs. Your Company continues to make a general provision at 0.40% on the standard assets outstanding as against 0.25% mandated by the RBI.

CREDIT RATING

During the year under review, India Ratings & Research Private Limited, which is part of Fitch Group, upgraded the rating of the Company's National Long-term instrument and Lower Tier II Subordinated Debt programme to 'IND AAA/Stable' from 'IND AA+/Stable'.

During the year under review, CARE Ratings, has assigned the 'CARE AAA' rating to the Company's Long-term Debt instruments and Lower Tier II Subordinated Debt programme.

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'.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risks.

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.

ACHIEVEMENTS

During the year under review, your Company was awarded the 'Golden Peacock HR Excellence' for 2014, the Golden Peacock National Training Award, CII National HR Excellence Award, CSR Award by Indian Development Foundation, and the BFSI Award for CSR, Health Care

and Combating Diseases category.

Your Company has won three awards in the "IT-NEXT 100 CIOs" for the third year in a row as well as topped the charts by winning the highest number of PRCI (Public Relations Council of India) Awards in twelve categories. Your Company was also awarded the LACP Awards for its Annual Report for the financial year 2013-14, IDC Insights Award for Excellence in Innovation, the Financial Inclusion & Payment Systems (FIPS) Award 2014 and the RMAI - Flame Awards 2014.

The Company's ISO20000:2011 certification of Information Technology has been confirmed and extended till 11th April, 2017. Your Company has also been included in the RobecoSAM Sustainability Yearbook 2015.

FIXED DEPOSITS AND LOANS/ ADVANCES

As on 31st March, 2015, your Company has mobilized funds from Fixed Deposits to the tune of Rs. 4,680 Crores, with an investor base of over 1,68,306 investors.

Your Company has initiated several measures towards improvement of service levels in sync with the requirements of the Fixed Deposit holders. As a customer-centric process, the Company communicates various intimations via SMS, e-mails, etc., to its investors. During the year under review the Company has started sending E-receipts (FDR E-receipts), pre-printed Forms 15G and 15H with barcode, bulk intimation letters, etc., on the customers' e-mail ID registered with the Company. Further, in order to encourage investments by small investors, your Company has also introduced Micro Deposits (under its Cumulative Scheme) with a minimum investment amount of Rs. 5,000 and upto a maximum investment amount of Rs.9,000 having a tenure

of 12 months to 60 months.

As at 31st March, 2015, 987 deposits amounting to Rs. 4.9 Crores had matured for payment and remained unclaimed. The unclaimed deposits have since reduced to 823 deposits amounting to Rs. 4.0 Crores.

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

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

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

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

SUSTAINABILITY INITIATIVES

Your Company continues to protect and sustain the rural livelihoods

through a sustainable business model. The business model aims at transforming rural lives and driving positive change in the community. Your Company has been reporting on Triple Bottom Line Performance; i.e., People, Profit and Planet since the Financial Year 2008-09 through the Mahindra Group Sustainability Report.

During the Financial Year 2014-15, your Company released its second standalone Sustainability Report for the previous Financial Year 2013-14. This Report portrays a balanced approach towards economic activity, environmental responses and social progress. This Report is externally assured and in line with international reporting standards of Global Reporting Initiative (GRI) G3.1 Guidelines. The theme of the Report is 'Co-Creating Opportunities Empowering Lives' and the same has been hosted on the Company's website.

During the year under review, your Company continued with its focus on sustainability awareness for employees, vendors and customers and took various initiatives in this direction. Your Company made proactive efforts to fight against global warming through Project 'Mahindra Hariyali', by planting more than 78,000 saplings across the country. Various initiatives were also taken for energy, paper and e-waste management.

In addition to this, your Company continues to report on Carbon Disclosure Project (CDP) from the Financial Year 2011-12. CDP seeks information on carbon emissions disclosures from the world's largest companies and focuses on how companies are geared up, to deal with the challenges of climate change in a carbon constrained economy. During the year under review, your Company also became part of CDP's Carbon Disclosure Leadership

Index (CDLI) 2014, acknowledging the Company's efforts for climate change mitigation.

Your Company has been listed on the Dow Jones Sustainability Index (DJSI) Emerging Market Trends for the second consecutive year. To be incorporated in the DJSI, companies are assessed and selected based on their long term Environmental Social Governance (ESG) asset management plans.

Your Company was also included in the 'RobecoSAM Sustainability Yearbook', which lists the world's most sustainable companies in each industry as determined by their score in RobecoSAM's annual Corporate Sustainability Assessment (CSA). Your Company is the first and only Indian Company from amongst the Banks and Financial Services Companies in India to have made it to this list.

CORPORATE SOCIAL RESPONSIBILITY

Through its various Corporate Social Responsibility ("CSR") initiatives, the Mahindra Group is enabling entire communities to 'RISE'. With a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group is committed to 'building possibilities' to enable them to 'RISE' above their limiting circumstances by innovatively supporting them through programs in the domains of education, health and environment.

The Company has duly constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company. The CSR Committee presently comprises Mr. Bharat Doshi (Chairman), Mr. Piyush Mankad, Mr. Uday Y. Phadke and Mr. Ramesh Iyer.

During the year under review, your Company organised a nationwide Blood Donation Drive, Health check-up camps and visits to Orphanages/ Differently-abled Homes/Old-age homes, to re-affirm its pledge to the society. The 'Lifeline Express', a hospital on wheels, in association with Impact India Foundation, catered to the medical needs of 4,936 underprivileged people in Motihari (Bihar).

As a part of its commitment to Corporate Social Responsibility, during the year, your Company initiated projects for scholarships for undergraduate and graduate students, vocational training, financial literacy, supporting technology incubators, agri-based livelihood skills and sanitation. The Company also continued its support to Nanhi Kali, the flagship programme of the K.C. Mahindra Education Trust, which aids the education of the disadvantaged girl child.

During the year under review, your Company has spent Rs. 24.9 crores on CSR projects/programs. Your Company is in compliance with the statutory requirements in this regard.

The CSR Policy of the Company is hosted on the Company's website at the link <http://www.mahindrafinance.com/csr.aspx> and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per Annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as **Annexure II** to this Report.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as

at 31st March, 2015 forms part of this Report and is appended herewith as **Annexure III**.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

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

The Board met seven times in the financial year 2014-15 viz., on 23rd April, 2014, 24th July, 2014, 22nd October, 2014, 16th December, 2014, 16th January, 2015, 17th January, 2015 and 20th March, 2015. The gap between two Meetings did not exceed one hundred and twenty days. The 24th Annual General Meeting ("AGM") of the Company was held on 24th July, 2014.

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

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year under review. The Meeting was conducted in an informal manner without the presence of the Chairman, the Managing Director, the Non-Executive Non-Independent Directors and the Chief Financial Officer.

COMMITTEES OF THE BOARD OF DIRECTORS

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

the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

Your Company has an adequately qualified and experienced Audit Committee with Mr. Dhananjay Mungale as the Chairman and Mr. M. G. Bhide, Mr. Uday Y. Phadke, Ms. Rama Bijapurkar, Mr. Piyush Mankad, Mr. C.B. Bhave and Mr. V. S. Parthasarathy as Members. The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

The other Committees of the Board are :

- i) Nomination and Remuneration Committee
- ii) Stakeholders Relationship Committee
- iii) Corporate Social Responsibility Committee
- iv) Risk Management Committee
- v) Asset Liability Committee
- vi) Strategy Committee for Acquisitions

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the Directors at such Meetings of the relevant Committees are given in detail in the Report on Corporate Governance of the Company which forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Directors

The Members of the Company at the Annual General Meeting held on 24th July, 2014 had appointed Mr. Piyush Mankad, Mr. M. G. Bhide, Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors for a period of five consecutive years commencing from 24th July, 2014.

Pursuant to the provisions of section 152 of the Companies Act, 2013

(‘the Act’), Mr. Uday Y. Phadke, Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on 24th July, 2015. Mr. Phadke has expressed his desire not to seek re-appointment. It is proposed not to fill up the vacancy thereby caused.

Mr. Uday Y. Phadke joined the Board of Directors of the Company in May 1999. He was elevated as the Vice-Chairman in April 2008. While continuing as a Member of the Board of Directors Mr. Phadke stepped down as the Vice-Chairman in October 2011.

The Board acknowledged Mr. Phadke’s contribution to the Company and placed on record its deep appreciation of the invaluable counsel rendered by him to the Company and his immense contribution in guiding the management during his tenure as Vice-Chairman and as a Director of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board at its adjourned Meeting held after the Annual General Meeting on 24th July, 2014 had appointed Mr. V. S. Parthasarathy as an Additional Director on the Board of Directors of the Company. Mr. Parthasarathy holds office up to the date of the Annual General Meeting of the Members to be held on 24th July, 2015.

The Company has received a notice from a Member under section 160 of the Act, signifying his intention to propose Mr. V. S. Parthasarathy as a candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

On the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. C. B. Bhave has

been appointed as an Independent Director of the Company for a period of five consecutive years commencing from 3rd February, 2015, by the Shareholders by means of a Postal Ballot voting process.

None of the Independent Directors are due for re-appointment.

Key Managerial Personnel

Mr. Ramesh Iyer, Managing Director, Mr. V. Ravi, Chief Financial Officer and Ms. Arnavaz M. Pardiwala, Company Secretary of the Company are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013. Their appointment as Key Managerial Personnel have been duly formalised pursuant to section 203 of the Companies Act, 2013, which came into effect from 1st April, 2014.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, (‘the Act’) your Directors confirm that:

- i. In the preparation of the annual accounts for financial year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and

prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2015 and of the profit of the Company for the year ended on that date.

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31st March, 2015 on a 'going concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

PERFORMANCE EVALUATION OF THE BOARD

The Companies Act, 2013 and revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges stipulates the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

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

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board

and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/activities, understanding of industry and global trends, etc.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/her evaluation.

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

Well-defined and structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on several parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders and knowledge acquired with regard to the Company's business/activities.

The performance evaluation of the Independent Directors was carried

out by the entire Board excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee. The Directors have expressed their satisfaction with the evaluation process.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are given in the Report on Corporate Governance and the same are also available on the website of the Company at the link: <http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf>.

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

In accordance with the provisions of section 134(3)(e) of the Companies Act, 2013 ("the Act") read with sections 178(2) of the Act and Clause 49 of the Listing Agreement, the 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, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors.

The Company has also adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company

in accordance with the provisions of sub-section (4) of section 178, and the same are appended as **Annexure IV-A and Annexure IV-B** and form part of this Report.

The criteria for determining qualifications, positive attributes and independence of a Director and the Remuneration Policy for Directors, Key Managerial Personnel and other employees have been discussed in detail in the Report on Corporate Governance.

AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, [ICAI Firm Registration No.105102W] the Statutory Auditors of the Company, hold office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM.

As required under the provisions of section 139(1) of the Companies Act, 2013 the Company has received a written consent from Messrs. B. K. Khare & Co., Chartered Accountants to their re-appointment and a Certificate, to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The Board of Directors of the Company has appointed Dr. K. S. Ravichandran, Managing Partner, KSR & Co., Company Secretaries LLP, to conduct the Secretarial Audit of the Company for the Financial Year 2014-15, pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2014-15 is appended to this Report as **Annexure V**.

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the Policy on Related Party Transactions. Pursuant to section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. None of the Non-Executive Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The Policy on Related Party Transactions as approved by the Audit Committee and the Board of Directors of the Company is uploaded on the website of the Company and same can be accessed on the web link : <http://www.mahindrafinance.com/policies.aspx>.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relate and the date of this Report.

RISK MANAGEMENT POLICY

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

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for Directors and Employees to report their genuine concerns.

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices.

The Whistle Blower Policy has been appropriately communicated within the Company and has also been hosted on the website of the Company: http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf. No personnel have been denied access to the Audit Committee.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

A Report on the performance and financial position of each of the subsidiaries and the joint venture company as per the Companies Act, 2013 is provided as Annexure A to the Consolidated Financial Statement and hence not repeated here for the sake of brevity. The policy for determining material subsidiaries as approved may be accessed on the Company's website at the web link : <http://www.mahindrafinance.com/policies.aspx>

Subsidiaries

Mahindra Insurance Brokers Limited

During the year under review, Mahindra Insurance Brokers Limited (MIBL) serviced 1.1 million insurance cases, with a total of 11,37,981 cases for both Life and Non-Life Retail business. The customized Life insurance cover "Mahindra

Loan Suraksha" (MLS) declined from 5,09,864 lives covered with a Sum Assured of Rs. 14,393.5 crores in the Financial Year 2013-14 to 4,59,781 lives covered with a Sum Assured of Rs.13,515.4 crores in the Financial Year 2014-15. This primarily was on account of the general economic slowdown witnessed during the year having a cascading impact on the auto-manufacturing and auto financing industry. A substantial portion of MLS though continued to be covered in the rural markets.

MIBL achieved a growth of 22% in Gross Premium facilitated for the Corporate and Retail business lines, increasing from Rs. 825.2 crores in the Financial Year 2013-14 to Rs. 1,002.7 crores in the Financial Year 2014-15 crossing the 1,000 crores mark.

The Total Income of MIBL increased by 14% from Rs. 111.2 crores in the Financial Year 2013-14 to Rs. 126.2 crores in the Financial Year 2014-15. The Profit before Tax increased by 2% from Rs. 63.8 crores to Rs. 65.3 crores, and the Profit after Tax increased by 2% from Rs. 42.0 crores to Rs. 42.9 crores during the same period.

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited (MRHFL) has during the year ended 31st March, 2015, disbursed loans aggregating Rs. 989.6 crores (previous year Rs. 630.6 crores) achieving a growth of 57% over the previous year. Profit after tax was 63% higher at Rs. 44.2 crores as compared to Rs. 27.1 crores for the previous year. The outstanding loan portfolio as at 31st March, 2015 stood at Rs. 2,098.3 crores.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an

average annual household income of less than Rs. 2 lakhs. During the year under review, around 81,960 families were given home loans (in addition to around 1,81,120 existing families as on 31st March, 2014). MRHFL has been expanding its geographical presence, to provide affordable services for rural households and has also entered the semi-urban market segment.

Mahindra Asset Management Company Private Limited

Mahindra Asset Management Company Private Limited (MAMCPL), the wholly-owned subsidiary of the Company, which will be engaged as an investment manager to the proposed Mahindra Mutual Fund, is currently in the process of obtaining regulatory approval from the Securities and Exchange Board of India. During the year under review, MAMCPL has not commenced any business activities.

Mahindra Trustee Company Private Limited

Mahindra Trustee Company Private Limited (MTCPL), the wholly-owned subsidiary of the Company, which will be engaged as a Trustee to the proposed Mahindra Mutual Fund, is currently in the process of obtaining regulatory approval from the Securities and Exchange Board of India. During the year under review, MTCPL has not commenced any business activities.

Amalgamation of Mahindra Business & Consulting Services Private Limited ("MBCSPL") with the Company

Mahindra Business & Consulting Services Private Limited (MBCSPL), a wholly-owned subsidiary of your 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 the

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 the Company and their Shareholders and Creditors was announced. The same was approved by the Public Shareholders by means of a Postal Ballot voting process (including e-voting) on 13th January, 2015.

The Scheme has been approved by the Honourable High Court of Judicature at Bombay on 20th March, 2015 and the same has been made effective from 18th April, 2015, by filing the certified copy of the Order with the Registrar of Companies. The appointed date of the Scheme is 1st April, 2014.

Joint Venture

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 22.42% to USD 5,337.09 Lacs for the year ended 31st March, 2015 as compared to USD 4,359.69 Lacs for the previous year. Income grew by 36.35% to USD 220.43 Lacs for the year ended 31st March, 2015 as compared to USD 161.66 Lacs for the previous year. Profit Before Tax was 41.30% higher at USD 70.99 Lacs as compared to USD 50.24 Lacs for the previous year. Profit After Tax grew at a healthy rate of 38.59% to USD 45.47 Lacs as compared to USD 32.81 Lacs in the previous year.

Names of companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year

During the year under review, no company has become a subsidiary of the Company.

Consequent upon the amalgamation of Mahindra Business & Consulting Services Private Limited (MBCSPL) with the Company, MBCSPL has ceased to be a subsidiary of the Company.

Further, no company has become or ceased to be a joint venture or associate during the Financial Year 2014-15.

The Company shall provide the copy of the annual accounts of its subsidiary companies and the related information to the Members of the Company on their request. The annual accounts of the subsidiary companies will also be kept open for inspection by any Members at the Registered Office of the Company and also at the Registered Office of the respective subsidiary companies during working hours upto the date of the Annual General Meeting. The Annual Reports of the subsidiaries will also be available on your Company's website at the link : <http://www.mahindrafinance.com/annual-reports.aspx>

Material Non-Listed Indian Subsidiary

Pursuant to Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges, if the turnover or net worth (i.e. paid-up capital and free reserves) of any unlisted Indian subsidiary company exceeds 20% of the consolidated turnover or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year; that subsidiary would be termed as a 'Material Non-Listed Indian Subsidiary'.

In view of the above, there is no material non-listed Indian subsidiary of your Company for the Financial Year 2014-15.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its four subsidiaries viz. Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Asset Management Company Private Limited and Mahindra Trustee Company Private Limited prepared in accordance with Accounting Standard AS 21 prescribed by The Institute of Chartered Accountants of India, form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and its joint venture viz. Mahindra Finance USA LLC.

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

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

Details in respect of adequacy of internal financial controls with reference to the Financial Statements

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed.

Particulars of Remuneration and related disclosures

Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

Sr. No.	Disclosure Requirement	Disclosure Details		
1	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2014-15.	Name of Director/KMP	Designation	Ratio of the remuneration of each Director to median remuneration of employees
		Mr. Bharat Doshi	Chairman	12.54X
		Mr. Uday Y. Phadke	Non-Executive Director	20.68X
		Dr. Pawan Goenka	Non-Executive Director	NIL*
		Mr. Dhananjay Mungale	Independent Director	5.65X
		Mr. M. G. Bhide	Independent Director	5.71X
		Mr. Piyush Mankad	Independent Director	5.82X
		Mr. C. B. Bhavé	Independent Director	N. A. **
		Ms. Rama Bijapurkar	Independent Director	4.78X
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Managing Director	160.57X
		Mr. V. Ravi	Chief Financial Officer	81.04X
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	10.43X
		* Dr. Pawan Goenka and Mr. V. S. Parthasarathy do not receive any remuneration from the Company.		
		** Details not given as Mr. C.B. Bhavé was a Director only for part of the Financial Year 2014-15 i.e. w.e.f. 3rd February, 2015.		
2	Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2014-15.	Name of Director/KMP	Designation	% increase in Remuneration
		Mr. Bharat Doshi	Chairman	67.7
		Mr. Uday Y. Phadke	Non-Executive Director	-17.26
		Dr. Pawan Goenka	Non-Executive Director	NIL*
		Mr. Dhananjay Mungale	Independent Director	34.32
		Mr. M. G. Bhide	Independent Director	34.60
		Mr. Piyush Mankad	Independent Director	40.12
		Mr. C. B. Bhavé	Independent Director	N.A. **
		Ms. Rama Bijapurkar	Independent Director	18.52
		Mr. V. S. Parthasarathy	Non-Executive Director	NIL*
		Mr. Ramesh Iyer	Managing Director	67.52
		Mr. V. Ravi	Chief Financial Officer	63.00
		Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	50.41
		* Dr. Pawan Goenka and Mr. V. S. Parthasarathy do not receive any remuneration from the Company.		
		** Details not given as Mr. C.B. Bhavé was a Director only for part of the Financial Year 2014-15 i.e. w.e.f. 3rd February, 2015.		
3	Percentage increase in the median remuneration of employees in the Financial Year	7.49% considering employees who were in employment for the whole of the Financial Year 2013-14 and Financial Year 2014-15.		
4	Number of Permanent employees on the rolls of Company as on 31st March, 2015	14,362		

Sr. No.	Disclosure Requirement	Disclosure Details												
5	Explanation on relationship between average increase in Remuneration and Company performance	The increase in the Remuneration is in line with the financial performance of the Company, market trends and Industry benchmarking. On an average, employees received an annual increase of 9.02 %. The individual increment varied from 7.5% to 15% based on individual performance.												
6	Comparison of Remuneration of the Key Managerial Personnel against the performance of the Company	The Key Managerial Personnel were paid approximately 0.81% in aggregate of the Profit Before Tax during the Financial Year 2014-15.												
7	a) Variations in the market capitalisation of the Company	The market capitalisation as on 31st March, 2015 was Rs. 14,441 crores (Rs. 14,333 crores as on 31st March, 2014) indicating a growth of 0.75%.												
	b) Price Earnings ratio of the Company as at the closing date of current financial year and previous financial year	Price Earnings ratio of the Company was 17.21 as at 31st March, 2015 and was 16.00 as at 31st March, 2014.												
	c) Percent increase / decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	The Company's stock price as at 31st March, 2015 has increased by 534.75% to Rs. 253.9 (NSE closing) over the last public offering i.e. IPO in February 2006 at the price of Rs. 200 per share (subdivision adjusted price Rs. 40).												
8	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2014-15 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	For employees other than Managerial Personnel who were in employment for the whole of Financial Year 2013-14 and Financial Year 2014-15, the average increase is 20.23%. Average increase for Managerial Personnel is 65.27%												
9	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	<table border="1"> <thead> <tr> <th>Name of KMP</th> <th>Designation</th> <th>% to Profit Before Tax for F.Y. 2014-15</th> </tr> </thead> <tbody> <tr> <td>Mr. Ramesh Iyer</td> <td>Managing Director</td> <td>0.52%</td> </tr> <tr> <td>Mr. V. Ravi</td> <td>Chief Financial Officer</td> <td>0.26%</td> </tr> <tr> <td>Ms. Arnavaz M. Pardiwala</td> <td>Company Secretary & Compliance Officer</td> <td>0.03%</td> </tr> </tbody> </table>	Name of KMP	Designation	% to Profit Before Tax for F.Y. 2014-15	Mr. Ramesh Iyer	Managing Director	0.52%	Mr. V. Ravi	Chief Financial Officer	0.26%	Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	0.03%
Name of KMP	Designation	% to Profit Before Tax for F.Y. 2014-15												
Mr. Ramesh Iyer	Managing Director	0.52%												
Mr. V. Ravi	Chief Financial Officer	0.26%												
Ms. Arnavaz M. Pardiwala	Company Secretary & Compliance Officer	0.03%												
10.	Key parameters for any variable component of remuneration availed by the directors	The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee in accordance with the Remuneration Policy for Directors. The Performance Pay of the Managing Director is aggregate of Individual Key Result Areas and Company's Key Performance Indicators. Non-Executive Directors (NEDs) are paid commission upto 1% of the Net Profits of the Company computed as per the applicable provisions of the Companies Act, 2013 and as approved by the Shareholders in the General Meeting. The said commission is decided each year by the Board of Directors and distributed amongst the NEDs.												
11	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable												
12	Affirmation that the remuneration is as per the Remuneration Policy of the Company.	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.												

Notes:

- 1) The remuneration calculated is as per Section 2(78) of the Companies Act, 2013 and includes the perquisite value of Stock Options of the Company exercised during the year.
- 2) The calculations are based on Employees who were on the rolls of the Company for the whole of the Financial Year 2013-14 and Financial Year 2014-15.

Mr. Ramesh Iyer, Managing Director of the Company does not receive any remuneration or commission from any of the subsidiaries of the Company. However, Mr. Iyer has been granted stock options under the Employees' Stock Option Scheme of the holding Company, Mahindra & Mahindra Limited.

20 employees were in receipt of remuneration of Rs.60 lakhs per annum or more amounting to Rs. 23.66 crores for the Financial Year ended 31st March, 2015.

In terms of the provisions of section 197 of the Act read with Rules 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 details in respect of employees of the Company employed during the year and in receipt of remuneration for the year not less than sixty lakh rupees or employed for a part of the financial year and in receipt of remuneration not less than five lakh rupees per month, is provided in **Annexure VI**.

None of the employees listed in the said Annexure is a relative of any Director of the Company.

None of the employees holds either by himself or along with his spouse or dependent children, more than two per cent of the Equity Shares of the Company.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations

between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place an appropriate Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to prevent sexual harassment of its employees. All employees are covered under this Policy. The Company ensures that no employee is disadvantaged by way of gender discrimination.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder.

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

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under sub-section (3) (m) of section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 are given as under :

(A) Conservation of Energy

- (i) The steps taken or impact on conservation of energy :
The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

- (ii) The steps taken by the Company for utilizing alternate sources of energy:
During the year the Company has spent Rs.0.16 crores towards implementing solar power system in various branches.

- (iii) The capital investment on energy conservation equipments: Nil

(B) Technology Absorption

- (i) The efforts made towards technology absorption : Not Applicable.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution : Not Applicable.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable.
- (a) Details of Technology Imported;
- (b) Year of Import;
- (c) Whether the Technology has been fully absorbed;
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

- (iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 23rd April, 2015

ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

Information to be disclosed in accordance with Clause 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are as follows:

Particulars	Employees Stock Option Scheme 2005 (ESOS-2005)		Employees Stock Option Scheme 2010 (ESOS-2010)				
			Grant-1	Grant-2	Grant-3	Grant-4	Grant-5
(a) Options granted	1,64,74,830		31,89,087				
(b) The pricing formula	Grant-4 Granted on 18th September, 2008 At a discount of 5 per cent on the average price (^) preceding the specified date (#) – 18th September, 2008		Grant-1 Granted on 7th February, 2011 At Face Value of Rs. 2/- per Equity Share	Grant-2 Granted on 25th January, 2012 At Face Value of Rs. 2/- per Equity Share	Grant-3 Granted on 22nd July, 2013 At Face Value of Rs. 2/- per Equity Share	Grant-4 Granted on 21st October, 2013 At Face Value of Rs. 2/- per Equity Share	Grant-5 Granted on 21st October, 2014 At Face Value of Rs. 2/- per Equity Share
Employees Stock Option Scheme – 2005 (^) Average Price: Average of the daily high and low of the prices for the Company's Equity Shares quoted on National Stock Exchange of India Limited during 15 days preceding the specified date. (#) The Specified Date: Date on which the erstwhile Remuneration/Compensation Committee decided to recommend to the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust (Trust), the grant of Options.							
Employees Stock Option Scheme – 2010 Price: Rs. 2/- The Specified Date: 22nd October, 2010							
(c) Options stand vested on 31st March, 2015	i) Employees Stock Option Scheme – 2005 : 1,26,47,475		ii) Employees Stock Option Scheme – 2010 : 11,30,356				
(d) Options exercised	i) Employees Stock Option Scheme – 2005 : 1,26,47,475		ii) Employees Stock Option Scheme – 2010 : 10,06,011				
(e) The total number of shares arising as a result of exercise of options	i) Employees Stock Option Scheme – 2005 : 1,26,47,475 Equity Shares of Rs. 2/- each. These were transferred from the Trust to the eligible employees.		ii) Employees Stock Option Scheme – 2010 : 10,06,011 Equity Shares of Rs. 2/- each. These were transferred from the Trust to the eligible employees.				
(f) Options lapsed	i) Employees Stock Option Scheme – 2005 : 38,27,355		ii) Employees Stock Option Scheme – 2010 : 60,121				
(g) Variation of terms of options	i) Employees Stock Option Scheme – 2005 : At the Seventeenth Annual General Meeting of the Company held on 23rd July, 2007, the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme was amended to provide for recovery from the eligible employees, the fringe benefit tax in respect of options which are granted to or vested in or exercised by, the eligible employees on or after the 1st day of April, 2007.		ii) Employees Stock Option Scheme – 2010 : N.A.				
(h) Money realized by exercise of options	i) Employees Stock Option Scheme – 2005 : Rs. 23,56,94,609/-		ii) Employees Stock Option Scheme – 2010 : Rs. 20,12,022/- These monies have been received by the Trust.				
(i) Total number of options in force	i) Employees Stock Option Scheme – 2005 : Nil		ii) Employees Stock Option Scheme – 2010 : 21,22,955				
(j) Employee-wise details of options granted under Employees Stock Option Scheme – 2005 and Employees Stock Option Scheme – 2010 to:							

i)	Senior Managerial Personnel.	As per statement (1) attached		
(ii)	Any other employee who receives a grant in any one year of option amounting to 5 per cent or more of option granted during that year	As per statement (2) attached		
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil		
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	Rs. 14.62*		
(l)	Where the company has calculated the employee compensation cost using the intrinsic value of the Stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options granted under Employees Stock Option Scheme – 2005 and Employees Stock Option Scheme – 2010. Had the fair value method been used, in respect of stock options granted, the employee compensation cost would have been lower by Rs. 68.37 lacs, profit after tax higher by Rs. 68.37 lacs and the basic and diluted earnings per share would have been higher by Re. 0.01 and Re. 0.02 respectively.		
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Employee Stock Option Scheme 2010 :		
		Grant date	Exercise price (Rs.)	Fair value (Rs.)
		21st October, 2014	2.00	267.23

- (n) A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:
- Employee Stock Option Scheme 2010 :
The Fair value of stock options granted on 21st October, 2014 have been calculated using Black-Scholes Options pricing formula and the significant assumptions made in this regard are as follows :

Sr.	No. Particulars	Grant date : 21st October, 2014
(i)	risk-free interest rate,	8.50%
(ii)	expected life	3.25 years
(iii)	expected volatility	38.83%
(iv)	expected dividends	1.35%
(v)	The price of the underlying share in market at the time of option grant	Rs.280.80

* Refer Note No. "28 (h)" under Notes to the Standalone Financial Statement in the Annual Report.

(i) Statement (1) attached to Annexure I to the Directors' Report for the Financial Year ended 31st March, 2015.

Names of Directors and Senior Managerial Persons to whom Stock Options have been granted	Employees Stock Option Scheme 2005	Employees Stock Option Scheme 2010		
	Options granted in September, 2008	Options Granted in February, 2011	Options Granted in October, 2013	Options Granted in October, 2014
Mr. Bharat N. Doshi	70,255	Nil	Nil	Nil
Mr. Uday Y. Phadke	70,255	1,67,390	Nil	Nil
Dr. Pawan Goenka *	17,565	Nil	Nil	Nil
Ms. Rama Bijapurkar	50,000	Nil	Nil	Nil
Mr. Ramesh Iyer	1,21,830	2,00,140	Nil	1,62,173
Mr. V. Ravi	69,160	77,815	Nil	61,319
Mr. Vinay Deshpande#	5,000	Nil	35,070	26,115
Mr. Rajesh Vasudevan	23,370	21,860	Nil	29,234
Mr. Dinesh Prajapati	27,365	26,985	Nil	36,887
Mr. Suresh Shanmugam	20,550	19,360	Nil	20,419
Mr. H. S. Kamath	17,500	17,115	Nil	20,285
Mr. Rajnish Agarwal	9,005	16,930	Nil	29,947
Mr. R. Balaji	27,040	25,830	Nil	31,438

* ceased to be a Director with effect from 24th July, 2014

transferred on the payrolls of the Company with effect from 1st October, 2014.

(ii) Statement (2) attached to Annexure I to the Directors' Report for the Financial Year ended 31st March, 2015

Names of other employees who have received grants in any one year of options amounting to 5% or more of the options granted during that year	No. of options granted
Employees Stock Option Scheme 2005 -	
Nil	Nil
Employees Stock Option Scheme 2010 -	
(a) Options granted during the year ended 31st March, 2011	
Mr. Anuj Mehra	67,540
(b) Options granted during the year ended 31st March, 2014	
Mr. Vinay Deshpande	35,070

Names of other employees who have received grants in any one year of options amounting to 5% or more of the options granted during that year	No. of options granted
Mr. Muffaddal Dohadwala	8,510
Mr. Charandeep Singh Chawla	6,145
Mr. Nicholes Antony L.	6,205

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs :

CSR Policy

At Mahindra & Mahindra Financial Services Limited (MMFSL or 'the Company') we sincerely believe that the actions of the organization and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with our external stakeholders, MMFSL strives to become an asset in the communities where it operates. As part of our Corporate Social Responsibility (CSR), we actively implement projects and initiatives for the betterment of society, communities and the environment.

The Company has already constituted a Corporate Social Responsibility Committee on 15th March, 2013 and has aligned its CSR Policy in accordance with the Companies Act, 2013 ('the Act') read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 to make it compliant with the provisions of the Act and the Rules and to undertake the admissible CSR activities notified by the Ministry of Corporate Affairs in Schedule VII to the Act.

The CSR Policy and details of the projects undertaken by the Company are available at the link <http://www.mahindrafinance.com/csr.aspx>.

2. **The Composition of the CSR Committee:** Mr. Bharat Doshi (Chairman), Mr. Piyush Mankad, Mr. Uday Y. Phadke and Mr. Ramesh Iyer.
3. **Average net profit of the Company for last three financial years:** Rs. 1,24,309.14 Lacs
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) :** Rs. 2,486.18 Lacs
5. **Details of CSR spent during the financial year.**
 - (a) Total amount spent for the financial year; : Rs. 2,487.63 Lacs
 - (b) Amount unspent, if any; : NIL
 - (c) Manner in which the amount spent during the financial year is detailed below :

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1) S. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent : Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
1	Supporting the PM's clean India campaign by building toilets for girls under the Swachh Bharat Swachh Vidyalaya Program	(i)	Assam, Bihar Chattishgarh, Gujarat, Haryana, Jharkhand, Karnataka, Manipur, Meghalaya, Rajasthan, Telangana, Uttar Pradesh, Andhra Pradesh	465.00	465.00	0.00	465.00	Mahindra Foundation
2	Organizing Blood Donation, General Health Camps, Blanket Donation, Eye Checkup camps, Medical Aid	(i)	Jodhpur, Muzaffarpur, Lucknow, Delhi, Ranchi, Satna, Raipur, Pune, Nagpur, Mumbai, Dehradun, Chennai, Patna, Jammu, Coimbatore	25.86	25.86	0.00	25.86	Self Implemented, Dharmistha Mithran, Rasika Ranjani Sabha, Swargsth Vidhyagouri Sumanlal Shah Trust, Indian Development Foundation, Sri Kanchi Kamakoti Medical Trust, Think Foundation, Sri Shanmukhananda Fine Arts & Sangeetha Sabha, Shree Hariharaputra Bhajan Samaj
3	Promoting access to healthcare for marginalized populations by helping provide ambulance services to them	(i)	Azamgarh, Hissar, Talasari, Vadodara, Kolkatta, Chennai & Kottayam	73.64	73.64	0.00	73.64	Maharashtra Dayanand Society, Haryana Bharat Vikas Foundation, Liver Foundation, The Voluntary Health Services, Sevabharathi Kottayam, Christian Hospital Sewa Sansthan, Bhasha Research And Publication Centre
4	Lifeline Express, Hospital on wheels offers health care service/treatments: Cataract, Ear, Dental, Cleft Lips and Epilepsy	(i)	Motihari, Bihar	84.29	84.29	0.00	84.29	Impact India Foundation
5	Social Impact Assessment study of Lifeline Express conducted at Karad, Maharashtra	(i)	Mumbai	5.34	5.34	0.00	5.34	Tata Institute of Social Sciences
6	Mahindra Pride School: Provides socially & economically disadvantaged youth 3 months intensive training in ITES, Retail and Hospitality to enable them to seek lucrative jobs	(ii)	Pune, Chennai & Patna	450.00	450.00	0.00	450.00	K.C. Mahindra Education Trust
7	Nanhi Kali: Supporting education of marginalized girls through project Nanhi Kali	(ii)	Mumbai	264.60	264.60	0.00	264.60	K.C. Mahindra Education Trust

Directors' Report

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1) S. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent : Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
8	Educational support to schools and under privileged students	(ii)	Hyderabad, Muzzafarpur, Ranchi, Dehradun, Kolkatta, Mumbai, Bangalore, Mandavi, Kutch, Pune	71.69	71.69	0.00	71.69	Self Implemented, Sri Sathya Sai Books & Publication Trust Maharashtra, Fine Arts Society, Sree Narayana Mandira Samiti, Namasankeerthana, S. M. P Namsankirtan, Prasanna Trust, Think Foundation, Don Bosco Society, Saraswatam, K. C. Mahindra Education Trust, Naandi Foundation, Indian Cultural Foundation
9	Mahindra Namaste Scholarship to economically disadvantaged youth to study at Mahindra Namaste Pvt. Ltd	(ii)	Hyderabad, Chennai & Pune	108.00	108.00	0.00	108.00	K.C. Mahindra Education Trust
10	Mahindra Education Initiatives (MEI) : MEI aims to fulfill the needs of aspirants seeking quality higher studies in engineering with a global focus and industry alignment	(ii)	Hyderabad	160.00	160.00	0.00	160.00	Tech Mahindra Foundation
11	Promoting financial literacy among school students by providing them Financial Literacy Kits	(ii)	Uttar Pradesh (Lucknow, Allahabad, Faizabad), Jharkhand (Ranchi), Bihar (Patna, Muzaffarpur), Delhi	32.05	32.05	0.00	32.05	Self Implemented
12	Vocational Training for Unemployed youth to make them employable	(ii)	Chennai & Coimbatore	26.98	26.98	0.00	26.98	Sambhav Foundation
13	Scholarship for Graduate & Undergraduate needy students	(ii)	Jammu, Srinagar, Dehradun, Raipur, Patna, Ahmednagar, Pune, Solapur, Kolhapur, Nasik, Wardha, Gadchiroli, Chandrapur, Thane, Rajkot, Vadodara, Surat, Gandhinagar, Kottayam, Kurnool, Calicut, Bangalore, Hyderabad, Cochin, Udaipur, Jabalpur, Shimla, Delhi	300.00	300.00	0.00	300.00	K.C. Mahindra Education Trust
14	Supporting old age homes and orphanages	(ii)	Hissar, Vijaywada, Haridwar, Agra, Jammu, Faizabad, Delhi, Trichy, Mangalore, Muzzafarpur, Chennai, Trivandrum, Jodhpur, Jabalpur, Kolkata, Cochin	8.14	8.14	0.00	8.14	Self Implemented

Statement of CSR activities and expenditure in the Financial Year 2014-15

Rs. in Lacs

(1) S. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered [Refer Note]	(4) Projects or programs 1) Local Area or other 2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs		(7) Cumulative expenditure upto the reporting period	(8) Amount spent : Directly or Through Implementing Agency*
					Direct expenditure on programs or projects	Overheads		
15	Tree Plantation drives and other environmental initiatives like Solar Street Light installation & supporting Tiger conservation project	(iv)	Kurnool, Agra, Begusarai, Muzzafarpur, Delhi, Faizabad, Trivandrum, Gurgaon, Haridwar, Jabalpur, Jhansi, Gwalior, Dehradun, Calicut, Allahabad, Bangalore, Hyderabad, Bhubaneswar, Hazaribagh, Aurangabad, Lucknow, Rishikesh, Ranchi, Mangalore, Mumbai, Chennai	39.59	39.59	0.00	39.59	Self Implemented, Tiger Conservation & Research Centre, Mahindra Foundation
16	Supporting social enterprises working to address problems in rural India through DST certified Incubation Centers	(ix)	Chennai, Ahmedabad	48.00	48.00	0.00	48.00	Villgro Innovation Foundation, CIE (Centre For Innovation And Entrepreneurship)
17	Project Amchi: Gender Equality and Rural Development with focus on community empowerment	(x)	Shahapur, Maharashtra	26.62	26.62	0.00	26.62	Population First
18	Improving Agribased livelihoods of farmers	(x)	Wardha Maharashtra	280.00	280.00	0.00	280.00	Mahindra Foundation
19	CSR Admin Expenses	Overheads	Mumbai, Bangalore	17.83	0.00	17.83	17.83	Overheads
Total				2,487.63	2,469.80	17.83	2,487.63	

Note:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund setup by the Central Government for rejuvenation of river Ganga.
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- (x) rural development projects.

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

7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Managing Director

For and on behalf of the Corporate Social Responsibility Committee of Mahindra & Mahindra Financial Services Limited

Bharat Doshi
Chairman
Corporate Social Responsibility Committee

Mumbai, 23rd April, 2015

**ANNEXURE III TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015
FORM NO. MGT-9**

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L65921MH1991PLC059642
Registration Date	01/01/1991
Name of the Company	Mahindra & Mahindra Financial Services Limited
Category / Sub-Category of the Company	Public Company Limited by Shares
Address of the Registered Office and contact details	Gateway Building, Apollo Bunder, Mumbai- 400 001. Tel. : +91 22 2289 5500; Fax : +91 22 2287 5485 email: investorhelpline_mmfsl@mahindra.com website: www.mahindrafinance.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit : Mahindra & Mahindra Financial Services Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Email : einward.ris@karvy.com Tel. : 040-6716 2222 Fax : 040-2300 1153 Toll Free No. : 1800 345 4001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1	Asset Financing	64990	90.44%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Holding Company	51.20%	Section 2(46)
2.	Mahindra Insurance Brokers Limited	U65990MH1987PLC042609	Subsidiary Company	85.00%	Section 2(87)
3.	Mahindra Rural Housing Finance Limited	U65922MH2007PLC169791	Subsidiary Company	87.50%	Section 2(87)
4.	Mahindra Business & Consulting Services Private Limited*	U72200MH2008PTC186789	Subsidiary Company	100.00%	Section 2(87)
5.	Mahindra Asset Management Company Private Limited	U65900MH2013PTC244758	Subsidiary Company	100.00%	Section 2(87)
6.	Mahindra Trustee Company Private Limited	U67100MH2013PTC245464	Subsidiary Company	100.00%	Section 2(87)
7.	Mahindra Finance USA LLC	-	Associate Company	49.00%	Section 2(6)

* Amalgamated with the Company from 1st April, 2014, being the Appointed Date. The Scheme of Amalgamation has been made effective from 18th April, 2015, by filing the certified copy of the Order with the Registrar of Companies, Maharashtra, Mumbai.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2014)				No. of Shares held at the end of the year (As on 31st March, 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	29,12,07,660	0	29,12,07,660	51.20	29,12,07,660	0	29,12,07,660	51.20	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other (MMFSL ESOP Trust)	52,39,841	0	52,39,841	0.92	46,24,289	0	46,24,289	0.81	-0.11
Sub-total (A) (1)	29,64,47,501	0	29,64,47,501	52.12	29,58,31,949	0	29,58,31,949	52.01	-0.11
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	29,64,47,501	0	29,64,47,501	52.12	29,58,31,949	0	29,58,31,949	52.01	-0.11
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	53,46,917	0	53,46,917	0.94	1,66,12,539	0	1,66,12,539	2.92	1.98
b) Banks / FI	1,43,810	0	1,43,810	0.03	24,34,325	0	24,34,325	0.43	0.40
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	18,55,000	0	18,55,000	0.33	18,55,000	0	18,55,000	0.33	0.00
f) Insurance Companies	3,26,066	0	3,26,066	0.06	18,00,208	0	18,00,208	0.31	0.25
g) FIs	23,53,88,096	0	23,53,88,096	41.39	21,69,75,286	0	21,69,75,286	38.15	-3.24
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	24,30,59,889	0	24,30,59,889	42.73	23,96,77,358	0	23,96,77,358	42.14	-0.59
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	40,07,225	4,22,490	44,29,715	0.78	60,46,964	4,22,490	64,69,454	1.14	0.36
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,50,13,840	6,88,515	1,57,02,355	2.76	1,62,84,532	5,82,545	1,68,67,077	2.97	0.21
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	57,10,382	6,18,115	63,28,497	1.11	63,30,508	6,18,115	69,48,623	1.22	0.11
c) Others (specify)									
Clearing Members	14,19,519	0	14,19,519	0.25	12,96,242	0	12,96,242	0.23	-0.02
Non Resident Indians	13,43,750	0	13,43,750	0.24	8,11,546	0	8,11,546	0.14	-0.10
Trusts	33,734	0	33,734	0.01	8,62,711	0	8,62,711	0.15	0.14

Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1st April, 2014)				No. of Shares held at the end of the year (As on 31st March, 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2):-	2,75,28,450	17,29,120	2,92,57,570	5.14	3,16,32,503	16,23,150	3,32,55,653	5.85	0.71
Total Public Shareholding (B)=(1)+(B)(2)	27,05,88,339	17,29,120	27,23,17,459	47.88	27,13,09,861	16,23,150	27,29,33,011	47.99	0.11
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	56,70,35,840	17,29,120	56,87,64,960	100.00	56,71,41,810	16,23,150	56,87,64,960	100.00	0.00

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year (As on 1st April, 2014)			No. of Shares held at the end of the year (As on 31st March, 2015)			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Limited	29,12,07,660	51.20	0	29,12,07,660	51.20	0	0.00
2.	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust	52,39,841	0.92	0	46,24,289	0.81	0	-0.11
	Total	29,64,47,501	52.12	0	29,58,31,949	52.01	0	-0.11

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

Sl. No.	Shareholding at the beginning of the year (As on 1st April, 2014)	Cumulative Shareholding during the Year (from 1st April, 2014 to 31st March, 2015)		
		No. of shares	% of total shares of the company	
1. Mahindra & Mahindra Limited				
At the beginning of the year	29,12,07,660	51.20	29,12,07,660	51.20
Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer /bonus/ sweat equity etc):	-	-	-	-
At the end of the year	29,12,07,660	51.20	29,12,07,660	51.20
2. Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust				
At the beginning of the year	52,39,841	0.92	52,39,841	0.92
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc.)*	-6,15,552	-0.11	46,24,289	0.81
At the End of the year	46,24,289	0.81	46,24,289	0.81

Note : 1) There is no change in the total shareholding of the promoter viz Mahindra & Mahindra Limited from 1st April, 2014 to 31st March, 2015.

2) *The decrease in total shares held by the Trust from 52,39,841 shares to 46,24,289 shares is due to ESOP allotment of 6,15,552 shares during the year.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Cartica Capital Ltd *	3,87,93,214	6.82	01-04-2014			3,87,93,214	6.82
				04-04-2014	15,43,456		4,03,36,670	7.09
				11-04-2014	10,01,137		4,13,37,807	7.27
				18-04-2014	5,98,680		4,19,36,487	7.37
				25-04-2014	40,985		4,19,77,472	7.38
				02-05-2014	1,31,795		4,21,09,267	7.40
				09-05-2014	11,50,000		4,32,59,267	7.61
				16-05-2014	4,24,464		4,36,83,731	7.68
				08-08-2014	4,71,991		4,41,55,722	7.76
				15-08-2014	4,85,025		4,46,40,747	7.85
				09-01-2015	-8,68,421	Market Purchase & Sale	4,37,72,326	7.70
				16-01-2015	-42,65,712		3,95,06,614	6.95
				23-01-2015	-44,74,299		3,50,32,315	6.16
				30-01-2015	-47,96,271		3,02,36,044	5.32
				06-02-2015	-20,00,000		2,82,36,044	4.96
				27-02-2015	-21,42,932		2,60,93,112	4.59
				06-03-2015	-1,29,50,000		1,31,43,112	2.31
				13-03-2015	-40,76,396		90,66,716	1.59
				20-03-2015	-73,11,892		17,54,824	0.31
				27-03-2015	-17,54,824		0	0.00
		0	0.00	31-03-2015			0	0.00
2.	Government of Singapore	93,43,436	1.64	01-04-2014			93,43,436	1.64
				04-04-2014	1,38,528		94,81,964	1.67
				11-04-2014	-88,932		93,93,032	1.65
				02-05-2014	-91,726		93,01,306	1.64
				30-05-2014	-73,019		92,28,287	1.62
				06-06-2014	23,197		92,51,484	1.63
				20-06-2014	-13,825		92,37,659	1.62
				30-06-2014	-28,486		92,09,173	1.62
				04-07-2014	-10,009		91,99,164	1.62
				11-07-2014	-2,753		91,96,411	1.62
				18-07-2014	-1,05,888		90,90,523	1.60
				01-08-2014	-1,33,662		89,56,861	1.57
				08-08-2014	-4,04,547	Market Purchase & Sale	85,52,314	1.50
				15-08-2014	-4,68,793		80,83,521	1.42
				29-08-2014	-2,01,589		78,81,932	1.39
				05-09-2014	-3,79,531		75,02,401	1.32
				12-09-2014	2,784		75,05,185	1.32
				03-10-2014	19,720		75,24,905	1.32
				10-10-2014	-83,871		74,41,034	1.31
				17-10-2014	-2,875		74,38,159	1.31
				24-10-2014	-1,40,923		72,97,236	1.28
				31-10-2014	3,06,152		76,03,388	1.34
				07-11-2014	1,20,800		77,24,188	1.36
				14-11-2014	-3,85,299		73,38,889	1.29
				21-11-2014	-8,03,216		65,35,673	1.15
				28-11-2014	-87,642		64,48,031	1.13
				05-12-2014	-19,469		64,28,562	1.13
				12-12-2014	9,128		64,37,690	1.13

Directors' Report

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
				19-12-2014	-4,362		64,33,328	1.13
				31-12-2014	-24,950		64,08,378	1.13
				16-01-2015	-1,77,301		62,31,077	1.10
				23-01-2015	-75,023		61,56,054	1.08
				30-01-2015	-86,391		60,69,663	1.07
				13-02-2015	78,732		61,48,395	1.08
				20-02-2015	-3,703		61,44,692	1.08
				06-03-2015	4,738		61,49,430	1.08
				13-03-2015	-3,57,509		57,91,921	1.02
				20-03-2015	-1,78,755		56,13,166	0.99
				27-03-2015	-4,73,072		51,40,094	0.90
		51,40,094	0.90	31-03-2015			51,40,094	0.90
3.	JP Morgan Sicav Investment Company (Mauritius) Limited	75,90,056	1.33	01-04-2014			75,90,056	1.33
				13-06-2014	-3,19,779		72,70,277	1.28
				20-06-2014	-4,21,277		68,49,000	1.20
				30-06-2014	-3,89,871		64,59,129	1.14
				18-07-2014	-1,80,424	Market Sale and Purchase	62,78,705	1.10
				08-08-2014	-2,42,012		60,36,693	1.06
				30-09-2014	1,20,000		61,56,693	1.08
				09-01-2015	57,140		62,13,833	1.09
				27-02-2015	1,52,090		63,65,923	1.12
		63,65,923	1.12	31-03-2015			63,65,923	1.12
4.	JP Morgan Funds - Emerging Markets Equity Fund*	69,71,200	1.23	01-04-2014			69,71,200	1.23
				17-10-2014	-2,00,600		67,70,600	1.19
				21-11-2014	-1,42,376		66,28,224	1.17
				28-11-2014	-60,764		65,67,460	1.15
				19-12-2014	-18,09,300	Market Sale	47,58,160	0.84
				23-01-2015	-26,79,914		20,78,246	0.37
				30-01-2015	-14,83,659		5,94,587	0.10
				06-02-2015	-5,94,587		0	0.00
		0	0.00	31-03-2015			0	0.00
5.	Morgan Stanley Asia (Singapore) Pte. *	68,33,200	1.20	01-04-2014			68,33,200	1.20
				04-04-2014	-6,41,946		61,91,254	1.09
				11-04-2014	-21,845		61,69,409	1.08
				02-05-2014	-4,59,187		57,10,222	1.00
				09-05-2014	-1,82,596		55,27,626	0.97
				16-05-2014	-1,23,066		54,04,560	0.95
				23-05-2014	-6,20,140		47,84,420	0.84
				30-05-2014	9,46,418		57,30,838	1.01
				06-06-2014	-10,58,000		46,72,838	0.82
				13-06-2014	7,27,125		53,99,963	0.95
				30-06-2014	-1,47,817	Market Sale and Purchase	52,52,146	0.92
				04-07-2014	-53,385		51,98,761	0.91
				11-07-2014	-10,41,258		41,57,503	0.73
				18-07-2014	-6,26,420		35,31,083	0.62
				25-07-2014	9,000		35,40,083	0.62
				01-08-2014	2,31,895		37,71,978	0.66
				22-08-2014	225		37,72,203	0.66
				12-09-2014	2,83,000		40,55,203	0.71
				19-09-2014	-4,02,993		36,52,210	0.64
				30-09-2014	76,395		37,28,605	0.66
				03-10-2014	-22,425		37,06,180	0.65
				10-10-2014	-4,40,221		32,65,959	0.57
				17-10-2014	-1,31,840		31,34,119	0.55

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
				24-10-2014	-15,95,521		15,38,598	0.27
				31-10-2014	-1,31,897		14,06,701	0.25
				07-11-2014	1,00,403		15,07,104	0.26
				14-11-2014	3,50,985		18,58,089	0.33
				21-11-2014	23,15,469		41,73,558	0.73
				28-11-2014	8,00,043		49,73,601	0.87
				05-12-2014	23,280		49,96,881	0.88
				19-12-2014	-49,96,881		0	0.00
		0	0.00	31-03-2015			0	0.00
6.	Credit Suisse (Singapore) Limited*	68,15,021	1.20	01-04-2014			68,15,021	1.20
				04-04-2014	-3,52,985		64,62,036	1.14
				11-04-2014	-10,74,396		53,87,640	0.95
				18-04-2014	29,945		54,17,585	0.95
				25-04-2014	-32,40,220		21,77,365	0.38
				02-05-2014	8,25,000		30,02,365	0.53
				09-05-2014	3,98,372		34,00,737	0.60
				23-05-2014	12,824		34,13,561	0.60
				30-05-2014	-61,517		33,52,044	0.59
				06-06-2014	92,744		34,44,788	0.61
				11-07-2014	30,811		34,75,599	0.61
				01-08-2014	-1,04,829		33,70,770	0.59
				05-09-2014	-1,46,000		32,24,770	0.57
				12-09-2014	672		32,25,442	0.57
				30-09-2014	1,45,298		33,70,740	0.59
				03-10-2014	-64,587	Market Sale and Purchase	33,06,153	0.58
				10-10-2014	-3,25,383		29,80,770	0.52
				31-10-2014	-2,10,000		27,70,770	0.49
				14-11-2014	6,19,050		33,89,820	0.60
				21-11-2014	1,33,000		35,22,820	0.62
				31-12-2014	-1,44,058		33,78,762	0.59
				02-01-2015	-1,29,795		32,48,967	0.57
				09-01-2015	-30,000		32,18,967	0.57
				16-01-2015	21,104		32,40,071	0.57
				30-01-2015	-39,935		32,00,136	0.56
				06-02-2015	-11,226		31,88,910	0.56
				13-02-2015	-1,08,000		30,80,910	0.54
				20-02-2015	-59,610		30,21,300	0.53
				27-02-2015	-2,40,000		27,81,300	0.49
				20-03-2015	-1,11,000		26,70,300	0.47
				27-03-2015	-4,91,976		21,78,324	0.38
		21,18,324	0.37	31-03-2015			21,18,324	0.37
7.	TIAA-CREF Institutional Mutual Funds- International Equity Fund*	63,16,004	1.11	01-04-2014			63,16,004	1.11
				25-04-2014	-23,11,445		40,04,559	0.70
				16-05-2014	-36,42,901	Market Sale	3,61,658	0.06
				23-05-2014	-3,61,658		0	0.00
		0	0.00	31-03-2015			0	0.00

Directors' Report

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
8.	JP Morgan India Fund	61,22,045	1.08	01-04-2014			61,22,045	1.08
				23-05-2014	-4,30,000		56,92,045	1.00
				30-05-2014	-2,15,000	Market Sale and Purchase	54,77,045	0.96
				13-06-2014	-3,61,100		51,15,945	0.90
				20-06-2014	-3,08,458		48,07,487	0.85
				30-06-2014	-1,83,609		46,23,878	0.81
				18-07-2014	-1,50,000		44,73,878	0.79
				30-09-2014	-1,22,501		43,51,377	0.77
				27-03-2015	1,72,632		45,24,009	0.80
				31-03-2015			45,24,009	0.80
		45,24,009	0.80					
		54,59,091	0.96	01-04-2014				54,59,091
9.	Equinox Partners LP*			01-08-2014	-37,80,000	Market Sale	16,79,091	0.30
				08-08-2014	-16,79,091		0	0.00
		0	0.00	31-03-2015			0	0.00
10.	Bank Muscat S A O G A/C Bank Muscat India Fund	53,80,135	0.95	01-04-2014	0	No Change in the Shareholding during the year	53,80,135	0.95
		53,80,135	0.95	31-03-2015			53,80,135	0.95
11.	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund#	48,00,335	0.84	01-04-2014			48,00,335	0.84
		47,97,860	0.84	31-03-2015	-2475	Market Sale	47,97,860	0.84
12.	Franklin Templeton Investment Funds#	20,04,516	0.35	01-04-2014			20,04,516	0.35
				25-04-2014	17,00,000		37,04,516	0.65
				20-06-2014	5,588		37,10,104	0.65
				04-07-2014	17,291		37,27,395	0.66
				11-07-2014	-24,183		37,03,212	0.65
				22-08-2014	-662		37,02,550	0.65
				05-09-2014	12,61,093	Market Purchase and Sale	49,63,643	0.87
				12-09-2014	28,278		49,91,921	0.88
				03-10-2014	5,074		49,96,995	0.88
				05-12-2014	3,16,800		53,13,795	0.93
				12-12-2014	4,59,000		57,72,795	1.01
				19-12-2014	5,49,200		63,21,995	1.11
				16-01-2015	6,50,000		69,71,995	1.23
				23-01-2015	36,00,000		1,05,71,995	1.86
				06-03-2015	14,50,000		1,20,21,995	2.11
				13-03-2015	5,50,000		1,25,71,995	2.21
				27-03-2015	11,38,222	1,37,10,217	2.41	
		1,47,71,995	2.60	31-03-2015	10,61,778	1,47,71,995	2.60	

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
13.	Stichting Pensioenfonds ABP #	74,799	0.01	01-04-2014			74,799	0.01
				01-08-2014	14,58,000		15,32,799	0.27
				15-08-2014	6,34,000		21,66,799	0.38
				22-08-2014	8,35,000		30,01,799	0.53
				29-08-2014	4,19,175	Market Purchase	34,20,974	0.60
				05-09-2014	5,30,825		39,51,799	0.69
				12-09-2014	2,00,000		41,51,799	0.73
				19-09-2014	2,50,000		44,01,799	0.77
				30-09-2014	3,25,000		47,26,799	0.83
				31-03-2015			47,26,799	0.83
14.	FIL Investments (Mauritius) Limited #	0	0.00	01-04-2014			0	0.00
				05-09-2014	8,55,621	Market Purchase	8,55,621	0.15
				12-09-2014	5,15,621		13,71,242	0.24
				19-09-2014	1,05,803		14,77,045	0.26
				30-09-2014	3,35,105		18,12,150	0.32
				03-10-2014	4,588		18,16,738	0.32
				10-10-2014	6,510		18,23,248	0.32
				24-10-2014	7,15,546		25,38,794	0.45
				31-10-2014	15,129		25,53,923	0.45
				23-01-2015	8,34,920		33,88,843	0.60
				30-01-2015	8,69,750		42,58,593	0.75
				06-02-2015	8,73,888		51,32,481	0.90
				13-02-2015	91,135		52,23,616	0.92
		31-03-2015			52,23,616	0.92		
15.	Fidelity Funds Emerging Markets Fund#	0	0.00	01-04-2014			0	0.00
				12-09-2014	4,13,880		4,13,880	0.07
				19-09-2014	4,53,716		8,67,596	0.15
				30-09-2014	27,12,327		35,79,923	0.63
				03-10-2014	3,75,355		37,44,740	0.66
				10-10-2014	4,17,916		41,20,095	0.72
				17-10-2014	6,99,805		45,38,011	0.80
				24-10-2014	18,819		52,37,816	0.92
				31-10-2014	1,87,824	Market Purchase and Sale	52,56,635	0.92
				07-11-2014	4,30,430		54,44,459	0.96
				14-11-2014	4,13,880		58,74,889	1.03
				21-11-2014	-6,84,244		51,90,645	0.91
				28-11-2014	-1,97,249		49,93,396	0.88
				05-12-2014	-2,59,222		47,34,174	0.83
				16-01-2015	-2,50,964		44,83,210	0.79
				23-01-2015	11,51,622		56,34,832	0.99
				06-02-2015	4,45,648		60,80,480	1.07
				13-02-2015	5,50,171		66,30,651	1.17
				20-02-2015	3,41,840		69,72,491	1.23
				27-02-2015	57,474		70,29,965	1.24
		13-03-2015	1,60,183		71,90,148	1.26		
		20-03-2015	48,269		72,38,417	1.27		
		31-03-2015			72,38,417	1.27		
					72,38,417	1.27		

Directors' Report

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Date@	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
16.	Aranda Investments (Mauritius) Pte. Ltd#	0	0.00	01-04-2014			0	0.00
				08-08-2014	49,60,000		49,60,000	0.87
				15-08-2014	8,94,000		58,54,000	1.03
				22-08-2014	4,46,682		63,00,682	1.11
				29-08-2014	8,01,143		71,01,825	1.25
				05-09-2014	3,77,603		74,79,428	1.32
				12-09-2014	1,06,000		75,85,428	1.33
				19-09-2014	2,39,000	Market Purchase	78,24,428	1.38
				30-09-2014	30,13,804		1,08,38,232	1.91
				03-10-2014	12,925		1,08,51,157	1.91
				10-10-2014	9,15,552		1,17,66,709	2.07
				31-10-2014	1,07,581		1,18,74,290	2.09
				19-12-2014	53,30,000		1,72,04,290	3.02
				31-12-2014	22,30,000		1,94,34,290	3.42
				23-01-2015	21,50,000		2,15,84,290	3.79
		2,15,84,290	3.79	31-03-2015			2,15,84,290	3.79

@ Based on the beneficiary position as at the end of each week.

* Ceased to be in the list of Top 10 Shareholders as on 31-03-2015. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 01-04-2014.

Not in the list of Top 10 Shareholders as on 01-04-2014. The same has been reflected above since the Shareholder was one of the Top 10 Shareholders as on 31-03-2015.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the company
A	DIRECTORS							
1.	Mr. Bharat Doshi Non-Executive Chairman	6,42,720	0.11	01/04/2014	0	No Change in the Shareholding during the year	6,42,720	0.11
		6,42,720	0.11	31/03/2015			6,42,720	0.11
2.	Mr. Ramesh Iyer Managing Director	5,79,490	0.10	01/04/2014			5,79,490	0.10
				19/05/2014	64,395	ESOP Allotment	6,43,885	0.12
				23/05/2014	-17,000	Market Sale	6,26,885	0.12
				28/05/2014	-3,000	Market Sale	6,23,885	0.12
				21/08/2014	30,460	ESOP Allotment	6,54,345	0.12
				23/09/2014	42,640	ESOP Allotment	6,96,985	0.12
				28/10/2014	24,365	ESOP Allotment	7,21,350	0.13
				12/11/2014	-1,00,000	Market Sale	6,21,350	0.11
				13/11/2014	-25,000	Market Sale	5,96,350	0.10
		5,96,350	0.10	31/03/2015			5,96,350	0.10
3.	Mr. Uday Y. Phadke Non-Executive Non-Independent Director	74,025	0.01	01/04/2014			74,025	0.01
				28/04/2014	-15,000	Market Sale	59,025	0.01
				03/11/2014	-12,000	Market Sale	47,025	0.01
				24/02/2015	33,480	ESOP Allotment	80,505	0.01
		80,505	0.01	31/03/2015			80,505	0.01

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the company
4.	Mr. Dhananjay Mungale Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
5.	Mr. M. G. Bhide Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
6.	Mr. Piyush Mankad Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
7.	Mr. C. B. Bhawe Independent Director (appointed as Independent Director w.e.f. 3rd February, 2015)	0	0.00	03/02/2015	0	No Change in the Shareholding during the year	0	0.00
		0	0.00	31/03/2015			0	0.00
8.	Ms. Rama Bijapurkar Independent Director	50,000	0.01	01/04/2014	0	No Change in the Shareholding during the year	50,000	0.01
		50,000	0.01	31/03/2015			50,000	0.01
9.	Mr. V. S. Parthasarathy Non-Executive Non-Independent Director (appointed as Additional Director w.e.f. 24th July, 2014)	250	0.00	24/07/2014	0	No Change in the Shareholding during the year	250	0.00
		250	0.00	31/03/2015			250	0.00
10.	Dr. Pawan Kumar Goenka (Non-Executive Non-Independent Director) (Ceased to be Director w.e.f. 24th July, 2014)	37,815	0.01	01/04/2014	0	No Change in the Shareholding during the year	37,815	0.01
		37,815	0.01	24/07/2014			37,815	0.01
11.	Mr. V. Ravi Chief Financial Officer	3,78,560	0.07	01/04/2014			3,78,560	0.07
				23/05/2014	53,605	ESOP Allotment	4,32,165	0.08
				28/10/2014	31,120	ESOP Allotment	4,63,285	0.08

Directors' Report

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year (01/04/2014) / end of the year (31/03/2015)	% of total shares of the Company				No. of shares	% of total shares of the company
		4,63,285	0.08	31/03/2015			4,63,285	0.08
12.	Ms. Arnava M. Pardiwala Company Secretary & Compliance Officer	3,290	0.00	01/04/2014			3,290	0.00
				19/05/2014	1,645	ESOP Allotment	4,935	0.00
		4,935	0.00	31/03/2015			4,935	0.00

V. INDEBTEDNESS

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

(Amount Rs. in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2014)				
i) Principal Amount	19,36,894.43	95,950.00	3,60,219.80	23,93,064.23
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	19,625.17	4,368.83	21,304.21	45,298.20
Total (i+ii+iii)	19,56,519.60	1,00,318.83	3,81,524.01	24,38,362.43
Change in Indebtedness during the financial Year- Principal Amount				
Addition	11,57,195.12	25,30,475.00	1,96,034.60	38,83,704.72
Reduction	13,96,591.81	21,66,440.00	88,231.01	36,51,262.82
Exchange Difference	823.96	0.00	0.00	823.96
Net Change	-2,38,572.73	3,64,035.00	1,07,803.59	2,33,265.86
Change in Indebtedness during the financial year- Interest accrued but not due				
Addition	20,366.57	4,911.47	18,917.90	44,195.94
Reduction	16,794.95	4,346.80	9,041.40	30,183.15
Net Change	3,571.63	564.67	9,876.50	14,012.79
Indebtedness at the end of the financial year				
i) Principal Amount	16,98,321.70	4,59,985.00	4,68,023.39	26,26,330.09
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	23,196.79	4,933.50	31,180.70	59,310.99
Total (i+ii+iii)	17,21,518.49	4,64,918.50	4,99,204.09	26,85,641.08

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Mr. Ramesh Iyer, Managing Director:

Sl. no.	Particulars of Remuneration	Amount Rs. in lacs
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	215.02
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	8.04
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0
2.	Stock Option*	357.87
3.	Sweat Equity	0
4.	Commission	
	- as % of profit	0
	- others	64.55
5.	Others (Retirals)	7.68
	Total (A)	653.16
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 7,472.62 lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report

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

B. Remuneration to other directors:
Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount Rs. in lacs
		Mr. M. G. Bhide	Mr. Dhananjay Mungale	Mr. Piyush Mankad	Mr. C. B. Bhave	Ms. Rama Bijapurkar	
1.	Fee for attending Board / Committee Meetings	6.95	6.70	7.40	0.90	4.20	26.15
2.	Commission	14.00	14.00	14.00	NIL	14.00	56.00
3.	Others	NIL	NIL	NIL	NIL	NIL	
	Total (1)	20.95	20.70	21.40	0.90	18.20	82.15

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount Rs. in lacs
		Mr. Bharat Doshi	Mr. Uday Y. Phadke	Mr. V. S. Parthasarathy	
1.	Fee for attending Board / Committee Meetings	4.30	NIL	NIL	4.30
2.	Commission	15.12	NIL	NIL	15.12
3.	Others	NIL	83.13	NIL	83.13
	Total (2)	19.42	83.13	NIL	102.55
	Total (B)=(1+2)				184.70
	Total Managerial Remuneration (A+B)				837.86
	Overall Ceiling as per the Act	1% of the Net Profits equivalent to Rs. 1,494.52 lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report			

C. Remuneration To Key Managerial Personnel other than Managing Director / Manager/Whole-Time Director

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer Mr. V. Ravi	Company Secretary Ms. Arnavaz M. Pardiwala	Total Amount Rs. in lacs
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	138.47	37.46	175.93
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	6.20	0.65	6.85
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0	0	0
2.	Stock Option*	181.12	3.81	184.93
3.	Sweat Equity	0	0	0
4.	Commission - as % of profit	0	0	0
5.	Others (Retirals)	4.85	2.06	6.91
	Total	330.64	43.98	374.62

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

ANNEXURE IV A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015
The Policy on Remuneration of Directors

Prelude

The Company is a non-banking financial company registered with the Reserve Bank of India, and is engaged in providing financing for new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles, providing personal loans, finance to small and medium enterprises and mutual fund distribution services.

This Policy shall be effective from the financial year 2014 - 15.

Intent of the Policy

The intent of the Remuneration Policy of Directors of Mahindra & Mahindra Financial Services Limited ("the Company") is to focus on enhancing the value and to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors for achieving objectives of the Company and to place the Company in a leading position.

The Nomination and Remuneration Committee (NRC) of the Board shall, while formulating the policy ensure that —

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance

objectives appropriate to the working of the Company and its goals.

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Listing Agreement, various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time, subject to statutory provisions. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 2013. Other Non-Executive Non-Independent Directors who receive remuneration from the holding company or a Group Company are not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of

expenses incurred in discharge of their duties.

Pursuant to the Employees Stock Option Scheme 2005 (ESOS 2005) the Company has granted Stock Options to Directors including Independent Directors. The Company has also granted Stock Options to the Managing Director and Non-Executive Non-Independent Director(s) pursuant to the Employees Stock Option Scheme 2010 (ESOS 2010). The vesting and exercise of these Options shall continue to be governed by ESOS 2005 and ESOS 2010 respectively and the terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

The NRC while determining the remuneration shall ensure that the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall also ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The NRC shall consider that a successful Remuneration Policy must ensure that some part of the remuneration is linked to the achievement of corporate performance targets.

Managing Director/Executive Directors

The term of office and remuneration of Managing Director/Executive Directors are subject to the

approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay, subject to the requisite approvals, remuneration to its Managing Director/Executive Directors in accordance with the provisions of Schedule V of the Companies Act, 2013.

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration of the Managing Director/Executive Directors reflects the overall remuneration philosophy and guiding principle of the Company. While considering the appointment and remuneration of Managing Director/Executive Directors, the NRC shall consider the industry benchmarks, merit and seniority of the person and shall ensure that the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive

Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended/ approved by the NRC/ Board.

The total remuneration will have a flexible component with a bouquet of allowances to enable the Managing Director/Executive Director to choose the allowances as well as the quantum, based on laid down limits as per Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Remuneration also aims to motivate the Personnel to deliver Company's key business strategies, create a strong performance-oriented environment and reward achievement of meaningful targets over the short and long-term.

The Managing Director/Executive Directors are entitled to customary non-monetary benefits such as company cars, health care benefits, communication facilities, etc., as per policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Option Schemes of the Company from time to time.

Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. In terms of the shareholders' approval, the Commission is paid at a rate not exceeding 1% (one percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013. The distribution of Commission amongst the NEDs shall be placed before the Board.

At present, the Company pays sitting fees to the NEDs for attending the meetings of the Board and the Committees constituted by the Board from time to time.

Disclosures

Information on the total remuneration of members of the Company's Board of Directors, Managing Director/Executive Directors and Key Managerial Personnel/Senior Management Personnel may be disclosed in the Board's Report and the Company's Annual Report / Website as per statutory requirements laid down in this regard.

ANNEXURE IV B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

Remuneration Policy for Key Managerial Personnel and Employees

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Definition(s)

"Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013 means:

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

Standards

The broad structure of compensation payable to employees is under:

- ◆ 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
- ◆ Variable pay (to certain grades) in the form of annual/ half yearly performance pay based on KRA's agreed.
- ◆ Incentives either monthly or quarterly based on targets in the lower grades.
- ◆ Retirals such as PF, Gratuity & superannuation (for certain grades)
- ◆ Benefits such as car scheme, medical & dental benefit, loans, insurance, etc; as per grades.

Increments

- ◆ Salary increase is given to eligible employees based on position, performance and market dynamics as decided from time to time.

In case the performance of the Company exceeds the budgeted performance, the Company declares an additional ex-gratia bonus or a reward to its employees, at its discretion.

ANNEXURE V TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2015

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra & Mahindra Financial Services Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2015 in a manner that provided us reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, We hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the

financial year ended 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under to the extent applicable.
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (v) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (vi) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)

- e. Guidelines, 1999;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998.
- (vii) The following laws, regulations, directions, orders applicable specifically to the Company:
 - a. The Reserve Bank of India Act, 1934.
 - b. Non-Banking Financial Companies (Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 1998.
 - c. Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
 - d. Non-Banking Financial Companies (Opening of Branch/ Subsidiary/ Joint Venture/ Representative Office or Undertaking Investment Abroad by NBFCs) Directions, 2011.
 - e. Non-Banking Financial

Companies Auditor's Report (Reserve Bank) Directions, 2008.

- f. Returns to be submitted by NBFCs as issued by Reserve Bank of India
- g. Raising money through Private Placement of NCDs by NBFCs RBI Guidelines
- h. Guidelines on Corporate Governance issued by Reserve Bank of India for NBFCs.

We have also examined the compliance with applicable clauses of the following:

- (i) Listing Agreement entered into with Stock Exchanges.
- (ii) The compliance of Secretarial Standards does not arise as the same has not been notified under Section 118 of the Companies Act, 2013 for being applicable during the period covered under the Audit.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of the applicable provisions of the Act/ Regulations/ Directions as mentioned above in respect of:

- a) Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment, except the investment in Mahindra Finance USA LLC, a Joint Venture Company.
- b) Delisting of equity shares.
- c) Buy-back of securities.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period covered under the Audit were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on Agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting views for being captured in the minutes.

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

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

- a) Members have enabled Borrowing Powers of the Company up to a limit of Rs.45,000 Crores over and

above the aggregate of the paid-up share capital and free reserves under Section 180(1) (c) of the Companies Act, 2013 through Postal Ballot.

- b) Members have also enabled the Company to issue Non-Convertible Debentures and/ or other debt securities on private placement basis, in one or more tranches, during the period of one year from the date of passing of special resolution by the Members, within the overall borrowing limits approved by the Members from time to time.
- c) Amalgamation of Mahindra Business & Consulting Services Private Limited, a wholly owned subsidiary of the Company has been sanctioned by the Bombay High Court vide its Order dated 20th March, 2015 with the Company, with the Appointed Date of merger being 01st April, 2014 as per the Scheme of Amalgamation. The Scheme of Amalgamation has become effective upon the filing the said Order of the High Court with the Registrar as per Section 391 read with Section 394 of the Companies Act, 1956 on 18th April, 2015.
- d) The Company has made investment of Rs. 1 Crore towards subscription to equity shares on rights basis in its wholly owned subsidiary Mahindra Asset Management Company Private Limited.
- e) The Company has been empowered by the Board at its meeting held on 23rd April, 2014 for infusion of capital to the tune of Rs.125 Crores in Mahindra Finance USA LLC, a Joint Venture Company.

For **KSR & Co Company Secretaries LLP**

Dr. K. S. Ravichandran
Managing Partner
(FCS: 3675; CP: 2160)

To

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **KSR & Co. Company Secretaries LLP**

Date: 23/04/2015
Place: Coimbatore

Dr. K. S. Ravichandran
Managing Partner
(FCS: 3675; CP: 2160)

ANNEXURE VI TO DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015
INFORMATION AS PER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

Sr. No	Name of the Employee	Date of Commencement of Employment	Remuneration Received (Rs.)	Qualification	Age (years)	Experience (years)	Last Employment held, Designation and Organisation	Designation/ Nature of Duties	Nature of Employment Contractual or otherwise
1	Ramesh Iyer	1.10.1995	64,547,714	B.Com., M.B.A.	56	37	Regional Manager, Ashok Leyland Finance Limited	Managing Director	Contractual
2	V. Ravi	1.10.1995	32,579,299	B.Com., A.C.A., A.C.M.A.	54	31	Senior Finance Executive, Mahindra Ujine Steel Company Limited	Chief Financial Officer	Permanent
3	Vinay* Deshpande	1.10.2014	14,644,843	M.B.A (H.R.)	55	32	Chief People Officer, Mahindra & Mahindra Limited	Chief People Officer	Permanent
4	Dinesh Prajapati	1.06.1995	9,785,660	A.C.A, Grad.A.C.M.A.	45	21	Executive - Internal Audit Rajinder Steels Limited	Vice President - Treasury & Corporate Affairs	Permanent
5	Rajesh Vasudevan	15.03.1999	7,556,061	B.Com., A.C.M.A.	46	26	Executive - Corporate MIS & Accounts - Tata Finance Limited	Vice President - Accounts	Permanent
6	R. Balaji	1.04.2008	9,218,548	B. Tech, PGDM	42	19	General Manager Corporate Strategy, Mahindra & Mahindra Limited	Vice President - Marketing & Strategy	Permanent
7	Rajnish Agarwal	5.10.1998	7,979,683	Master of Management Studies (MMS)	51	23	Senior Manager (Cars) Tata Finance Limited	Vice President - Operations	Permanent
8	Hosdunga Sripad Kamath	30.07.1997	7,375,387	B.Com., M.B.A.	44	22	Executive Corporate Finance, Tandem Financials Limited	GM/FES Loans	Permanent
9	Suresh Shan	13.02.1998	7,449,981	B.Sc., MCA, MBA, Exe. MBA, M.Tech.	46	25	Head Application Software Analyst & Designer - Appsoft, Mumbai	Senior General Manager - BITS	Permanent
10	R. Sunder	1.11.2003	9,177,923	B. Com., EMBA, MCA (ICWA)	47	27	Senior Project Manager - ASP Technologies Limited	Head Business Solutions	Permanent
11	Gururaj Rao	9.05.2011	7,072,458	BE, MMS	43	20	Head - Technology Management Group, IOICI Bank Limited	Chief Information Officer	Permanent
12	J. Kannan	2.02.2009	6,278,471	BBA, LLB, ACS	51	27	Vice President, Kotak Mahindra Bank Limited	Senior General Manager - Legal Operations	Permanent
13	Sandeep Mandrekar	1.08.2012	7,633,321	B.Sc. (Physics)	44	22	Head of Sales, Volkswagen group sales, India	General Manager - Operations	Permanent
14	Srinivasan K	24.09.1997	6,952,637	M.Com, PGDM	50	17	Regional Manager - Operations, Indian Seamless Financial Services Limited	Senior General Manager Operations - Country Group 2	Permanent
15	Khalid Khan	15.10.1995	6,425,704	Post Graduate in Commerce, PGDBM	46	20	Executive in Ashok Leyland Finance Limited	Senior General Manager / Head - Direct Marketing - Operations	Permanent

* Transferred on the payrolls of the Company w.e.f. 1st October, 2014

Directors' Report

Sr. No	Name of the Employee	Date of Commencement of Employment	Remuneration Received (Rs.)	Qualification	Age (years)	Experience (years)	Last Employment held, Designation and Organisation	Designation/ Nature of Duties	Nature of Employment Contractual or otherwise
16	Uday Bakshi	10.11.1997	6,313,436	B. Sc.	59	37	State Head, Mahatma Finance Limited	Deputy General Manager - Product Head	Permanent
17	Shailesh Rao	11.11.1998	6,388,918	M.B.A	43	20	Assistant Manager, Sales, Escorts Finance Limited	General Manager Product Head - Refinance	Permanent
18	R. L. V. Subramanian	1.06.2006	6,282,920	B. E. (Mechanical)	53	32	Deputy General Manager (Sales), Mahindra & Mahindra Limited (Automotive)	Country Group Head - Operations - Country Group 1	Permanent
19	Debashish Kar	1.07.1999	6,394,893	M.B.A	45	25	Recovery Manager - Transamerica Apple Distribution Finance Limited	Business Head - Auto Sector Loans	Permanent
20	Bhaskar Karkera	15.11.2010	6,523,703	B.E.	47	23	Zonal Manager - Infrastructure Funding Group, HDFC Bank Limited	General Manager - Operations	Permanent

Notes :

1. Nature of employment of the Managing Director is contractual, subject to termination on three months' notice on either side.
2. None of the above employees is a relative of any Director of the Company.
3. None of the employees draw remuneration more than the Managing Director and holds by himself or alongwith his spouse and dependent children 2% or more of the equity shares of the Company.
4. Information about qualifications and last employment is based on particulars furnished by the concerned employee.
5. Terms and conditions of employment are as per Company's Rules/ contract.
6. The remuneration calculated is as per Section 2(78) of the Companies Act, 2013.

For and on behalf of the Board

Bharat Doshi
Chairman

Mumbai, 23rd April, 2015

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that sound Corporate Governance is essential for enhancing long-term shareholder value and retaining investor trust and always seeks to ensure that its performance goals are met with integrity. The Company continues to adopt the best practices in the area of Corporate Governance and promotes and practices a culture that is built on core values, beliefs and ethics. Your Company has an active, experienced and a well-informed Board. The Board along with its Committees undertakes its fiduciary duties towards all its stakeholders with the Corporate Governance mechanism in place.

Your Company is committed to transparency in all its dealings, conducts business with integrity and fairness and places high emphasis on business ethics. Your Company has established robust business practices and procedures to ensure that it remains fully compliant with all mandated regulations and achieves business excellence to enhance stakeholder value, retain trust and goodwill of its investors, business partners, employees and meet societal expectations as well.

The stipulations mandated by Clause 49 of the Listing Agreement with the Stock Exchanges, have been fully complied with by your Company. A Report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below :

BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act,

2013 and Clause 49 of the Listing Agreement, as amended from time to time. The Company has a Non-Executive Chairman and the number of Independent Directors is more than one-half of the total number of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors. The management of the Company is entrusted with the Steering Committee comprising of Senior Executives from different functions headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met. Mr. Ramesh Iyer, Managing Director is a Whole-time Director of your Company. Mr. Bharat Doshi, Non-Executive Non-Independent Chairman of the Company, is also a Non-Executive Director of the holding company, Mahindra & Mahindra Limited (M&M) since November 2013 and receives sitting fees and commission from M&M. Mr. Uday Y. Phadke, Non-Executive Non-Independent Director is the Principal Advisor (Finance) at M&M and receives remuneration from M&M. The Board of Directors at its adjourned Meeting held after the Annual General Meeting on 24th July, 2014, had appointed Mr. V. S. Parthasarathy as an Additional Director based on the recommendation of the Nomination and Remuneration Committee. Mr. Parthasarathy, Non-Executive Non-Independent Director of your Company is in the whole-time employment of M&M and draws remuneration from it.

The Members at the Annual General Meeting held on 24th July, 2014, have appointed Mr. Piyush Mankad,

Mr. M. G. Bhide, Mr. Dhananjay Mungale and Ms. Rama Bijapurkar as Independent Directors for a period of five consecutive years commencing from 24th July, 2014. Further the Board at its Meeting held on 16th December, 2014 had based on the recommendation of the Nomination and Remuneration Committee commended to the Members the appointment of Mr. C. B. Bhavé as an Independent Director. The Members have by means of a Postal Ballot voting process appointed Mr. C. B. Bhavé as an Independent Director of the Company with effect from 3rd February, 2015 for a period of five consecutive years.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the Non-Executive Directors would be entitled to under the Companies Act, 2013, none of the Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgments would affect their independence. The Directors of the Company are not inter-se related to each other.

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

NUMBER OF BOARD MEETINGS

The Board of Directors met seven times during the year under review, on 23rd April, 2014, 24th July, 2014, 22nd October, 2014, 16th December, 2014, 16th January, 2015, 17th January, 2015 and

20th March, 2015. The maximum time gap between any two meetings was not more than one hundred and twenty days. These Meetings were well attended.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIP HELD

Pursuant to the provisions of the Companies Act, 2013 none of the Directors of the Company is a Director in more than 10 Public Limited Companies. Further, as mandated by Clause 49 none of the Independent Directors of the Company serves as Independent

Director in more than 7 listed companies and none of the Directors is a Member of more than ten Board level Committees and no such Director is a Chairman/Chairperson of more than five Committees, across all public limited companies in which he/she is a Director. Mr. Ramesh Iyer, Managing Director, is not an Independent Director of any other listed company. Table 1 gives the details.

COMPOSITION OF THE BOARD

As on 31st March, 2015, the Company's Board comprised of nine members. The Chairman of

the Board and two other members are Non-Executive Non-Independent Directors. The Managing Director is an executive of the Company while the remaining five are Independent Directors. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM) held on 24th July, 2014, as also the number of Directorships and Committee positions held by them in companies are as follows:

Table 1: Composition of Board of Directors as on 31st March, 2015

Name of the Directors	Category	Attendance Particulars			Total Number of Directorships of public companies and Committee Memberships/ Chairmanships #		
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. Bharat N. Doshi (Chairman)	Non-Executive Non-Independent	7	7	Yes	6	3	1
Mr. Uday Y. Phadke	Non-Executive Non-Independent	7	7	Yes	6	5	0
Mr. Ramesh Iyer (Managing Director)	Executive	7	7	Yes	8	4	0
Dr. Pawan Kumar Goenka*	Non-Executive Non-Independent	7	1	No	N.A.	N.A.	N.A.
Mr. Dhananjay Mungale	Independent	7	7	Yes	10	8	3
Mr. Manohar G. Bhide	Independent	7	7	Yes	5	4	3
Mr. Piyush Mankad	Independent	7	7	Yes	8	9	2
Mr. C. B. Bhavé®	Independent	7	1	N.A.	1	0	0
Ms. Rama Bijapurkar	Independent	7	7	Yes	3	1	0
Mr. V. S. Parthasarathy§	Non-Executive Non-Independent	7	5	N.A.	8	7	2

Notes:

excludes Directorships in private limited companies, foreign companies and companies registered under section 8 of the Companies Act, 2013, but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL). None of the Directors holds Directorships in more than 20 companies as stipulated in Section 165 of the Companies Act, 2013. Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL.

* ceased to be Director of the Company from the conclusion of 24th Annual General Meeting held on 24th July, 2014. Two meetings were held during his tenure.

® appointed as an Independent Director of the Company with effect from 3rd February, 2015 by an Ordinary Resolution passed by the Members through Postal Ballot. One meeting was held during his tenure.

§ appointed as an Additional Director with effect from 24th July, 2014. Five meetings were held during his tenure.

MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Agreement, a separate Meeting of Independent Directors was held during the year to review the performance of Non-Independent Directors and the Board as whole, and the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The meeting was conducted informally to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

INFORMATION SUPPLIED TO THE BOARD

The Company sends a detailed agenda folder to each Director sufficiently in time before Board and Committee meetings. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. To enable the Board to discharge its responsibilities effectively, the Managing Director appraises the Board at every meeting on the overall performance of the Company, followed by presentations by the Chief Financial Officer. A detailed functional report is also placed at Board Meetings.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the

management to ensure that the long term objectives of enhancing stakeholders' value are met. The Board also, inter alia, reviews and considers investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliances if any, review of major legal issues, approval and adoption of quarterly/ half-yearly/ annual results, transactions pertaining to purchase/ disposal of property, major accounting provisions and write-offs, corporate restructuring, minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level including the Company Secretary and Compliance Officer.

In addition to the above, pursuant to Clause 49, the minutes of the Board Meetings of your Company's unlisted subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board.

The Chairman/Chairperson of various Board Committees brief the Board on all the important matters discussed and decided at their respective committee meetings.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Directors' Report.

INDUCTION AND FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

A new Director is welcomed to the Board of Directors of the Company by sharing various documents of the Company for his/her reference such as:

- ◆ Brief introduction to the Company and Profile of Board of Directors of the Company.
- ◆ Report on Roles and Responsibilities of the Board.
- ◆ Details of various Committees of the Board.
- ◆ Code of Conduct for Directors.
- ◆ Code of Conduct for Senior Management and Employees.
- ◆ Code for Independent Directors.
- ◆ Code of Conduct for prevention of Insider Trading in Shares of Mahindra & Mahindra Financial Services Limited.
- ◆ Corporate Presentations.
- ◆ Latest Annual Report.
- ◆ Sustainability Report.
- ◆ Set of various policies adopted by the Board.

Upon appointment a detailed Appointment Letter incorporating the role, function, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Code of Conduct and obligations on disclosures, is issued for the acceptance of the

Independent Directors. Each newly appointed Independent Director is taken through a formal induction program including the presentation from the Managing Director covering, inter alia, the business strategies, operations review, quarterly and annual results, operations of its Subsidiaries, joint venture company, etc. The induction for Independent Directors include interactive sessions with Steering Committee Members, Business and Functional Heads, etc. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfill his/her roles as a Director of the Company.

Other Initiatives to update the Directors on a continuing basis:

All Directors are apprised of any changes in the codes or policies of the Company. The Board of Directors has access to the information within the Company which is necessary to enable it to perform their role and responsibilities diligently.

The Company through its Managing Director/Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee or such other Committees, as may be required, covering, inter alia, business environmental scan, the business strategies, operations review, quarterly and annual results, budgets, review of Internal Audit Report and Action Taken Report, statutory compliances, risk management, operations of its Subsidiaries, joint venture company, etc. This enables the Directors to get a deeper insight into the operations of the Company and its Subsidiaries.

Such presentations also provide an opportunity to the Independent Directors to interact with the Senior

Management team of the Company and its Subsidiaries and help them to understand the Company's policies, its long term vision and strategy, business model, operations and such other areas as are relevant from time to time.

Press Releases, disclosures to Stock Exchanges, news and articles related to the Company are circulated to provide updates from time to time.

Thus the Company ensures that there is an adequate mechanism to ensure that the Directors remain familiar with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., and continue to be updated on the state of the Company's affairs and the industry in which it operates.

The familiarisation programme for the Independent Directors has been hosted on the Company's website and can be viewed at: <http://www.mahindrafinance.com/pdf/familiarisation-programme-for-IDs.pdf>.

REMUNERATION Policy on Remuneration for Directors and criteria for determining qualifications, positive attributes and independence of a director

The success of an organisation in achieving good performance and good governing practice depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive and Non-Executive Directors.

The Nomination and Remuneration Committee ('the NRC') reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria

regarding qualifications, positive attributes and also independence of director :

1. All Board appointments will be based on merit, in the context of the skills, experience, diversity, and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his/her professional obligations as Director for informed and balanced decision making.
3. Adherence to the applicable Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Directors.

Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under section 178 of the Companies Act, 2013 and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

The NRC while determining the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall ensure a balance between fixed and performance-linked variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that

some part of the remuneration is linked to the achievement of corporate performance targets.

REMUNERATION POLICY FOR KEY MANAGERIAL PERSONNEL AND EMPLOYEES

The Board and the Nomination and Remuneration Committee regularly keep track of the current and emerging market trends in terms of compensation levels and practices within the relevant industries. This information is used to review the Company's remuneration policies from time to time.

The broad structure of compensation payable to employees is as under:

- ◆ Fixed pay which has components like basic salary and other allowances/ flexi pay as per the grade where the employees can choose allowances from bouquet of options
- ◆ Variable pay (to certain grades) in the form of annual/ half yearly performance pay based on KRA's agreed.

- ◆ Incentives either monthly or quarterly based on targets in the lower grades.
- ◆ Retirals such as Provident Fund, Gratuity and Superannuation (for certain grades).
- ◆ Benefits such as car scheme, medical and dental reimbursement, loans, insurance, etc., as per grades.

The Cost to Company is reviewed annually and increment is given to eligible employees based on their position, performance and market dynamics as decided from time to time.

REMUNERATION PAID TO DIRECTORS

Detailed information of Directors' remuneration for the year 2014-15 is set forth in Table 2.

The eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company as specifically

computed for this purpose. A commission of Rs. 110.34 Lacs has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2015.

In addition, the Independent Directors and eligible Non-Executive Director(s) are paid a sitting fee of Rs. 50,000 each for every Meeting of the Board, Rs. 40,000 for every Audit Committee meeting attended, Rs. 30,000 each for attending a Meeting of the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee respectively, and Rs. 20,000 each for attending the meetings of the Stakeholders Relationship Committee.

Remuneration to the Managing Director is fixed by the Nomination and Remuneration Committee which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

Table 2: Details of Remuneration Paid to Directors for the Financial Year 2014 – 15

(Rs.in Lacs)

Name of the Director	Sitting Fees (excluding Service Tax)	Salary and Perquisites	Superannuation and Provident Fund#	Commission	Total	Employees Stock Option Scheme 2005 (ESOS-2005)	Employees Stock Option Scheme 2010 (ESOS-2010)	
						Number of Stock Options granted in September 2008 Grant 4 ^s	Number of Stock Options granted in February 2011 Grant 1 ^s	Number of Stock Options granted in October, 2014 Grant 5 ^s
Mr. Ramesh Iyer*	N.A.	573.57	15.04	64.55	653.16	1,21,830	2,00,140	1,62,173
Mr. Bharat N. Doshi	4.30	N.A.	N.A.	15.12	19.42	70,255	NIL	NIL
Mr. Uday Y. Phadke	N.A.	N.A.	N.A.	NIL	NIL	70,255	1,67,390	NIL
Dr. Pawan Goenka@	N.A.	N.A.	N.A.	NIL	NIL	17,565	NIL	NIL
Mr. Dhananjay Mungale	6.70	N.A.	N.A.	14.00	20.70	NIL	NIL	NIL
Mr. M.G.Bhide	6.95	N.A.	N.A.	14.00	20.95	NIL	NIL	NIL
Mr. Piyush Mankad	7.40	N.A.	N.A.	14.00	21.40	NIL	NIL	NIL
Ms. Rama Bijapurkar	4.20	N.A.	N.A.	14.00	18.20	50,000	NIL	NIL
Mr. C. B. Bhave**	0.90	N.A.	N.A.	NIL	0.90	N.A.	N.A.	N.A.
Mr. V. S. Parthasarathy	N.A.	N.A.	N.A.	NIL	NIL	N.A.	N.A.	NIL

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

\$ ESOS - 2005

Grant-4: The Stock Options have been granted on 18th September, 2008. All the options have been vested.

\$\$ ESOS – 2010

Grant-1: The Stock Options have been granted on 7th February, 2011. Of this, four equal tranches of 20% each totaling 80% of the total options have vested on 7th February, 2012, 7th February, 2013, 7th February, 2014 and 7th February, 2015 respectively and the balance 20% options would vest on expiry of 60 months from the date of grant.

Grant-5: The Stock Options have been granted on 21st October, 2014. These options would vest in five equal tranches of 20% each on 21st October, 2015, 21st October, 2016, 21st October, 2017, 21st October, 2018 and 21st October, 2019 on expiry of 12 months, 24 months, 36 months, 48 months and 60 months respectively from the date of grant.

* The notice period for Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. Details regarding the Stock Options granted to the Managing Director are given in the Annexure I to the Directors' Report. The term of appointment is for a period of 5 years with effect from 30th April, 2011.

@ ceased to be Director of the Company from conclusion of 24th Annual General Meeting held on 24th July, 2014.

** appointed as an Independent Director with effect from 3rd February, 2015.

During 2014 - 15, the Company did not advance loans to any of its Directors.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 3 gives details of the shares held by the Non-Executive Directors as on 31st March, 2015.

Table 3: Details of the shares held by the Non-Executive Directors

Name of the Director	Number of Shares held
Mr. Bharat N. Doshi	6,42,720
Mr. Uday Y. Phadke	80,505
Mr. Dhananjay Mungale	50,000
Mr. M. G. Bhide	50,000
Mr. Piyush Mankad	50,000
Ms. Rama Bijapurkar	50,000
Mr. C. B. Bhave	NIL
Mr. V. S. Parthasarathy	250

Codes of Conduct

The Board has laid down Code of Conduct for Board Members and for Senior Management and Employees of the Company ("Codes"). These Codes have been posted on the Company's website www.mahindrafinance.com/corporate-governance.aspx. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

The Code of Conduct of the Board Members has been amended to align it in accordance with the provisions

of section 166 of the Companies Act, 2013.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to section 149(8) and Schedule IV to the Companies Act, 2013, which is a guide to professional conduct for Independent Directors of the Company.

CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company have issued a Certificate as required under Clause 49 IX of the Listing Agreement with the Stock Exchanges, certifying that the

Financial Statements for the year ended 31st March, 2015 do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs. The said Certificate is attached herewith as Annexure A and forms part of this Report.

Risk Management

Your Company has a well-defined risk management framework in place. The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

Committees of the Board

Your Company has seven Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee and Strategy Committee for Acquisitions. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

As on 31st March, 2015, the Audit Committee comprised of seven Non-Executive Directors of which five are Independent Directors. The Committee comprises Mr. Dhananjay Mungale (Chairman), Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. Piyush Mankad and Mr. C. B. Bhavé, all the Independent Directors and Mr. Uday Y. Phadke and Mr. V.S. Parthasarathy, Non-Executive Non-Independent Directors. All the members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company,

the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to 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. It is authorised to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the management the quarterly and annual financial statements before submission to the Board for approval, examination of the financial statements and the Auditors' Report thereon, approval of transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals subject to fulfillment of certain conditions, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers, rights issue, preferential issue, etc.

The Committee is empowered to review, inter alia, the remuneration payable to the Statutory Auditors and Internal Auditors and to recommend a change in the Auditors, if felt necessary. It is also empowered to review Financial Statements

and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions. Further, the Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the report on compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 given by the Compliance Officer. Generally all items listed in Clause 49 III (D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 III (C) and reviews all the information as prescribed in Clause 49 III (E).

The Chairman of the Board, Managing Director, Chief Financial Officer, Chief Internal Auditor of Mahindra & Mahindra Limited and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. Dhananjay Mungale, Chairman of the Audit Committee was present at the 24th Annual General Meeting of the Company held on 24th July, 2014.

The Audit Committee met six times during the year on 23rd April, 2014, 23rd July, 2014, 6th August, 2014, 22nd October, 2014, 17th January, 2015 and 10th March, 2015. The time gap between any two meetings was less than four months. The details of attendance at the Audit Committee Meetings are given in Table 4.

Table 4: Attendance record of Audit Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhananjay Mungale (Chairman)	6	6
Mr. M. G. Bhide	6	6
Ms. Rama Bijapurkar	6	3
Mr. Uday Y. Phadke	6	6
Mr. Piyush Mankad	6	6
Mr. C. B. Bhave *	6	1
Mr. V. S. Parthasarathy#	6	2

* Mr. C. B. Bhave was appointed as a Member of Audit Committee with effect from 10th February, 2015.

Mr. V. S. Parthasarathy was appointed as a Member of Audit Committee with effect from 22nd October, 2014.

b) Nomination and Remuneration Committee

The constitution and the terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of section 178(1) of the Companies Act, 2013 and the Listing Agreement.

The role of the Nomination and Remuneration Committee 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 the Company in line with the appropriate legislations, establish Director retirement policies and appropriate succession plans, devise policy on Board Diversity, determine overall compensation policies of the Company, and administer the "Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme - 2005", the "Mahindra & Mahindra Financial

Services Limited Employees' Stock Option Scheme – 2010" and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Schemes.

The scope of the Committee further includes 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. The Committee is authorised to identify persons who are qualified to be Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

In addition to the above, the Committee is also authorised to formulate the criteria for determining the qualifications, positive attributes and independence of a Director and recommend to the Board formulation of a Policy relating to

the remuneration for the Directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Committee comprises of majority of Independent Directors, including its Chairman. As of 31st March, 2015, the Committee comprised five members viz. Mr. Piyush Mankad (Chairman), Mr. Dhananjay Mungale and Mr. M. G. Bhide, all Independent Directors and Mr. Bharat N. Doshi and Mr. Uday Y. Phadke, Non-Executive Non-Independent Directors.

Mr. Piyush Mankad, Chairman of the Nomination and Remuneration Committee was present at the 24th Annual General Meeting of the Company held on 24th July, 2014.

The Committee met five times during the year under review on 23rd April, 2014, 24th July, 2014, 21st October, 2014, 16th December, 2014 and 20th March, 2015. The attendance details at Meetings of the Committee are given in Table 5.

Table 5: Attendance record of Nomination and Remuneration Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Piyush Mankad (Chairman)	5	5
Mr. Bharat N. Doshi	5	5
Mr. Dhananjay Mungale	5	5
Mr. Uday Y. Phadke	5	5
Mr. M. G. Bhide	5	5

c) Stakeholders Relationship Committee

As on 31st March, 2015, the Stakeholders Relationship Committee comprised of three members, viz. Mr. M. G. Bhide (Chairman), Independent Director, Mr. Uday Y. Phadke, Non-Executive Non-Independent Director and Mr. Ramesh Iyer, Managing Director. The Board at its Meeting held on 23rd April, 2015 has appointed Ms. Rama Bijapurkar, an Independent Director, as a Member and Chairperson of the Committee

with effect from 23rd April, 2015. Mr. M. G. Bhide will continue to be a Member of the Committee. Ms. Arnavaz M. Pardiwala, Company Secretary is the Compliance Officer of the Company.

The Committee meets, as and when required, to inter alia, deal with matters relating to transfers/transmissions of shares and monitor redressal of grievances of security holders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc.

The Committee is also authorised to approve requests for issue of duplicate share certificates.

Mr. M. G. Bhide was present at the 24th Annual General Meeting of the Company held on 24th July, 2014.

The Committee met twice during the year on 23rd April, 2014 and 22nd October, 2014. Both the meetings were well attended. The attendance details at Meetings of the Committee are given in Table 6.

Table 6: Attendance record of Stakeholders Relationship Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. M. G. Bhide	2	2
Mr. Uday Y. Phadke	2	2
Mr. Ramesh Iyer	2	2

Details of queries and grievances received and attended to by the Company during the year 2014-15 are given in Table 7.

Table 7: Complaints/Letters received and attended to during the Financial Year 2014-15

Nature of Complaints/Letters	Pending as on 1st April, 2014	Received during the year	Answered during the year	Pending as on 31st March, 2015
1. Status of Share Application	0	0	0	0
2. Non-Receipt of Electronic Credit	0	1	1	0
3. Non-Receipt of Dividend	0	21	21	0
4. Duplicate/Revalidation/Correction of Dividend Warrant	0	266	266	0
5. SEBI/ Stock Exchange Complaints	0	2	2	0
Total	0	290	290	0

d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company in compliance with the

provisions of the Companies Act, 2013 and Rules made thereunder, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013, and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the

website of the Company at the link: <http://www.mahindrafinance.com/csr.aspx>.

Mr. Bharat N. Doshi, Non-Executive Non-Independent Director is the Chairman of the Committee. Mr. Piyush Mankad, Independent Director, Mr. Uday Y. Phadke,

Non-Executive Non-Independent Director and Mr. Ramesh Iyer, Managing Director, are the other Members of the Committee.

The Committee held four meetings during the year under review. The Committee met on 22nd April, 2014, 23rd July, 2014, 16th

December, 2014 and 20th March, 2015. The attendance details at Meetings of the Committee are given in Table 8.

Table 8: Attendance record of Corporate Social Responsibility Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Bharat Doshi (Chairman)	4	4
Mr. Piyush Mankad	4	4
Mr. Uday Y. Phadke	4	4
Mr. Ramesh Iyer	4	4

e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. It reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Company submits periodic reports to the RBI on the management of the Company's risks and assets and liabilities.

As of 31st March, 2015, the Committee comprised of four members viz. Mr. Dhananjay Mungale (Chairman), Independent Director, Mr. Uday Y. Phadke, Non-Executive Non-Independent Director, Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director and Mr. Ramesh Iyer, Managing Director.

The Board of Directors at its Meeting held on 23rd April, 2015 has appointed Mr. M. G. Bhide, an Independent Director, as a Member and Chairman of the Committee with effect from 23rd April, 2015.

The Committee met on 23rd April, 2014 and 22nd October, 2014. The attendance details at Meetings of the Committee are given in Table 9.

Table 9: Attendance record of Asset Liability Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhananjay Mungale	2	2
Mr. Uday Y. Phadke	2	2
Mr. Ramesh Iyer	2	2
Mr. V. S. Parthasarathy+	2	0

+ The Board of Directors at its Meeting held on 22nd October, 2014 appointed Mr. V. S. Parthasarathy as a Member of the Committee with effect from 22nd October, 2014.

f) Risk Management Committee

The revised Clause 49 of the Listing Agreement mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before the revised Clause 49 came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28th January, 2008 to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review periodically the Risk Management Policy and strategy followed by the Company.

The 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.

As of 31st March, 2015, the Risk Management Committee comprised Mr. Dhananjay Mungale (Chairman), Mr. M. G. Bhide, Ms. Rama Bijapurkar, Mr. C. B. Bhawe, Independent Directors and

Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director of the Company.

The Board of Directors at its Meeting held on 23rd April, 2015 has appointed Mr. C. B. Bhawe as the Chairman of the Committee.

The Committee met on 23rd April, 2014, 24th July, 2014, 22nd October, 2014 and 17th January, 2015. The attendance details at Meetings of the Committee are given in Table 10.

Table 10: Attendance record of Risk Management Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhanajay Mungale (Chairman)	4	4
Mr. M. G. Bhide	4	4
Ms. Rama Bijapurkar	4	4
Mr. C. B. Bhave [#]	4	0
Mr. V. S. Parthasarathy [*]	4	1

[#] Mr. C. B. Bhave was appointed as a Member of the Committee with effect from 10th February, 2015 and Chairman of the Committee with effect from 23rd April, 2015 and Chairman of the Committee with effect from 23rd April, 2015.

^{*} Mr. V. S. Parthasarathy was appointed as a Member of the Committee with effect from 22nd October, 2014.

g) Strategy Committee for Acquisitions

The Strategy Committee for Acquisitions was constituted by the Board at its Meeting held on 20th March, 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.

As of 31st March, 2015, the Strategy Committee for Acquisitions comprised of Mr. M. G. Bhide, Mr. Dhanajay Mungale and Mr. V. S. Parthasarathy.

Subsidiary Companies

Clause 49 of the Listing Agreement defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any "material non-listed Indian subsidiary" during the year under review. The subsidiaries of

the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company's subsidiaries are placed at the Board Meeting for review by the Board Members.

Policy for determining Material Subsidiaries

The Company has formulated a policy for determining 'material' subsidiaries as defined in Clause 49 of the Listing Agreement. This policy has also been hosted on the website of the Company: <http://www.mahindrafinance.com/policies.aspx>

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transaction with related parties are placed before the Audit Committee from time to time. During the Financial Year 2014-15, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or Relatives, etc., that may have potential conflict with the interests of the Company at large.

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Agreement. The Policy on Related Party Transactions is displayed on the website of the Company: <http://www.mahindrafinance.com/policies.aspx>.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's Equity Shares.

Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees, in

compliance with the Securities and Exchange Board of India [Prohibition of Insider Trading] Regulations, 1992, as amended from time to time. The Code lays down Guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

The Securities and Exchange Board of India ("SEBI") on 15th January, 2015 notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the "new Regulations") to come into effect from 15th May, 2015, thereby repealing the earlier Regulations effective the said date. In accordance with the provisions of the new Regulations, the Company has devised and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' in the Board Meeting held on 23rd

April, 2015. These Codes shall be made effective from 15th May, 2015.

The Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited has been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the new Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit Designated Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information.

WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed is implemented

through the Whistleblower Policy to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistleblower Policy per se provides for protected disclosure and protection to the Whistleblower. Under the Vigil Mechanism a person is provided access to Chairman of the Audit Committee of the Company or Chairman of the Company or the Corporate Governance Cell, to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity. The vigil mechanism has been hosted on the Company's website : http://www.mahindrafinance.com/pdf/MMFSL_VigilMechanism.pdf. The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel has been denied access to the Audit Committee.

SHAREHOLDERS

Appointment of Directors

The details of Directors seeking appointment at the forthcoming Annual General Meeting is set forth in Table 11.

Table 11

Name of the Director	Mr. V. S. Parthasarathy
Date of Birth	1st November, 1962
Date of Appointment on the Board	24th July, 2014
Expertise in specific functional area	Finance, HR, M&A, IT and International Operations
Qualifications	Bachelor's Degree in Commerce and a fellow member of the Institute of Chartered Accountants of India, Advanced Management Program from Harvard University
Directorships in Companies	Mahindra Aerospace Private Limited Defence Land Systems India Limited Mahindra Reva Electric Vehicles Private Limited Mahindra Defence Systems Limited Mahindra Telephonics Integrated Systems Limited Mahindra USA Inc. Mahindra Yueda (Yancheng) Tractor Company Limited Mahindra Tractor Assembly Inc. CIE Automotive, S.A. Mahindra North America Technical Centre, Inc.

Name of the Director	Mr. V. S. Parthasarathy
	Mahindra & Mahindra Financial Services Limited
	Mahindra Holidays & Resorts India Limited
	New Democratic Electoral Trust
	Mahindra Two Wheelers Limited
Membership of Committees in Public Limited Companies	
Audit Committee	Mahindra Aerospace Private Limited
	Mahindra Telephonics Integrated Systems Limited
	Mahindra Reva Electric Vehicles Private Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra Two Wheelers Limited
	Mahindra & Mahindra Financial Services Limited
Nomination and Remuneration Committee	Mahindra Defence Systems Limited
	Mahindra Reva Electric Vehicles Private Limited
	Mahindra Two Wheelers Limited
Stakeholders Relationship Committee	Mahindra Holidays & Resorts India Limited
Risk Management Committee	Mahindra Holidays & Resorts India Limited
	Mahindra & Mahindra Financial Services Limited
Corporate Social Responsibility Committee	Mahindra Holidays & Resorts India Limited
ALCO Committee	Mahindra & Mahindra Financial Services Limited
Treasury Committee	Defence Land Systems India Limited
Committee of Directors – Investments	Mahindra Holidays & Resorts India Limited
Strategy Committee for Acquisitions	Mahindra & Mahindra Financial Services Limited
Shareholding of Director in the Company	250 Equity Shares of the Face Value of Rs. 2/- each

Mr. Parthasarathy holds a Bachelor's Degree in Commerce and is a fellow member of the Institute of Chartered Accountants of India. He is Harvard Alumni of Advanced Management Program - batch 2011. He has also been part of Mahindra Group's Senior Management team for Group strategy development, facilitated by Harvard Business School.

Mr. V. S. Parthasarathy is Group Chief Financial Officer (CFO) and Group Chief Information Officer (CIO) of Mahindra & Mahindra Limited (M&M), holding Company. In his role as Group CFO & Group CIO, of M&M he facilitates Mahindra Group in accomplishing its vision of 'being amongst the Top 50 most admired brands in the world'. He is a member of the think-tank of Mahindra Group's supervisory board called "Group Executive Board". He is also a member of the Global IT Customer Advisory Board of CISCO & APJ Customer Advisory Board of HP. He joined M&M in 2000. At M&M, he spearheaded functions like Finance,

HR, M&A, IT and International Operations before he was appointed CFO of M&M. He has received many accolades and recognitions in the field of Finance, M&A & IT being a Group CFO and Group CIO and as Head of Group Finance and Mergers & Acquisition.

Means of Communication with Shareholders

- ◆ The Company publishes its quarterly, half-yearly and annual results in Business Standard and Sakal which are national and local dailies, respectively. These are not sent individually to the Shareholders.
- ◆ The Company results and official news releases are displayed on the Company's website <http://www.mahindrafinance.com>.
- ◆ The Company also makes presentations to international and national institutional investors and analysts, which are also hosted on its website.
- ◆ The Company also files various compliances as required to

be filed in the BSE Corporate Compliance and Listing Centre and NSE Electronic Application Processing System (NEAPS). Various compliances as required/ prescribed under the Listing Agreement executed with the Stock Exchanges are also filed through these systems in addition to dissemination of information by email.

◆ The Company has designated investorhelpline_mmfsi@mahindra.com as an email id for the purpose of registering complaints by investors and displayed the same on the Company's website. The Company has also designated mfinfd@mahindra.com as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/ complaints in respect of Fixed Deposits of the Company and the same has also been displayed on the Company's website.

GENERAL BODY MEETINGS**Table 12: Details of last three Annual General Meetings and Special Resolutions passed**

GENERAL BODY MEETINGS

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2011-2012	27th July, 2012	3.30 p.m.	Amendment to the Articles of Association of the Company for convening Board Meetings and General Meetings through Video Conference and/or other permissible electronic or virtual facilities and for servicing of documents to Shareholders through electronic mode.	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai – 400 020.
2012-2013	25th July, 2013	3.30 p.m.	None	Swatantryaveer Savarkar Rashtriya Smarak, 252, S.V.S. Marg, Shivaji Park, Dadar (W), Mumbai – 400 028.
2013-2014	24th July, 2014	3.30 p.m.	Revision in the remuneration of Mr. Ramesh Iyer, Managing Director of the Company.	Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, next to Sachivalaya Gymkhana, Mumbai – 400 021.

Details of Extraordinary General Meeting held during the past three financial years

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2012-2013	6th November, 2012	10.00 a.m.	Allotment of Equity Shares to Qualified Institutional Buyers under the Qualified Institutions Placement.	Swatantryaveer Savarkar Rashtriya Smarak, 252, S.V.S. Marg, Shivaji Park, Dadar (W), Mumbai – 400 028.

POSTAL BALLOT**Details of Resolutions passed through Postal Ballot during the Financial Year 2014-15**

During the year, four resolutions were passed through Postal Ballot. Mr. S. N. Ananthasubramanian, Practising Company Secretary was appointed as the Scrutinizer for overseeing the Postal Ballot voting process. The details are as follows:

1. Special Resolution for increase in Borrowing limits from Rs. 38,000 crores to Rs. 45,000 crores under section 180(1)(c) of the Companies Act, 2013 (“the Act”) and creation of charge on the Company’s property(ies) under section 180(1)(a) of the Act

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes – against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/ (1)]*100	(4)	(5)	(6)=[(4)/ (2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,64,34,346	29,64,34,346	100.00	29,64,34,346	0	100.00	0
Public Institutional Holders	24,04,26,246	13,37,76,411	55.64	13,13,93,175	23,83,236	98.22	1.78
Public – Others	3,19,04,368	27,75,366	8.70	27,73,017	2,349	99.92	0.08
Total	56,87,64,960	43,29,86,123	76.13	43,06,00,538	23,85,585	99.45	0.55

2. Special Resolution for issue of Non-Convertible Debentures and/or other Debt Securities on a Private Placement basis under Sections 42 and 71 and all other applicable provisions of the Act read with the relevant Rules.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes-against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group	29,64,34,346	29,64,34,346	100.00	29,64,34,346	0	100.00	0
Public Institutional Holders	24,04,26,246	12,66,61,427	52.68	12,35,88,870	30,72,557	97.57	2.43
Public – Others	3,19,04,368	27,72,087	8.69	27,66,581	5,506	99.80	0.20
Total	56,87,64,960	42,58,67,860	74.88	42,27,89,797	30,78,063	99.28	0.72

The results of both the aforesaid Special Resolutions were declared on 19th June, 2014.

3. Resolution for seeking approval of the Public shareholders (other than individuals/ entities forming part of Promoter and Promoter Group) for the Scheme of Amalgamation of Mahindra Business & Consulting Services Private Limited with the Company under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956.

Promoter/Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes in favour	No. of votes-against	% of votes in favour on votes polled	% of votes against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter and Promoter Group**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Public Institutional Holders	24,64,95,195	15,91,08,563	64.55	15,91,08,563	0	100.00	-
Public – Others	2,62,61,500	28,98,998	11.04	28,97,803	1,195	99.96	0.04
Total	27,27,56,695	16,20,07,561	59.40	16,20,06,366	1,195	100.00	0.00

** Note : Pursuant to the requirements prescribed in Paragraph 5.16 (a) (iii) of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the Postal Ballot including e-voting facility was provided only to Public Shareholders (other than the Promoter and Promoter Group) of the Company.

The results of the aforesaid Resolution were declared on 13th January, 2015.

4. Appointment of Mr. C. B. Bhawe as an Independent Director of the Company

The Company also conducted a Postal Ballot seeking Shareholders' approval by way of an Ordinary Resolution, for the appointment of Mr. C. B. Bhawe as an Independent Director of the Company with effect from 3rd February, 2015.

The Results were declared on 3rd February, 2015.

Procedure for Postal Ballot

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the Rules prescribed, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of National Securities Depository Limited (NSDL)/Karvy Computershare Private Limited, its Registrar and Share Transfer Agent, for the purpose of providing e-voting facility to all its Members.

The Members have the option to vote either by physical ballot or e-voting. The Company dispatches the Postal Ballot Notices and Forms along with postage pre-paid business reply envelopes to its members whose names appear on the Register of Members / list of Beneficiaries as on the cut-off date. The Postal Ballot Notice is sent to Members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's Registrar and Share Transfer Agent (in case of physical

shareholding). The Company also publishes notice in the newspapers in English and Marathi languages declaring the details of completion of dispatch, declaration of results and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman/Managing Director/Company Secretary, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/Managing Director/Company Secretary as the case may be. The Results and the Report of the Scrutinizer are hosted on the Company's website www.mahindrafinance.com besides being communicated to the Stock Exchanges and Registrar and Share Transfer Agents. The Results are also published in at least one English and one vernacular newspaper circulating in Maharashtra. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

Special resolutions proposed to be passed by way of Postal Ballot

The Board at its meeting held on 23rd April, 2015, approved the increase in Borrowing Limits from Rs. 45,000 crores to Rs. 50,000 crores under section 180(1)(c) of the Companies Act, 2013 ("the Act"), creation of charge on the

Company's property(ies) under section 180(1)(a) of the Act and the issue of Non-Convertible Debentures and/or other Debt Securities, in one more tranches, aggregating upto Rs. 21,000 crores on a Private Placement basis in accordance with the provisions of sections 42, 71 and all other applicable provisions, of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014. In this connection, the Company will seek Shareholders' approval for these Special Resolutions by way of Postal Ballot.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Special Resolution by way of Postal Ballot.

Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

Compliance with Mandatory Requirements

The Company has fully complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

Compliance with Non-Mandatory Requirements

Audit Qualification
During the year under review, there is no audit qualification in your Company's standalone financial statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of unqualified financial statements.

Separate Posts of Chairman and Managing Director and CEO

The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.

Your Company has not adopted the other non-mandatory requirements as specified in Annexure XIII of Clause 49.

COMPLIANCE WITH THE CORPORATE GOVERNANCE VOLUNTARY GUIDELINES, 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines, 2009 ("the Guidelines"). In the Guidelines MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance.

Your Company has been a strong believer in good Corporate Governance and has been adopting the best practices that have evolved over the last two decades.

Your Company is in substantial compliance with the Guidelines and it will always be the Company's endeavour to attain the best practices in Corporate Governance.

General Shareholders Information

25th Annual General Meeting

Date : 24th July, 2015

Time : 3.30 p.m.

Venue : Y. B. Chavan Auditorium,
General Jagannath Bhosale
Marg, next to Sachivalaya
Gymkhana,
Mumbai - 400 021.

Financial Year of the Company

The financial year covers the period from 1st April to 31st March. For the year ending 31st March, 2015 results will be tentatively announced on:

- ◆ Quarter ending 30th June, 2015 - End July, 2015
- ◆ Half-year ending 30th September, 2015 - End October, 2015
- ◆ Quarter ending 31st December, 2015 - End January, 2016
- ◆ Year ending 31st March, 2016 - End April, 2016

Book Closure

Book Closure for dividend will be from 4th July, 2015 to 24th July, 2015, inclusive of both days.

Dividend Payment

A dividend of Rs. 4.00 per Equity Share of Rs. 2 each, will be credited/dispatched on or after 25th July, 2015 subject to approval by Shareholders at the Annual General Meeting.

Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number

L65921MH1991PLC059642

Listing

A. Equity Shares

The Company's Shares are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The requisite listing fees have been paid in full to both these Stock Exchanges.

Table 1	Stock Exchange Codes
BSE	532720
NSE	M&MFIN
Demat ISIN in NSDL and CDSL for Equity Shares	INE774D01024

B. Non-Convertible Debentures

The Non-Convertible Debentures (NCDs) of the Company are listed on the BSE and the Company has paid the requisite listing fees in full.

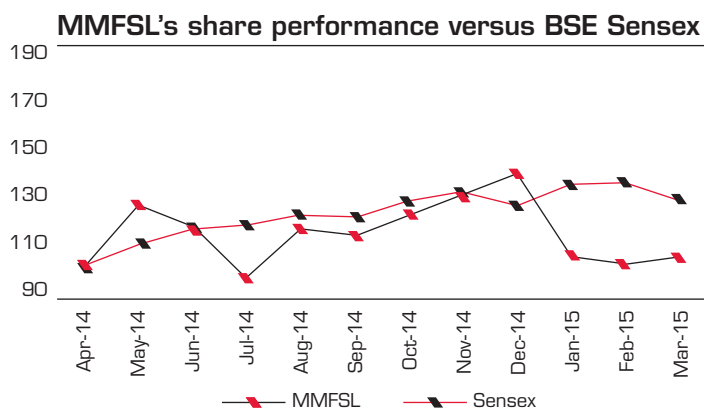
Debenture Trustee for the Company's NCDs :

Axis Trustee Services Limited
Axis House, 2nd Floor,
Bombay Dyeing Mills Compound,
Worli, Mumbai – 400 025.

Table 2: Monthly High and Low of Company's shares for the Financial Year 2014 - 15 at BSE and NSE

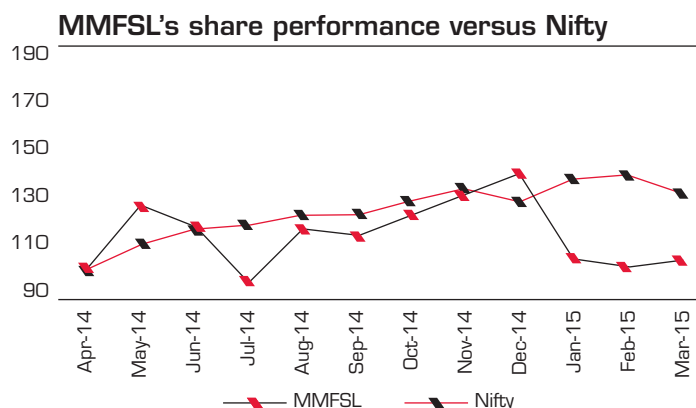
Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April, 2014	260.15	229.50	257.00	229.25
May, 2014	322.75	236.60	323.00	235.75
June, 2014	319.80	268.40	319.80	268.10
July, 2014	289.95	231.80	289.95	231.70
August, 2014	284.75	232.35	284.50	232.05
September, 2014	296.00	266.35	295.75	265.10
October, 2014	294.95	257.50	295.00	268.00
November, 2014	344.90	291.40	342.00	291.15
December, 2014	334.40	271.00	334.40	270.35
January, 2015	339.15	244.10	339.40	244.30
February, 2015	264.90	241.10	265.00	240.05
March, 2015	270.00	249.20	270.00	248.80

Chart A



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the Financial Year 2014-15 i.e. 1st April, 2014.

Chart B



Note: Share prices and Nifty indexed to 100 as on the first working day of the Financial Year 2014-15 i.e. 1st April, 2014.

Distribution of Shareholding

Table 3 and Table 4 lists the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2015.

Table 3: Shareholding pattern by size as on 31st March, 2015

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1 - 500	53,637	66,58,095	1.17
501 -1,000	2,393	18,75,775	0.33
1,001 - 5,000	2,093	47,54,234	0.84
5,001 - 10,000	263	19,03,125	0.33
10,001 - 20,000	156	22,51,016	0.40
20,001 and above	477	55,13,22,715	96.93
Total	59,019	56,87,64,960	100.00

Table 4: Shareholding pattern by ownership as on 31st March, 2015

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	29,58,31,949	52.01
Mutual Funds	1,66,12,539	2.92
FIs	21,69,75,286	38.15
Bodies Corporate	64,69,454	1.14
Indian Public/HUF	2,38,15,700	4.19
NRIs	8,11,546	0.14
Trusts	8,62,711	0.15
Indian Financial Institution/Banks	24,34,325	0.43
Venture Capital Fund	18,55,000	0.33
Insurance Companies	18,00,208	0.31
Clearing Members	12,96,242	0.23
Total	56,87,64,960	100.00

Dematerialisation of Shares

As on 31st March, 2015, 99.71 per cent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

Compliance with Clause 5A of the Listing Agreement

The Securities and Exchange Board of India had vide its Circular No. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April, 2009, made amendments to the Equity Listing

Agreement by insertion of Clause 5A for the purpose of providing a uniform procedure for dealing with unclaimed shares i.e. shares which could not be allotted to the rightful shareholder(s) due to insufficient/ incorrect information or for any other reason.

In accordance with Clause 5A, the unclaimed shares as well as corporate benefit in terms of securities, accruing on unclaimed shares have been credited to a demat suspense account opened by your Company with M/s. Karvy Stock Broking Limited.

The information as required pursuant to sub-clause (g) of Clause 5A is furnished below:

- (i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year – 27 shareholders representing 4,975 Equity Shares of Rs. 2 each.
- (ii) Number of shareholders who approached the Company for transfer of shares from suspense account during the year – 1
- (iii) Number of shareholders to whom shares were transferred from suspense account during the year - 1
- (iv) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year - 26 shareholders representing 4,800 Equity Shares of Rs. 2 each.
- (v) The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

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

As on 31st March, 2015, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Plant Locations

In view of the nature of business activities carried on by the Company,

the Company operates from various offices in India and does not have any manufacturing plant.

**Registrar and Transfer Agents
Karvy Computershare Private
Limited**

Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.
Tel.: +91 40 67162222
Fax: +91 40 23001153
Email: support@karvy.com; einward.ris@karvy.com

The Registrar and Transfer Agents also have an office at:

Karvy Computershare Private Limited

24-B, Raja Bahadur Mansion, Ground Floor, Ambalal Doshi Marg, Behind BSE, Fort, Mumbai - 400 023.
Tel.: + 91 22 66235454
Fax: + 91 22 66331135

Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfer any two of Mr. Ramesh Iyer, Managing Director, Mr. Uday Y. Phadke, Non-Executive Non-Independent Director and Mr. V. Ravi, Chief Financial Officer are authorised to approve transfers of upto 10,000 Equity Shares per transfer. The Stakeholders Relationship Committee meets as and when required to consider other requests for transfer/transmission of shares, issue of duplicate share certificates and attend to grievances of the security holders of the Company, etc.

Secretarial Audit / Reconciliation of Share Capital Audit

◆ Dr. K. S. Ravichandran, Managing Partner, KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2014-15. The Audit Report confirms that your Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made there under, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.

◆ Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

◆ A qualified Practicing Company Secretary carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted Equity Share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Share capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form held with NSDL and CDSL.

Address for Correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited

Unit: Mahindra & Mahindra Financial Services Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel.: +91 40 67162222
Fax: +91 40 23001153
Email: support@karvy.com;
einward.ris@karvy.com

on all matters relating to transfers, transmissions, dematerialisation of shares, payment of dividend and any other query relating to shares of the Company.

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised mode.

For all investor related matters, the Chief Financial Officer or the Company Secretary & Compliance Officer can be contacted at Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai - 400 018.

Tel.: +91 22 66526000

Fax: +91 22 66526198.

Email: investorhelpline_mmfsl@mahindra.com

Website: <http://www.mahindrafinance.com>

MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement, the CEO declaration for Code of Conduct is given below:

To

The Members of
Mahindra & Mahindra Financial Services Limited

I, Ramesh Iyer, Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2015.

For Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Managing Director

Place: Mumbai
Date : 23rd April, 2015

ANNEXURE A

CEO/CFO Certification

23rd April, 2015

To,

The Board of Directors
Mahindra & Mahindra Financial Services Limited

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended 31st March, 2015 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that:
- (i) there have been no significant changes in internal control over financial reporting during this year;
 - (ii) there have been no significant changes in accounting policies during this year; and
 - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

RAMESH IYER
MANAGING DIRECTOR

V. RAVI
CHIEF FINANCIAL OFFICER

CERTIFICATE**To the Members of Mahindra & Mahindra Financial Services Limited**

We have examined the compliance of conditions of Corporate Governance by Mahindra & Mahindra Financial Services Limited ("the Company") for the year ended on March 31, 2015 as stipulated in clause 49 of the listing agreements of the said Company with the National Stock Exchange of India Limited and BSE Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number: 105102W)

Naresh Kumar Kataria
Partner
Membership No. 037825

Place: Mumbai
Date: 23rd April, 2015

PARTICULARS OF LOANS/ADVANCES AND INVESTMENT IN ITS OWN SHARES BY LISTED COMPANIES, THEIR SUBSIDIARIES, ASSOCIATES, ETC., REQUIRED TO BE DISCLOSED IN THE ANNUAL ACCOUNTS OF THE COMPANY PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT.

Loans and advances in the nature of loans to subsidiaries:

Name of the Company	Rs. in Crores	
	Balance as on 31st March, 2015	Maximum Outstanding during the year
Mahindra Rural Housing Finance Limited	46.56	104.21

The Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, pursuant to section 186 of the Companies Act, 2013.

Management Discussion and Analysis

GLOBAL ECONOMY

Global economic growth during the year 2014 remained subpar and uneven. While the developed economies led by the US and UK continued to strengthen, the growth in most emerging markets slowed further during the year. Among the key emerging economies, China further slowed down due to weak global growth and policy induced slowdown to move the economy to more manageable levels and due to slowdown in investment, particularly in real estate. The year also saw a sharp decline of over fifty percent in crude prices. The sharp decline in commodity prices in general and crude prices in particular had a strong negative impact on the exporting countries while positively influencing the importing nations.

Global Growth

			Projections	
	2013	2014	2015	2016
World Output	3.4	3.4	3.5	3.8
Advanced Economies	1.4	1.8	2.4	2.4
United States	2.2	2.4	3.1	3.1
Euro Area	(0.5)	0.9	1.5	1.5
Japan	1.6	(0.1)	1.0	1.2
United Kingdom	1.7	2.6	2.7	2.3
Other Advanced Economies *	2.2	2.8	2.8	3.1
Emerging and Developing Economies	5.0	4.6	4.3	4.7
China	7.8	7.4	6.8	6.3

* [Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries]
Source: International Monetary Fund 2015

Services sector expanded by 10.6% against 9.1% in the preceding year.

INDIAN ECONOMY

The Indian economy during 2014-15, helped by a stable macroeconomic environment and several policy measures undertaken by the new government, witnessed a mild recovery. The stability in these indicators was critical to revive the investment climate, which was impacted by the high volatility during 2012 and 2014. The Central Statistics Office (CSO) (Advanced Estimates) projects GDP growth at 7.4% for 2014-15 against 5.1% in 2013 and 6.9% for 2014. Segment wise, agriculture is estimated to have grown by 1.1%, industry at 5.9% and services at 10.6% during 2014-15.

Within industry, manufacturing grew by 6.8% against 5.3%, underscoring the gradual recovery in the sector, with basic goods growing by 6.9% against 2.1% during the last year while capital goods expanded by 6.2% against a contraction of 3.6% the year earlier. Consumer durables manufacturing declined by 12.5% during the year, compared with 2013-14, signifying the lack of purchasing power in the economy. Services sector expanded by 10.6% against 9.1% in the preceding year. The year saw continuation of muted activity in railway and port traffic, domestic and international passenger traffic, international freight traffic, tourist arrivals, motorcycle and tractor sales as well as bank credit and deposit growth.

Indian GDP trend

Sectors	2013-14	2014-15*
Agriculture, forestry & fishing	3.7	1.1
Manufacturing	5.3	6.8
Mining and quarrying	5.4	2.3
Electricity, gas and water supply	4.8	9.6
Construction	2.5	4.5
Trade, hotels, transport, communication and services related to broadcasting	11.1	8.4
Financial, real estate & professional services	7.9	13.7
Public administration, defence and Other Services	7.9	9.0
GDP at market prices*	6.9	7.4

Source: CSO *Advance Estimates

India, helped by the stability in its macroeconomic environment, expected cyclical recovery and easing of the interest rate cycle attracted considerable foreign flows into the country during the fiscal. This led to expansion of the forex reserves by US\$ 55 billion to US\$ 340 billion. The sharp decline in commodity prices in general and crude prices in particular led to reduction in imports and helped control Current Account Deficit (CAD). Gold imports, which had dropped by staggering 47% in 2014, increased by 19.5% during the fiscal to US\$ 34.32 billion, primarily due to the decline in global prices and the relaxation of a few of the supply related curbs placed by the Reserve Bank of India (RBI).

(Source: Economic Survey 2014-15)

Inflation moderated sharply during 2015 partly supported by the drop in international crude oil prices. Food inflation came down, aided by a limited increase in minimum support prices for food grains, subdued rural wage growth and the government's offloading of food stocks. A sharp drop in crude oil prices helped contain fuel inflation, though hikes in excise duty limited the pass-through of global oil prices to domestic retail prices.

Easing inflationary pressure allowed RBI to reduce repo rates (rate at

which RBI lends to banks) twice by 25bps each to 7.5%. The gradual pass-on of this reduction to the borrowers will provide the much-needed support to growth by fuelling household spending and reducing corporate interest outgo.

INDIAN FINANCIAL SECTOR - A SYNOPSIS

The Indian Financial Sector comprises banks and financial institutions. Tighter liquidity conditions, stringent prudential norms and regulatory changes have resulted in fewer and stronger Non-Banking Financial Companies (NBFCs) in the country.

The year 2014-15 saw some significant changes in the banking and financial industry:

After a gap of more than 10 years, RBI awarded bank licences to two new entities.

The monetary framework has been changed to 6 reviews per year as compared to 8 earlier.

The RBI issued norms for payments banks and small banks and initiated a process to issue differentiated licences.

RBI received 41 applications for payments bank licence and 72 for small finance bank licences.

Banks were allowed to undertake Cash Reserve Ratio (CRR)/Statutory Liquidity Ratio (SLR) exemption for the funds raised via infra bonds.

Under the Prime Minister led Pradhan Mantri Jan Dhan Yojana over 130 million bank accounts were opened, helping take financial inclusion significantly forward

INDIAN NBFC SECTOR Credit Scenario

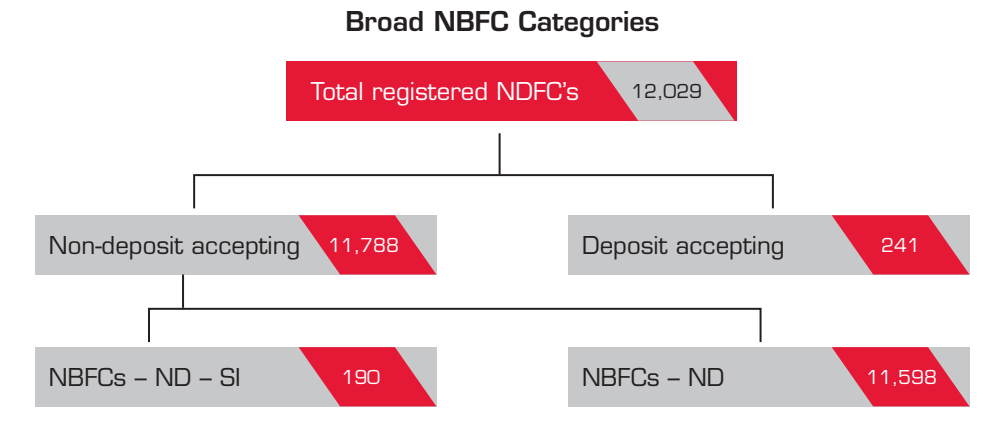
Indian rural economy has slowed down over the last two years. This has adversely affected the asset quality to some extent and weakened the growth for the NBFC sector. NBFCs though, stand to benefit from the reduction in the cost of funding, which in turn should help to improve margins.

A strong monsoon and pro-growth rural focused policy measures should lead to a pick-up in the rural economy and augur well for the NBFC sector with rural presence.

Industry Scenario

The NBFC sector is an important part of the Indian financial sector. It has been consistently contributing to the sector through its scale of operations, technological prowess and innovation in form of newer financial products and services. Having a strong link with the financial

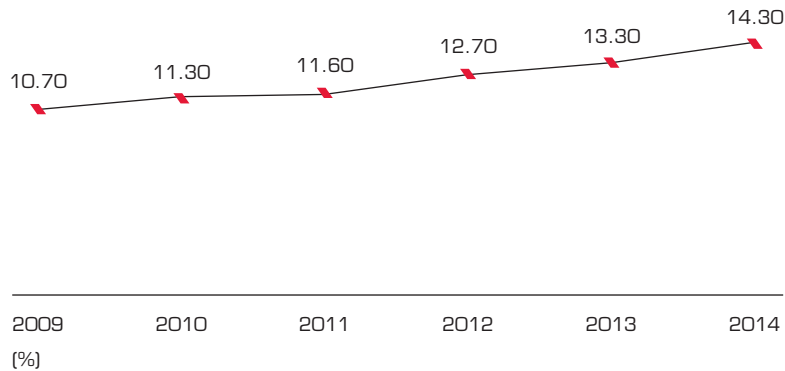
sector on both sides of the balance sheet, NBFCs along with other financial entities are subjected to counterparty failures, decline in collateral value, interest rate movement, liquidity and solvency risks. NBFCs have shown dynamism in delivering innovation and in assisting financial inclusion. A wide reach into the remotest areas of the country has helped NBFCs resolve the credit shortage of smaller enterprises and entrepreneurs, who are a productive part of India's growth.



Source: Speech delivered by Deputy Governor, RBI, November 2014

ND - Non-Deposit Taking
SI - Systemically Important

Growing Proportion of NBFCs assets to Bank assets



Source: CARE ratings report, December 5, 2014

NEW REGULATIONS

The RBI issued new regulations for the NBFC sector, taking cue from several important recommendations made by the Working Group (Chairperson: Smt. Usha Thorat) on Issues and Concerns in the NBFC Sector and the Committee on Comprehensive Financial Services

for Small Businesses and Low Income Households (Chairman: Dr. Nachiket Mor). As per the new norms, NBFCs that accept public funds and interact with customers will be subject to stringent prudential regulations.

Net Owned Funds

NBFCs would be required to raise the minimum Net Owned Fund (NOF) limit to Rs. 1 crore by March, 2016, and to double it to Rs. 2 crore by 2017, in a phased manner. Currently the minimum NOF requirement is at Rs. 25 lakh.

CRAR-Tier 1 Capital

For deposit and non-deposit taking NBFCs, Capital to Risk (Weighted) Assets Ratio or CRAR, which includes Tier I capital of 7.5%, is 15% currently. This will be changed to Tier I capital of 8.5% by end of March 2016 and 10% by March 31, 2017.

Provision on Standard Assets

NBFCs also have to maintain standard provisioning of 0.3% by end of March 2016; 0.35% by March 2017 and to 0.4% by end of March 2018.

Asset Classification

Asset classification norms are being harmonised with those of banks. An asset is classified as Non-Performing Asset (NPA) when it has remained overdue for a period of 6 months or more for loans; and overdue for twelve months or more in case of lease rental and hire purchase instalments, as compared to 90 days for banks. Lease Rental and Hire-Purchase Assets shall become NPA if they become overdue for 9 months (currently 12 months) for the financial year ending March 31, 2016 and will become NPAs by March 31, 2018 in a phased manner in case they are overdue for 3 months. Assets other than Lease Rental and Hire-Purchase Assets shall become NPA if they become overdue for 5 months for the financial year ending March 31, 2016; if overdue for 4 months for the financial year ending March 31, 2017; and if overdue for 3 months for the financial year ending March 31, 2018 and thereafter.

Corporate Governance and Disclosure Norms

Directions pertaining to Corporate Governance have been encapsulated in a separate set of Guidelines viz. "Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015" effective 10th April, 2015.

These are applicable to all Deposit accepting NBFCs (NBFC-D) and NBFC-ND-SI (non deposit accepting NBFC with asset size of Rs. 500 crore and above). All the provisions pertaining to Corporate Governance and Disclosure contained in the Revised Regulatory Framework for NBFCs issued on November 10, 2014 have been incorporated in the Guidelines, albeit in a structured manner.

The salient features are given hereunder:

Board committees

The constitution of the following committees has been made mandatory :

- ◆ Audit Committee
- ◆ Nomination Committee
- ◆ Risk Management Committee

Audit partner rotation

The new framework prescribes rotation of the Partner of the Audit firm every three years.

Information Systems Audit

The Audit Committee is required to ensure that Information Systems Audit is conducted at least once in two years.

Fit and proper criteria for Directors

To put in place a policy for ascertaining the 'Fit and Proper criteria' for Directors in accordance with the Guidelines that have been prescribed.

There are also increased requirements for Directors to provide declaration or undertaking and quarterly filings (statement of change of Directors and Certificate from Managing Director that 'fit and proper criteria' in selection of Directors has been followed) with the RBI; the annual statement to be certified by the Auditors.

Additional Disclosures in Financial Statements

The new framework has significantly increased the disclosure requirements in the Financial Statements. Some of the important additional disclosures to be made in the Financial Statements of NBFC-D and NBFC-ND-SI include the following:

- ◆ Registration, licence, or authorisation obtained from other Financial Sector Regulators
- ◆ Ratings assigned by credit rating agencies and migration of ratings during the year
- ◆ Penalties, if any, levied by any Regulator
- ◆ Information i.e. area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries
- ◆ Asset liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued, securitisation or assignment transactions.

GROWTH DRIVERS OF NBFC SECTOR

The NBFC sector witnessed strong activity in some sectors, indicating a revival. Predominant among them is the CV industry where freight activity has risen and lower diesel prices are

NBFCs have shown dynamism in delivering innovation and in assisting financial inclusion.

helping improve operator profits. States are getting a greater share of revenue from the Centre, and thus, will be able to channelize funds into sustainable social benefit schemes, and infrastructure improvement. This will boost the rural economy.

The following sectors drive growth in the NBFC sector, and their current performance in 2014-15 and the long term outlook is listed below:

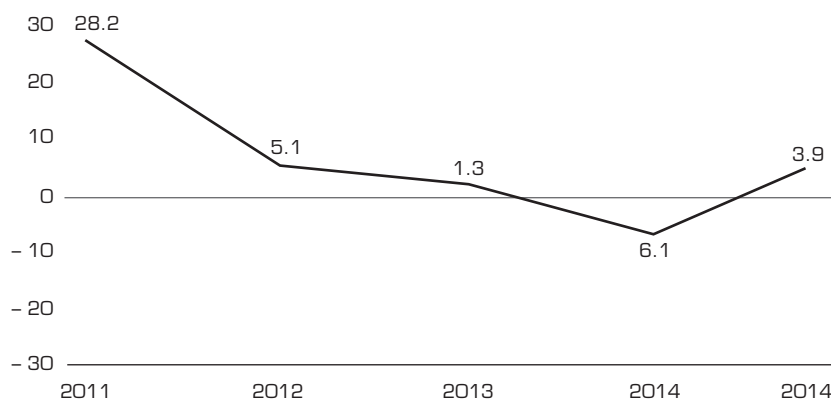
Automotive

One of India’s major sectors, the automotive industry contributes 22% to India’s GDP. In 2014-15, Passenger Vehicles sales increased by 3.9% during the fiscal but the overall Commercial Vehicles segment registered a de-growth of 2.84% during the year. Medium &

Heavy Commercial Vehicles grew by a strong 16.02% and Light Commercial Vehicles sales declined by 11.57 %. (Source: Society of Indian Automobile Manufacturer’s). India is expected to become the third largest market for automobiles by 2020, signifying bright growth prospects.

Passenger Vehicle Sales on an Uptick

Indian Passenger Vehicle Market Growth (%)



Source: Society of Indian Automobile Manufactures (SIAM)

Tractor

India is the largest tractor market in the world. (Source: JD Power Asia Pacific report). The sector performed sub-par in 2014-15 due to below-normal monsoon, lower farm output and low support prices of wheat and paddy. During the fiscal, Tractor sales saw a double digit decline to 5.5 lakh units due to lower demand on account of sluggishness in the economy. Karnataka was the only State to register a double digit increase in the sales of tractors on account of relatively better rainfall. Based on good monsoon predictions, improving irrigation

infrastructure, the prospects for the tractor industry look positive in the long-term. Tractors also find use in other industries like infrastructure and construction, both of which are expected to witness a major upturn, on the back of recent policy initiatives. Given these factors, we believe that tractor financing will also grow significantly.

Infrastructure and Real Estate

The sector continued a lacklustre performance with slow execution and several stalled projects in 2014-15. Thus, demand for construction equipment remained tepid during

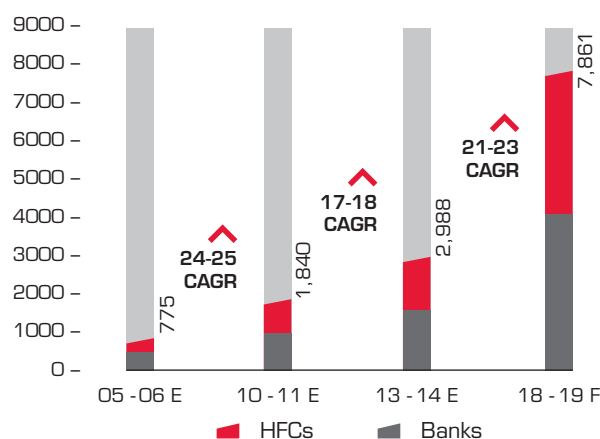
the year. However, the future looks bright due to benign interest rates, falling crude and steel prices and infrastructure investment increasing in several States across India. The recent budget proposals have given a big push for infrastructure sector with Rs. 70,000 crore increase in investment. The budget also stressed on the need to revive the Public Private Partnership (PPP) mode of infrastructure development. The Government of India’s revised norms on minimum built-up area, capital requirements and easing of exit norms will attract Foreign Direct Investment (FDI) into construction.

Housing Finance

The Government of India's new vision is to ensure 'Housing for All' by 2022, especially with prioritised focus on affordable rural housing. This requires several initiatives to empower consumers and to promote mass housing construction technologies. Adequate development of the housing sector could help increase its share in the economy from 6% in 2013 to 10-12% by 2022.

(Source: KPMG)

Growth in Housing Finance Disbursements (Rs bn)



Source: CRISIL Retail Finance – Housing – January 2015

HFCs - Housing Finance Companies

CAGR - Compounded Annual Growth Rate

Mutual Fund

Indian mutual fund industry has significant headroom to develop, with the country's savings rate being over 30-35% in the last few years. The Asset Under Management (AUM) stood at Rs 10,82,757 crore at the end of March 31, 2015. The number of investors has grown significantly in the past fiscal and an upward trend in markets and improving economic indicators are expected to result in a much more broad-based participation in 2015-16.

Source: Association of Mutual Funds in India (AMFI)

Gold loan industry

For most of 2014, gold prices fell largely due to rising US dollar,

tepid demand from the two largest importing nations viz India and China and due to limited demand of Gold Exchange Traded Funds (ETFs). In case of lending against gold, RBI harmonised the LTV ratio to 75% for banks as well as NBFCs. The Central Bank also mandated a high Tier I Capital Adequacy Ratio of 12% for the greater risk in gold lending.

OUTLOOK

Reducing international commodity prices prove to be a favourable external shock for crude importers even as this adversely impacts crude exporters. Global growth is likely to steadily shoot up through 2015 and 2016. The growth outlook in the Euro area is expected to improve, bolstered by increase in demand from lower crude prices

and a depreciating euro along with easing financial and credit conditions following accommodative monetary policies. Capital movements into US Treasuries on the back of a US rate hike and uncertainty regarding commodity and energy prices as well as geopolitical climate, are a few of the key risks and could disrupt global growth as market sentiments shift rapidly.

In India, the retail inflation has consistently fallen since September 2014. The Government's policies aimed at increasing infrastructure investment and subdued commodity prices together with upbeat financial market conditions for India points at sustained recovery in 2015-16. Retail inflation is estimated to lie below 6% in 2015-16. CAD is

estimated to remain around the acceptable levels of less than two percent on account of restrained input costs unless global commodity prices rise again, particularly those of crude oil. Meanwhile, softened input costs shall put savings into government and corporate pockets. As per RBI survey, Fiscal deficit is expected to moderate further at 3.9% in 2015-16 because of lower subsidies, deregulated energy prices and excise levies on diesel and coal.

ABOUT MAHINDRA FINANCE

Mahindra & Mahindra Financial Services Limited ('Mahindra Finance') is a leading NBFC and is a part of the USD 16.5 billion Mahindra Group. The Company has a well-diversified business covering Auto and tractor finance, SME loans, Construction Equipment's (CE), Personal Loan and gold loan across the country. It also offers Fixed Deposits and is also in the business of Mutual Fund distribution. The Company has 1,108 offices across the country and over 3.5 million customers (as on March 31, 2015) and is the first finance Company from India to become a part of Dow Jones Sustainability Index. MMFSL also recorded Total Assets Under Management of Rs. 36,878 crores as on 31st March, 2015.

SME FINANCIAL SOLUTIONS

With SME financial solutions, the Company assists in providing project finance, working capital, equipment finance, corporate loans and bill discounting services. The Company advises small and medium entrepreneurs to understand their financing needs and options, and avail the best possible solutions. Mahindra Finance's biggest strength is easy accessibility and personalised services which can help small scale

dreams reach their true potential, because we believe in the capability of these entrepreneurs.

CREDIT RATINGS

India Ratings and Brickworks Ratings upgraded MMFSL's long term debt rating to 'AAA'.

CARE Ratings also assigned 'AAA' rating to Company's long term debt. CRISIL has reaffirmed 'AA+/Stable' rating to the Company's long term debt.

OPERATIONAL REVIEW

The key operational highlights during the year are as below:

- ◆ Opened more branches at the village level to remain close to customers, to understand their cash flows and approach the customer for recovery when he has the money. These branches shall also seize new opportunities when the economic cycle and farm cycle improve
- ◆ Increased number of offices to 1,108 as on 31st March 2015, up by 24% from 893 offices as on 31st March 2014
- ◆ Increased employee base to 14,197 s on 31st March 2015 as against 12,816 as on 31st March 2014
- ◆ Total Income increased to Rs. 5585 Crores in 2014-15 from Rs. 4953 Crores in 2013-14, with an increase of 13%
- ◆ Assets Under Management (AUM) has risen to Rs. 36,878 Crores from Rs. 34,133 Crores in 2013-14, with an increase of 8%

- ◆ The customer base reached 3.63 million people, from 3.12 in 2013-14, an increase of 17%

The Company has always been following norms that are more prudent than those prescribed by RBI. The Company has put in place processes to meet RBI's new regulations.

FINANCIAL REVIEW

The following table presents MMFSL's standalone abridged financials for the financial year 2014-15, including revenues, expenses and profits.

The Company has 1,108 offices across the country and over 3.5 million customers (as on March 31, 2015) and is the first finance Company from India to become a part of Dow Jones Sustainability Index.

Abridged Profit and loss Statement

Rs. in Crores

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from operations	5,536.06	4,921.63
Other income	48.64	31.37
Total revenue	5,584.70	4,953.00
Expenses:		
Employee benefits expense	459.08	297.33
Finance cost	2,496.73	2,188.01
Depreciation and amortization expense	41.52	24.30
Loan provisions and write offs	827.49	505.79
Other expenses	506.24	591.80
Total expenses	4,331.06	3,607.23
Profit before tax	1,253.64	1,345.77
Tax expense	421.86	458.54
Profit for the year	831.78	887.23

Key Ratios

Key Indicators	FY 2014-15	FY 2013-14
PBT/Total Income	22.4%	27.2%
PBT/Total Assets	3.7%	4.3%
RONW (Avg. Net Worth)	15.5%	18.6%
Debt/ Equity	4.64:1	4.7:1
Capital Adequacy	18.3%	18.0%
Tier I Capital	15.5%	15.5%
Tier II Capital	2.8%	2.5%
Book Value (Rs.) (excluding ESOPs)	100.2	90.2
NIM (Gross Spread)	9.5%	9.9%

SCOT OF MAHINDRA FINANCE Strengths

Quality service: Mahindra Finance provides financial services through simple processes and procedures in sanction and disbursement of credit as well as; timely, friendly and flexible terms of repayment aligned to the unique features of its clientele. Easy and fast appraisal and disbursements make the Company, the preferred choice for many of its customers.

Round the corner: An established reach and network helps the Company to cater to the remotest of villages. More than 90% of the unorganised

sector has no link with banks and 60% of the rural consumers do not have bank accounts. The Company has significant business presence in semi-urban and rural areas.

Customer Insight: Focus on customer is one of the key factors that have driven the Company in all these years. A strong business model and a prudent insight about its customers gives the Company a competitive edge. Better risk management have made Mahindra Finance achieve commendable growth as well.

Strong balance sheet: On the asset side, loans and advances make up nearly 92.6% of the total assets. This primarily includes auto loans. Most of these loans are retail loans, and therefore spread a large customer and geographic base.

Opportunities

Demographic pattern and rising rural prosperity: India has one of the youngest populations in the world, and this means that there will be a large number of people seeking employment and livelihood. The aspirations in rural India are rising, and opportunities for those wanting to be entrepreneurs are increasing.

Rural prosperity is also on the rise, fuelled by increased support prices and welfare schemes initiated by the government. Per capita Gross Domestic Product has grown faster in India's rural areas than in its urban centres.

New opportunities: The rising income and prosperity levels in rural India will lead to many new opportunities like home finance and SME loans. New opportunities like home finance, SME finance for the rural reach along with, and a foray into factoring and bill payment for the rural hard-to-reach customer will take the Company to new scales of success.

Challenges

Regulatory concerns: Newer regulatory updates pose a constant challenge for smooth operations of the Company. With constant

updates governing the functional aspects of financial institutions, there lies an unseen challenge in the coming years.

Geographical concentration: Too much focus on rural market and lesser on urban markets might affect the Company's sustainability.

Threats

Cost of funds: Higher cost of funds might lead to reduced bottomline for the Company. Also, a lesser interest spread, or higher cost of lending might lead to customers turning away to cheaper source of funds.

Higher delinquencies: Asset quality deterioration may not only wipe the profits out of the Company but eat into its networth. The Company must ensure that it maintains minimal delinquency levels.

RISK MANAGEMENT

MMFSL has formulated a robust Enterprise-wide Risk Management program (ERM) which involves risk identification, assessment and risk mitigation planning for business, strategic, operational, financial and compliance related risks. The ERM framework has been deployed across various processes in the organisation and is governed by the corporate risk office. A robust internal check process is deployed to prevent and limit risk of non-compliance.

The Risk Report prepared by the Chief Financial Officer covers *inter alia*, the key risks, movement in the profile of high risk category, root causes of risks, and their impact, the risk management measures and controls adopted to mitigate the risks. The Risk Report is reviewed by the Risk Management Committee and placed before the Board of Directors periodically.

The key Business Risks and the mitigation measures adopted by the Company are as follows –

Risk	Counter-measures
The Company is exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral.	The Company manages credit risk through credit norms established through adequate experience in this line of business. Deep insight about the nature of borrowers and a strong business model reduces the risk of default significantly.
General industrial or economic slowdown affects the consumer sentiment and cash flows and may result in the slowdown of demand for vehicles consequently affecting Company's business.	The Company's diversified business portfolio coupled with customer reach enables it to sustain growth even in difficult financial conditions.
Disruption in funding could lead to liquidity crunch.	The Company gets funding requirements from diverse sources, including Banks, FIs etc securitization of receivables, and other credit facilities like retail Fixed Deposits.
Sharp fluctuations in interest rate may lead to a decline in the Company's net interest margin and ability to offer competitive lending rates to its customers.	The Company has prudently evolved a strategic fund mix to reduce dependence on banks and enables it to strike a balance between various sources of funding while reducing the cost of borrowing. The Company enjoys an excellent credit rating on its financial instruments which enables it to raise funds at competitive rates.

Risk	Counter-measures
The shortage of skilled manpower in the local areas of operation pose a considerable risk given the Company's customer centric business model.	The Company strives to attract and retain the best talent from local markets, adopts a robust performance management system, employee engagement and training practices, learning and development initiatives to create an inspiring and rewarding work environment.
Competition from new entrants or unorganised sector or diversification by existing financial institutions.	The Company's extensive rural presence gives it a distinct edge. We have built trust and capabilities over three decades across India. Such an indepth reach is not easy to build, and represents a significant advantage for us.
Difficulty in expanding operations across new markets.	The Company through its deep consumer insights collaborates with local business partners and adopts strategies to successfully market its products ensuring it reaches the targeted customers.
Stringent Regulations reducing the regulatory arbitrage between Banks and NBFCs; and resulting in increasing compliance costs.	The Company has put in place robust systems and processes to ensure compliance with all the applicable regulations. This has enabled the Company to earn the trust and good will of its stakeholders.

HUMAN RESOURCE

MMFSL believes in creating passion and enthusiasm in order to nurture the spirit of growth in employees, with a vision to inspire employees to Rise and excel in all that they do. At MMFSL, growth is a way of life and employees are empowered to participate in decision making in the journey of realising their true potential. We realise that people represent a critical competitive advantage for us. Therefore, we strive to attract and retain the best talent and nurtures them in a rewarding work culture. Nurturing talent and creating talent pipeline for leadership roles is of prime importance. To ensure this, the Company has a robust Talent Management Framework and also caters to the developmental needs of their employees by providing them with a range of learning interventions on the functional and leadership competencies.

MMFSL upholds the dignity of all its employees, irrespective of their gender or seniority. The Diversity & Inclusion Council focuses on maintaining diversity through some special initiatives under Talent Acquisition viz:

- 1) **Second careers for women-** encouraging women to resume career, who have taken career breaks
- 2) **Project Enable-** Providing an employment opportunity to potential specially abled candidates
- 3) **Project Ex-Army men-** hiring ex-servicemen for operational roles.

The Company has implemented an appropriate Policy for its employees for prevention of sexual harassment, which inter alia, sensitises all employees about the redressal mechanism. Pursuant to the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013' ["the Act"] and Rules framed there under, the Company has aligned its existing Policy to bring it in line with the provisions of the Act and has taken necessary steps to ensure compliance with the Act.

INFORMATION TECHNOLOGY

The ever-accelerating developments in Information Technology, provide huge potential to develop new lines of business, products and channels, improve customer service and

operational efficiencies, strengthen organisational capabilities of innovation, collaboration and decision-making, and maintain focus on controls and compliance. Therefore, the Company has set up a dedicated team to constantly evaluate new technology offerings, and adapt the ones which the Company can benefit from.

The Company continues to relentlessly leverage on IT through implementation of comprehensive tablet based solutions for the field-force to enable real-time processing and quicker customer service, a slew of dashboards and reports for monitoring assets and collections at all levels from a branch to the enterprise, video conferencing facilities across the country, etc. These systems are being supported robustly through upgraded data centre facilities, high-end servers, enhanced bandwidth network, secured through network security, end-point information security, and access control solutions. In order to maximise the returns from such investments, the Company has also set up a systems usage strategy and a dedicated team to create systems training content and deliver the same to employees across the country.

INTERNAL CONTROL

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. It also has a team of internal auditors to conduct internal audit. Reputed audit firms also ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit

Committee of the Board. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may

vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

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Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying standalone financial statements of MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143

of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed

as a director in terms of Section 164(2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 43 to the financial statements
 - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 23rd April, 2015

Annexure to the Auditors' Report

referred to in our report of even date:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- 2 The Company is in the business of asset finance and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.
- 3 There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- 6 The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except as follows:

Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates (Financial Year)	Forum where the dispute is pending
Income Tax	126.80	2003 - 2004	Income Tax Appellate Tribunal
	59.33	2003 - 2004	Income Tax Appellate Tribunal
	218.70	2005 - 2006	Commissioner of Income Tax
	242.64	2006 - 2007	Commissioner of Income Tax
	72.82	2007 - 2008	Commissioner of Income Tax
	7.86	2010 - 2011	Commissioner of Income Tax
Value Added Tax	123.57	April 2008 to Oct 2013	Andhra Pradesh High Court
	30.30	2013 - 2014	Jaipur Appellate Tribunal
	5.62	2014 - 2015	Jaipur Appellate Tribunal

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- 8 The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 9 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- 10 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- 11 In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- 12 Except for 119 cases of frauds aggregating to Rs. 353.81 lacs which were noticed by the management and informed to us, we have neither come across any instances of frauds by or on the Company nor have we been informed by the Company of any such instances during the year.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 23rd April, 2015

Balance Sheet

as at March 31, 2015

Rs. in Lacs

Particulars	Note No.	As at March 31	
		2015	2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	1	11,282.81	11,270.50
b) Reserves and surplus	2	5,55,658.09	4,98,151.10
		5,66,940.90	5,09,421.60
2) Non-current liabilities			
a) Long-term borrowings	3	14,78,714.78	16,90,318.88
b) Other long-term liabilities	4	30,247.97	27,641.82
c) Long-term provisions	5	32,796.05	31,801.27
		15,41,758.80	17,49,761.97
3) Current liabilities			
a) Short-term borrowings	6	4,87,098.39	124,428.36
b) Trade payables	7	47,790.43	43,785.76
c) Other current liabilities	8	7,48,764.20	6,49,114.91
d) Short-term provisions	9	1,15,061.82	90,059.68
		13,98,714.84	9,07,388.71
Total		35,07,414.54	31,66,572.28
II. ASSETS			
1) Non-current assets			
a) Fixed assets	10		
i) Tangible assets		10,507.74	11,436.25
ii) Intangible assets		466.04	494.10
iii) Capital work-in-progress		31.54	22.99
b) Non-current investments	11	75,992.00	52,627.59
c) Deferred tax assets (net)	12	41,526.17	31,506.64
d) Long-term loans and advances	13	17,00,368.74	15,77,945.52
e) Other non-current assets	14	23,203.46	13,593.00
		18,52,095.69	16,87,626.09
2) Current assets			
a) Current investments	15	9,375.00	34,289.13
b) Trade receivables	16	567.25	1,435.36
c) Cash and bank balances	17	47,937.84	55,328.88
d) Short-term loans and advances	18	15,92,606.84	13,83,752.32
e) Other current assets	19	4,831.92	4,140.50
		16,55,318.85	14,78,946.19
Total		35,07,414.54	31,66,572.28
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN : 105102W

Bharat Doshi Chairman
V. S. Parthasarathy Director

M. G. Bhide Director
V Ravi Chief Financial Officer

Naresh Kumar Kataria Partner
Managing Director
Membership No. 37825

Rama Bijapurkar Director

C. B. Bhawe Director
Arnavaz Pardiwala Company Secretary

Piyush Mankad Director

Uday Y. Phadke Director

Place : Mumbai
Date : 23rd April, 2015

Statement of Profit and Loss

for the year ended March 31, 2015

Rs. in Lacs

Particulars	Note No.	Year ended March 31	
		2015	2014
I. Revenue from operations	20	5,53,605.61	4,92,163.21
II. Other income	21	4,864.99	3,137.24
III. Total Revenue (I + II)		5,58,470.60	4,95,300.45
IV. Expenses			
Employee benefits expense	22	45,908.20	29,733.41
Finance costs	23	2,49,673.13	2,18,801.45
Depreciation and amortization expenses	24	4,151.63	2,429.62
Loan provisions and write offs	25	82,748.89	50,578.57
Other expenses	26	50,624.35	59,180.56
Total Expenses		4,33,106.20	3,60,723.61
V. Profit before exceptional items and taxes (III - IV)		1,25,364.40	1,34,576.84
VI. Exceptional items (net) - income / (expense)		-	-
VII. Profit before tax (V + VI)		1,25,364.40	1,34,576.84
VIII. Tax expense			
Current tax		51,995.00	53,540.00
Deferred tax		(9,808.19)	(7,685.91)
		42,186.81	45,854.09
IX. Profit/(Loss) for the year (VII - VIII)		83,177.59	88,722.75
X. Earnings per equity share (Rupees)	28 (h)		
(Face value - Rs.2/- per share)			
(1) Basic		14.75	15.75
(2) Diluted		14.62	15.60
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Statement of Profit and Loss.

This is the Statement of Profit and Loss referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

M. G. Bhide
Director

V Ravi
Chief Financial Officer

Naresh Kumar Kataria
Partner

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhawe
Director

Arnavaz Pardiwala
Company Secretary

Membership No. 37825

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai

Date : 23rd April, 2015

Cash Flow Statement

for the year ended March 31, 2015

Rs. in Lacs

Particulars	Year ended March 31	
	2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items	1,25,364.40	1,34,576.84
Add/(Less): Non Cash Expenses		
Depreciation and amortisation expense	4,151.63	2,429.62
Provision for Non-performing assets	33,259.02	24,486.70
General provision for Standard assets	1,057.00	2,110.00
Higher provision & provision for diminution in the fair value of restructured advances	31.87	-
Employee compensation expense on account of ESOP Scheme	1,065.33	307.33
	39,564.85	29,333.65
Add/(Less): Income considered separately		
Income from investing activities	(4,550.21)	(2,933.95)
(Profit)/Loss on sale/retirement of assets	(14.99)	(8.29)
(Profit)/Loss on sale of current investments	(468.64)	(9.15)
Income from Assignment/Securitisation transactions	(25,622.33)	(21,372.47)
	(30,656.17)	(24,323.86)
Operating profit before working capital changes (I)	1,34,273.08	1,39,586.63
Add/Less: Working Capital changes		
(Increase)/Decrease in Interest Accrued on other deposits	(50.79)	(1,603.28)
(Increase)/Decrease in Trade receivables	868.11	(454.06)
(Increase)/Decrease in Loans and advances	(4,02,744.06)	(7,00,909.48)
	(4,01,926.74)	(7,02,966.82)
Increase/(Decrease) in Current Liabilities	22,500.32	23,857.91
	(3,79,426.42)	(6,79,108.91)
Cash generated from/(used in) operations (I+II)	(2,45,153.34)	(5,39,522.28)
Advance taxes paid	(53,744.93)	(52,224.45)
	(2,98,898.27)	(5,91,746.73)
Net Cash Generated From / (Used In) Operating Activities (A)	(2,98,898.27)	(5,91,746.73)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed Assets / software	(3,978.71)	(3,701.15)
Sale of fixed assets	590.18	98.79
Purchase of investments	(2,72,739.41)	(2,19,320.11)
Investments in term deposits with banks	(4,516.77)	(19,771.00)
Sale of investments	2,74,757.77	1,88,509.31
Income received from investing activities	4,334.01	2,696.78
(Increase) / Decrease in Earmarked balances with banks	0.24	4.58
Net Cash Generated From / (Used In) Investing Activities (B)	(1,552.69)	(51,482.80)

Cash Flow Statement

for the year ended March 31, 2015

Particulars	Rs. in Lacs	
	Year ended March 31	
	2015	2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity shares (net of issue expenses)	238.90	91.46
Increase/(Decrease) in Bank borrowings (net)	(2,45,042.73)	3,44,064.87
Increase/(Decrease) in Long term borrowings (net)	25,720.00	39,990.00
Increase/(Decrease) in Short term borrowings (net)	3,44,785.00	(5,650.00)
Increase/(Decrease) in Fixed deposits (net)	1,07,803.59	1,27,426.58
Proceeds from Assignment / Securitisation transactions (in the form of EIS, Collection charges recovered etc.)	89,044.34	1,59,029.71
Dividend paid (including tax on dividend)	(25,157.82)	(23,887.38)
Net Cash Generated From / (Used In) Financing Activities (C)	2,97,391.28	6,41,065.24
Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)	(3,059.68)	(2,164.29)
Cash and Cash Equivalents at the beginning of the year	22,182.63	24,346.92
Cash and Cash Equivalents at the end of the year (Refer Note No. 17)	19,122.95	22,182.63

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

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

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Director

V Ravi
Chief Financial Officer

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Partner

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Director

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Director

Arnavaz Pardiwala
Company Secretary

Membership No. 37825

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai

Date : 23rd April, 2015

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

I. 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. 29 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 statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

- 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 36 (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.
 - 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.
- a) Assets costing less than Rs.5,000/- 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

c) 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.

d) 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 the 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 foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in foreign currency, are translated using the exchange rate at the date when such value was determined.

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 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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

rate of exchange prevailing on the date of the swap. In such cases, foreign currency gains / losses on currency swap contracts are recognised to the extent of loss / gain on the underlying loan liabilities.

- e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

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 unmatrued 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 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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

II. NOTES TO THE FINANCIAL STATEMENTS

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 1 SHARE CAPITAL		
Authorised capital		
70,00,00,000 equity shares of Rs.2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital		
56,87,64,960 equity shares of Rs.2/- each	11,375.30	11,375.30
Subscribed and paid-up capital		
56,87,64,960 equity shares of Rs.2/- each fully paid up	11,375.30	11,375.30
Less : Shares issued to ESOS Trust but not allotted to employees (46,24,289 equity shares of Rs.2/- each (March 31, 2014 : 52,39,841 equity shares of Rs.2/- each))	92.49	104.80
Total	11,282.81	11,270.50

	As at March 31			
	2015		2014	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares				
Balance at the beginning of the year	56,87,64,960	11,375.30	56,87,64,960	11,375.30
Fresh allotment of shares / any other adjustment during the year	-	-	-	-
Balance at the end of the year	56,87,64,960	11,375.30	56,87,64,960	11,375.30
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates				
Holding company : Mahindra & Mahindra Limited	29,12,07,660	5,824.15	29,12,07,660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares				
Mahindra & Mahindra Limited	29,12,07,660	5,824.15	29,12,07,660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

d) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Shares issued to ESOS Trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 31, 2014 : Rs. 104.80 Lacs), Securities premium reserve by Rs.64.39 Lacs (March 31, 2014 :

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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.

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 2 RESERVES AND SURPLUS		
Capital redemption reserve		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfers during the year	-	-
	5,000.00	5,000.00
Less : Deductions during the year	-	-
Balance as at the end of the year	5,000.00	5,000.00
Securities premium reserve		
Balance as at the beginning of the year	2,01,824.74	2,01,558.08
Add : Additions during the year on account of -		
i) Exercise of employee stock options	499.51	266.66
ii) Fresh issue of shares	-	-
	2,02,324.25	2,01,824.74
Less :Deductions during the year in respect of share issue expenses	-	-
Balance as at the end of the year	2,02,324.25	2,01,824.74
Less: Premium on shares issued to ESOS Trust but not allotted to employees	64.39	86.83
Net balance	2,02,259.86	2,01,737.91
Statutory reserve		
Balance as at the beginning of the year	81,532.62	63,787.62
Add : Transfers from Surplus in the Statement of Profit and Loss	16,636.00	17,745.00
	98,168.62	81,532.62
Less : Deductions during the year	-	-
Balance as at the end of the year	98,168.62	81,532.62
General reserve :		
Balance as at the beginning of the year	36,176.78	27,303.78
Add : Transfers from Surplus in the Statement of Profit and Loss	8,318.00	8,873.00
	44,494.78	36,176.78
Less : Deductions during the year	-	-
Balance as at the end of the year	44,494.78	36,176.78
Employee stock options outstanding		
A) Employee stock options outstanding		
Balance as at the beginning of the year	1,333.81	1,347.77
Add : Fresh grant of options	4,465.00	289.16
	5,798.81	1,636.93
Less : Transfers / reversals during the year		
i) Transfers to Securities premium reserve on exercise of options	499.51	266.66
ii) Reversals for options lapsed	57.85	36.46
Balance as at the end of the year (A)	5,241.45	1,333.81
B) Deferred employee compensation		
Balance as at the beginning of the year	462.18	572.30
Add : Fresh grant of options	4,465.00	289.16
	4,927.18	861.46
Less : Amortisation during the year		
i) Transfers to employee benefits expense (refer note no. 22)	1,269.48	362.82
ii) Reversals for options lapsed	57.85	36.46

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 2 RESERVES AND SURPLUS		
Balance as at the end of the year (B)	3,599.85	462.18
Balance as at the end of the year (A-B)	1,641.60	871.63
Surplus in Statement of Profit and Loss :		
Balance as at the beginning of the year	1,72,832.16	1,35,885.23
Less : Transitional depreciation charge (net of deferred tax) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24)	317.77	-
	1,72,514.39	1,35,885.23
Add : Adjustments as per the Scheme of Amalgamation (refer note no. 41 (i))	529.87	-
Add : Profit for the year transferred from the Statement of Profit and Loss	83,177.59	88,722.75
	2,56,221.85	2,24,607.98
Less : Appropriations :		
General reserve	8,318.00	8,873.00
Statutory reserve	16,636.00	17,745.00
Proposed dividend on equity shares	22,750.60	21,613.07
Corporate dividend tax on equity shares	4,424.02	3,544.75
	52,128.62	51,775.82
Balance as at the end of the year	2,04,093.23	1,72,832.16
Total	5,55,658.09	4,98,151.10

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 3 LONG-TERM BORROWINGS		
a) Secured - #		
Non-convertible debentures (refer note no. 46 (i) (a)) \$	3,57,040.00	3,21,520.00
Term loans :		
- from banks (refer note no. 46 (ii) (a))	6,66,930.95	9,60,495.23
Foreign currency loans from banks (refer note no. 46 (iii) (a))	12,500.00	40,305.51
Total	10,36,470.95	13,22,320.74
b) Unsecured		
Unsecured bonds (Subordinate debts) (refer note no. 47 (i) (a)) \$	1,00,910.00	79,410.00
Term loans from banks (refer note no. 47 (ii) (a))	10,000.00	10,000.00
Fixed deposits (refer note no. 47 (iv) (b))	3,31,333.83	2,77,863.14
Loans and advances from related parties (ICDs) (refer note no.47(iii) (b))	-	725.00
Total	4,42,243.83	3,67,998.14
Total (a+b)	14,78,714.78	16,90,318.88

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 4 OTHER LONG-TERM LIABILITIES		
Deposits / advances received against loan agreements (refer note no.33)	1,804.35	1,333.08
Interest accrued but not due on borrowings	19,283.53	15,552.99
Deferred subvention income	2,508.93	3,031.55
Unrealised gains on loan transfers under securitisation transactions (refer note no.36(d))	5,175.94	6,629.14
Cash profit on loan transfers under assignment transactions pending recognition (refer note no.36(b))	35.22	140.57
Derivative contract payables	-	954.49
Unamortised premium on forward exchange contracts	1,440.00	-
Total	30,247.97	27,641.82

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 5 LONG-TERM PROVISIONS		
Provision for employee benefits (refer note no. 34)	1,140.24	987.23
Others		
- Provision for Non-performing assets (refer note no. 29 (a))	24,734.42	17,685.49
- Contingent provisions for Standard assets (refer note no. 29 (b))	6,896.00	6,372.00
- Higher provision on restructured standard advances (refer note no.29 (d))	17.77	-
- Provision for diminution in the fair value of restructured advances (refer note no. 29 (d))	7.62	-
- Provision for estimated loss/expenses on assignments	-	6,756.55
Total	32,796.05	31,801.27

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 6 SHORT-TERM BORROWINGS		
a) Secured - #		
Term loans from banks (refer note no. 48 (i))	72,700.00	55,500.00
Cash credit facilities with banks (refer note no. 48 (i))	59,105.33	57,232.21
Total	1,31,805.33	1,12,732.21
b) Unsecured -		
Loans from banks :		
Term loans (refer note no.47 (ii) (b))	-	2,200.00
Loans and advances from related parties (ICDs) (refer note no. 47 (iii) (a))	850.00	3,565.00
Fixed deposits (refer note no. 47 (iv) (a))	6,943.06	5,931.15
Commercial Papers (CPs) (refer note no. 48 (ii))	3,47,500.00	-
Total	3,55,293.06	11,696.15
Total (a+b)	4,87,098.39	1,24,428.36

All secured loans 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 7 TRADE PAYABLES		
Trade payables :		
- Finance	33,991.48	30,095.50
- Expenses	13,798.95	13,690.26
Total	47,790.43	43,785.76

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) Secured #		
Non-convertible debentures (refer note no.46 (i) (b)) \$	1,52,270.00	1,83,520.00
Foreign currency loans from banks (refer note no. 46 (iii) (b))	42,044.47	11,983.00
Term loans from banks (refer note no.46 (ii) (b))	3,35,730.95	3,06,338.48
	5,30,045.42	5,01,841.48
b) Unsecured -		
Fixed deposits (refer note no. 47 (iv) (c))	1,29,746.50	76,425.51
Loans and advances from related parties (ICDs) (refer note no. 47 (iii) (c))	725.00	50.00
	1,30,471.50	76,475.51
Interest accrued but not due on borrowings	40,027.46	29,745.21
Unclaimed dividends	57.69	57.93
Deposits / advances received against loan agreements (refer note no.33)	1,460.65	1,647.04
Amount received in advance from ESOS trust	156.88	191.63
Credit balances in current accounts with banks as per books	14,032.27	7,242.04
Deferred subvention income	2,284.76	2,623.37
Unrealised gains on loan transfers under securitisation transactions (refer note no.36(d))	19,175.40	15,910.53
Cash profit on loan transfers under assignment transactions pending recognition	85.42	168.42
Insurance premium payable	3,840.65	3,694.88
Payables under assignment / securitisation transactions	2,932.13	6,157.50
Taxes deducted at source (TDS)	3,009.23	2,333.20
Others	1,184.74	1,026.17
Total	7,48,764.20	6,49,114.91

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 9 SHORT-TERM PROVISIONS		
Provision for Employee benefits (refer note no. 34)	3,455.50	5,168.37
Others		
- Provision for estimated loss/expenses on assignments	6,756.56	8,807.92
- Provision for Non-performing assets (refer note no. 29 (a))	71,882.66	45,672.57
- Contingent Provisions for Standard assets (refer note no.29 (b))	5,786.00	5,253.00
- Higher Provision on restructured standard advances (refer note no.29 (d))	4.54	-
- Provision for diminution in the fair value of restructured advances ((refer note no.29 (d))	1.94	-
- Proposed dividend on equity shares [#]	22,750.60	21,613.07
- Corporate dividend tax [#]	4,424.02	3,544.75
Total	1,15,061.82	90,059.68

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) for the current financial year. The dividend will absorb a sum of Rs. 27,174.62 Lacs (March 31, 2014 : Rs. 25,157.82 Lacs) including dividend distribution tax.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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 April 01, 2014
i) Tangible assets										
Premises	108.92	-	-	108.92	17.59	-	1.82	-	19.41	89.51
	108.92	-	-	108.92	15.82	-	1.77	-	17.59	93.10
Computers	4096.06	970.18	45.06	5021.18	2099.10	401.44	1118.20	45.06	3573.68	1447.50
	4529.66	709.09	1142.69	4096.06	2695.32	-	545.44	1141.66	2099.10	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
	5734.20	775.54	257.56	6252.18	1812.81	-	453.15	233.13	2032.83	4219.35
Vehicles	4836.17	530.54	198.56	5168.15	2094.53	1.86	823.09	113.01	2806.47	2361.68
	4050.98	1088.68	303.49	4836.17	1729.51	-	608.06	243.04	2094.53	2741.64
Office equipment	4596.45	1432.65	30.56	5998.54	2209.48	41.71	1126.93	28.71	3349.41	2649.13
	4224.70	852.75	481.00	4596.45	1985.21	-	700.68	476.41	2209.48	2386.97
Total (i)	19889.78	3516.56	292.60	23113.74	8453.53	481.39	3869.88	198.80	12606.00	10507.74
	18648.46	3426.06	2184.74	19889.78	8238.67	-	2309.10	2094.24	8453.53	11436.25
ii) Intangible assets										
Computer software	1614.60	253.69	-	1868.29	1120.50	-	281.75	-	1402.25	466.04
	1150.30	464.30	-	1614.60	999.98	-	120.52	-	1120.50	494.10
Total (ii)	1614.60	253.69	-	1868.29	1120.50	-	281.75	-	1402.25	466.04
	1150.30	464.30	-	1614.60	999.98	-	120.52	-	1120.50	494.10
Total (i+ii)	21504.38	3770.25	292.60	24982.03	9574.03	481.39	4151.63	198.80	14008.25	10973.78
	19798.76	3890.36	2184.74	21504.38	9238.65	-	2429.62	2094.24	9574.03	11930.35

Previous year figures are in Italics.

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).

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 11 NON-CURRENT INVESTMENTS		
A) Quoted (at cost): Trade		
(i) Government securities (refer note no. 11(i))	50,612.79	37,895.56
Secured redeemable non-convertible debentures (refer note no. 11 (ii) (a))	5,354.17	-
(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
(A)	55,966.96	37,895.56
B) Unquoted (at cost) : Non-trade		
(a) Equity investment in subsidiary companies :		
(i) Mahindra Insurance Brokers Limited	47.98	47.98
(21,90,722 equity shares of face value of Rs.10/- each fully paid up)		
(ii) Mahindra Rural Housing Finance Limited		
- Fully paid-up : (575,20,003 equity shares of Rs.10/- each fully paid up of which 1,75,20,003 equity shares are at a premium of Rs.15/- per share)	8,380.00	6,190.00
(March 31, 2014 : Fully paid up : 4,00,00,000 equity shares of Rs.10/- each ; Partly paid up : 1,75,20,003 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) (refer note no.11(iii) (a))		
(iii) Mahindra Business & Consulting Services Pvt. Ltd.	-	1.00
(March 31, 2014 : 10,000 equity shares of Rs.10/- each fully paid up) (refer note no. 41 (iii) (b))		
(iv) Mahindra Asset Management Company Private Ltd.	105.00	5.00
- 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 31, 2014 : 50,000 equity shares of Rs.10/- each fully paid up) (refer note no. 11 (iii) (b))		
(v) Mahindra Trustee Company Private Ltd. (50,000 equity shares of Rs.10/- each fully paid up ; March 31, 2014 : Nil) (refer note no. 11 (iii) (c))	5.00	-
	8,537.98	6,243.98
(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) (d))	10,787.01	7,788.05
(c) Equity investment in other entities :		
New Democratic Electoral Trust (500 equity shares of Rs.10/- each fully paid up ; March 31, 2014: Nil) (refer note no. 11(iii) (e))	0.05	-
	19,325.04	14,032.03
(d) Investment in Bonds / Debentures :		
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
(B)	20,025.04	14,732.03
Total (A+B)	75,992.00	52,627.59

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
Additional Information:		
a) Aggregate amount of quoted investments and market value -		
i) Aggregate amount	55,966.96	37,895.56
ii) Market value	58,916.61	36,504.87*
b) Aggregate amount of unquoted investments	20,025.04	14,732.03

* 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.

i) Details of quoted Long-term investments in Government stock as at March 31, 2015:

Particulars	Face Value (Rs.)	Units	Rs. in Lacs
			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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

i) Details of quoted Long-term investments in Government stock As at March 31, 2015:

Particulars	Face Value (Rs.)	Units	Rs. in Lacs
			Amount
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1,023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		51000000	50,612.79

As at March 31, 2014:

Particulars	Face Value (Rs.)	Units	Rs. in Lacs
			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 31, 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 January 04, 2007 issued by The Reserve Bank of India.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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	Rs. in Lacs
						Total
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
2	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
3	AROHAN FINANCIAL SERVICES PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	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	1,375.00
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	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

iii) During the year, the Company has made following equity investments –

- a) Rs. 2,190.00 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

Significant Accounting Policies and Notes

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- 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. 2,998.96 Lacs (US \$ 4.92 million) (March 2014 : Rs. 2,193.73 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.

		Rs. in Lacs	
		As at March 31	
		2015	2014
NOTE 12 DEFERRED TAX ASSETS (NET)			
a) Deferred tax assets			
Provision for non performing assets / loss and expenses on assignments		35,779.54	26,825.77
Provision on standard assets		4,388.99	3,951.34
Other disallowances		694.60	748.64
Difference between written down value as per books of account and Income Tax Act, 1961		663.04	-
	(a)	41,526.17	31,525.75
b) Deferred tax liabilities			
Difference between written down value as per books of account and Income Tax Act, 1961		-	19.11
	(b)	-	19.11
Net Deferred tax assets	(a) - (b)	41,526.17	31,506.64

		Rs. in Lacs	
		As at March 31	
		2015	2014
NOTE 13 LONG-TERM LOANS AND ADVANCES			
Unsecured, considered good unless otherwise stated :			
Capital advances		238.55	38.64
Deposits for office premises / others		1,834.70	1,656.70
Loans against assets (secured, including overdue loans)#		16,84,606.43	15,64,715.80
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 51 (IV) (a))		403.46	828.43
Retained interest under assignment transactions		257.64	703.85
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(d))		5,175.94	6,629.14
Loans and advances (including overdue loans)@		3,195.52	3,081.69
Inter corporate deposits		4,656.50	291.27
# Includes non-performing assets of Rs.45,782.78 Lacs (March 31, 2014 : Rs.34,043.28 Lacs) (refer note no. 5, 9 and 29 (a))			
@ Includes non-performing assets of Rs.214.80 Lacs (March 31, 2014 : Rs.57.80 Lacs) (refer note no. 5, 9 and 29 (a))			
Total		17,00,368.74	15,77,945.52

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to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 14 OTHER NON-CURRENT ASSETS		
Term deposits with banks with original maturity greater than 12 months		
- Free	4,086.77	2,500.00
- Under lien (refer note no. 17 (a))	18,354.12	11,093.00
Unrealised exchange gains on forward contracts	168.00	-
Unamortised premium on forward contracts	594.57	-
Total	23,203.46	13,593.00

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 15 CURRENT INVESTMENTS		
i) Quoted -		
Secured redeemable non-convertible debentures (refer note no. 11 (ii) (b))	7,875.00	-
(Current portion of long term investments in secured redeemable non-convertible debentures)		
	7,875.00	-
ii) Unquoted (at cost) :		
Certificate of deposits with banks #	-	24,289.13
Commercial Papers	1,500.00	10,000.00
(1 CP instrument, face value of Rs. 15.00 Lacs per CP issued by IKF Finance Limited ; March 31, 2014 : 2000 CPs, face value of Rs. 5.00 Lacs each issued by Citicorp Finance (India) Limited)		
	1,500.00	34,289.13
Total	9,375.00	34,289.13

	Rs. in Lacs	
	As at March 31	
	2015	2014
ADDITIONAL INFORMATION :		
Aggregate amount of quoted investments and market value -		
i) Aggregate amount	7,875.00	-
ii) Market Value	7,875.00*	-
Aggregate amount of unquoted investments	1,500.00	34,289.13

* Book value is taken as market value since market quotes are not available in the absence of trades.

Details of unquoted current investments in certificate of deposits :

As at March 31, 2015 : Nil

As at March 31, 2014 :

	Rs. in Lacs		
	Face Value (Rs.)	Units	Amount
Indian Bank	100000	5000	4,924.83
Punjab National Bank	100000	2500	2,297.66
Punjab National Bank	100000	2500	2,297.66
Canara Bank	100000	5000	4,944.74
Union Bank of India	100000	5000	4,917.75
Indian Bank	100000	5000	4,906.50
Total		25000	24,289.13

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 16 TRADE RECEIVABLES		
Secured, considered doubtful unless otherwise stated		
Trade receivable on hire purchase transactions# (outstanding for a period exceeding six months)	375.53	377.66
Unsecured, considered good unless otherwise stated		
Debts outstanding for a period exceeding six months	29.08	0.12
Debts outstanding for a period not exceeding six months	162.64	1,057.58
# Includes non-performing assets of Rs.375.53 Lacs (March 31, 2014 : Rs.377.66 Lacs) (refer note no. 5, 9 and 29 (a))		
Total	567.25	1,435.36

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 17 CASH AND BANK BALANCE		
Cash and cash equivalents :		
- Cash on hand	1,622.33	2,542.72
- Cheques and drafts on hand	296.98	608.52
- Balances with banks in current accounts	17,203.64	19,031.39
	19,122.95	22,182.63
Other bank balances :		
Earmarked balances with banks		
- Unclaimed dividend accounts	59.01	59.25
Term deposits with original maturity up to 12 months	-	5,000.00
Term deposits under lien (refer note no. 17 (a))	28,755.88	28,087.00
	28,814.89	33,146.25
Total	47,937.84	55,328.88

a) Details of Term deposits#

Rs. in Lacs

	As at March 31, 2015			As at March 31, 2014		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
(i) Term deposits for SLR	10,783.00	13,722.00	24,505.00	17,963.00	501.00	18,464.00
(ii) Collateral deposits for securitization transactions	17,469.88	4,615.12	22,085.00	9,621.00	10,575.00	20,196.00
(iii) Legal deposits	3.00	17.00	20.00	3.00	17.00	20.00
(iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	500.00	-	500.00	500.00	-	500.00
Total	28,755.88	18,354.12	47,110.00	28,087.00	11,093.00	39,180.00

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Term deposits with scheduled banks under lien include:

- i) Rs. 24,505.00 Lacs (March 31, 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 January 04, 2007 issued by The Reserve Bank of India.
- ii) Rs. 22,085.00 Lacs (March 31, 2014 : Rs. 20,196.00 Lacs) being collateral deposits kept with banks as retained exposure under credit enhancements pertaining to securitization transactions (refer note no. 51 (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 : Rs. 500.00 lacs) as collateral deposits kept with banks towards Constituent Subsidiary General Ledger (CSGL) account for holding securities for SLR purpose.

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 18 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated :		
Loans against assets (secured, including overdue loans)#	14,19,030.81	12,11,606.40
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no. 51 (IV) (a))	839.89	1,387.00
Retained interest under assignment transactions (refer accounting policy no. 3 (IV) (B) (ii) (a) and note no. 36 (b))	524.46	914.35
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 36(d))	19,175.40	15,910.53
Loans and advances (including overdue loans)@	13,532.09	7,914.21
Bills of exchange	14,955.03	12,333.78
Trade Advances@	1,05,574.35	1,18,411.37
Inventory funding (secured, including overdue loans)	9,896.55	7,674.70
Inter corporate deposits to related parties@	100.00	1,170.33
Loans and advances to related parties (portfolio purchased from Mahindra Holidays & Resorts India Ltd.)	-	1,091.74
Deposits for office premises / others	364.99	258.99
Advance payment of taxes (net of provisions)	6,597.29	4,847.36
Other short term advances	2,015.98	231.56
# Includes non-performing assets of Rs.1,30,013.83 Lacs (March 31, 2014 : Rs.84,957.85 Lacs) (refer note no. 5, 9 and 29 (a))		
@ Includes non-performing assets of Rs.2,050.78 Lacs (March 31, 2014 : Rs.1,485.66 Lacs) (refer note no. 5, 9 and 29 (a))		
Total	15,92,606.84	13,83,752.32

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 19 OTHER CURRENT ASSETS		
Interest accrued on		
Investments	958.94	742.74
Other deposits	2,365.55	2,314.76
Derivative contract receivables	784.47	1,083.00
Unamortised premium on forward contracts	722.96	-
Total	4,831.92	4,140.50

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 20 REVENUE FROM OPERATIONS		
a) Interest Income		
Income from loans	4,93,711.72	4,41,807.79
Income from hire purchase	31.64	61.35
Interest on term deposits / Inter-corporate deposits / Bonds etc.	6,133.18	3,795.38
Interest on retained interest in PTCs under securitization transactions	97.12	211.79
Interest on Government securities - Long term	3,710.69	2,477.24
(a)	5,03,684.35	4,48,353.55
b) Other financial services		
Service charges and other fees on loan transactions	22,280.14	21,053.37
Income from hire purchase	0.20	0.21
Income from bill discounting	2,018.08	1,383.25
Income from lease	0.51	0.36
Income from assignment / securitisation transactions (refer note no.36)	25,622.33	21,372.47
(b)	49,921.26	43,809.66
Total (a+b)	5,53,605.61	4,92,163.21

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 21 OTHER INCOME		
Dividend income on		
- Current investments in mutual fund units	84.09	56.61
- Long-term investments in subsidiary companies	755.43	400.10
Profit/premium on sale/redemption of		
Current investments	468.64	9.15
Profit on sale / retirement of owned assets (net)	14.99	8.29
Income from shared services	2,932.95	2,290.15
Others	608.89	372.94
Total	4,864.99	3,137.24

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 22 EMPLOYEE BENEFITS EXPENSE		
Salary, bonus and incentives	40,218.39	26,242.38
Company's contribution to provident fund and other funds	3,073.18	1,667.34
Employee Stock Compensation costs (refer note no. 28 (f)) [#]	1,065.33	307.33
Staff welfare expenses	1,551.30	1,516.36
Total	45,908.20	29,733.41

[#] Inclusive of ESOP costs reimbursements (net) to the holding company Rs.19.15 Lacs (March 31, 2014 : Rs. 5.32 Lacs) and net of recoveries from subsidiary company Rs.223.30 Lacs (March 31, 2014 : Rs. 60.81 Lacs).

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 23 FINANCE COSTS		
Interest expenses	2,47,405.42	2,16,824.12
Other borrowing costs	2,267.71	1,977.33
Total	2,49,673.13	2,18,801.45

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets [#]	3,869.88	2,309.10
Amortization of intangible assets	281.75	120.52
Total	4,151.63	2,429.62

[#] 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.1,384.02 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.

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 25 LOAN PROVISIONS AND WRITE OFFS		
Bad debts and write offs (refer note no. 29 (c))	48,401.00	23,981.87
Provision for Non-performing assets (net) (refer note no.5,9 and 29 (a))	33,259.02	24,486.70
General provision for Standard assets (refer note no.5,9 and 29 (b))	1,057.00	2,110.00
Higher provision on restructured standard advances (refer note no.5,9 and 29 (d))	22.31	-
Provision for diminution in the fair value of restructured advances (refer note no.5,9 and 29 (d))	9.56	-
Total	82,748.89	50,578.57

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Year ended March 31	
	2015	2014
NOTE 26 OTHER EXPENSES		
Electricity charges	1,608.17	1,378.77
Rent	5,440.30	4,572.80
Repairs and maintenance		
- Buildings	370.96	444.69
- Others	212.47	142.32
Insurance	1,133.17	858.08
Rates and taxes, excluding taxes on income	342.62	812.29
Directors' sitting fees and commission	214.63	147.02
Commission and brokerage	16,271.72	14,746.34
Legal and professional charges	5,867.51	5,983.66
Manpower outsourcing cost	33.87	15,011.59
Payments to the auditor		
- Audit fees	34.40	29.92
- Taxation matters	4.68	4.49
- Other services	16.75	11.76
- Reimbursement of expenses	0.72	0.98
CSR expenses (including donations) (refer note no. 39)	2,487.63	722.69
General and administrative expenses	16,584.75	14,313.16
Total	50,624.35	59,180.56

Above expenses include following expenditure incurred in foreign currency

	Year ended March 31	
	2015	2014
Travelling expenses	10.62	40.76
Legal and professional fees	126.68	115.24
Other expenses	26.10	18.61

NOTE 27. 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	2014
I. Assets		
1 Long-term loans and advances	1,34,793.06	91,854.46
2 Deferred tax assets	451.68	306.36
3 Cash and cash equivalents	266.35	395.53
4 Short-term loans and advances	31,788.75	21,562.02

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
II. Liabilities		
1 Long-term borrowings	75,101.31	48,549.09
2 Other Long-term liabilities	-	59.74
3 Long-term provisions	430.29	333.14
4 Short-term borrowings	36,064.29	28,664.24
5 Other current liabilities	40,044.49	25,810.16
6 Short-term provisions	100.71	77.40
Particulars	Year ended March 31	
	2015	2014
III. Income		
1 Revenue from operations	6,602.74	4,782.11
2 Other income	365.65	210.91
IV. Expenses		
1 Finance costs	2,492.20	1,677.26
2 Provisions and write-offs	327.88	251.15
3 Other expenses	2,021.86	1,578.45
4 Provision for current tax	893.55	823.54
5 Provision for deferred tax	(129.08)	(307.94)

NOTE 28 EMPLOYEE STOCK OPTION PLAN

- a) The Company had allotted 1,34,32,750 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 :

Particulars	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant 25% on expiry of 24 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 10% on expiry of 60 months from the date of grant	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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

- b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Particulars	Grant dated October 21, 2014
No. of options granted	16,01,507
Intrinsic value of shares based on latest available closing market price (Rs.)	278.80
Total amount to be amortized over the vesting period (Rs. in Lacs)	4,465.00
Charge to Statement of Profit and Loss for the year (Rs. in Lacs)	1,011.09
Compensation in respect of lapsed cases (Rs. in Lacs)	36.87
Unamortized amount carried forward (Rs. in Lacs)	3,417.04

The fair value of options, based on the valuation of the independent valuer as on the date of grant are :

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

c) Summary of stock options

Summary of Stock Options	As at / Year ended March 31			
	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	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 31, 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		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	-	-	2,79,150	5 months
(a)			2,79,150	
Scheme 2010 :				
February 07, 2011 at Rs.2.00	3,55,735	13 months	6,34,749	18 months
January 25, 2012 at Rs.2.00	95,790	19 months	1,35,810	26 months
July 22, 2013 at Rs.2.00	38,504	28 months	48,130	34 months
October 21, 2013 at Rs.2.00	44,644	31 months	65,410	37 months
October 21, 2014 at Rs.2.00 [#]	15,88,282	37 months	-	-
(b)	21,22,955		8,84,099	
Total (a + b)	21,22,955		11,63,249	

[#] net of 13,225 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Date of Exercise	Average share price (Rs.)
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%
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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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:

Particulars	Intrinsic Value Method		Fair Value Method *	
	As at March 31		As at March 31	
	2015	2014	2015	2014
Net profit after tax (Rs. in Lacs)	83,177.59	88,722.75	83,245.96	88,753.64
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).

NOTE 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 March 31, 2015 is Rs.53,319.01 Lacs (March 31, 2014 : Rs. 35,253.77 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. 1,057.00 Lacs (March 31, 2014 : Rs. 2,110.00 Lacs).

The total amount of provision on Standard assets of Rs.12,682.00 Lacs (March 31, 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.4,757.00 Lacs as at March 31, 2015 (March 31, 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.

NOTE 30 Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

NOTE 31 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.

NOTE 32 In the opinion of the Board, Current assets, Loans and advances are approximately of the value stated if realised in the ordinary course of business.

NOTE 33 Deposits/advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 34 EMPLOYEE BENEFITS

Defined benefit plans -as per actuarial valuation

Rs. in Lacs

Particulars	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 and Loss Account for the year ended March 31						
Current service cost	834.37	559.24	129.11	86.49	993.59	572.34
Interest cost	106.95	76.35	13.49	10.06	76.41	49.84
Expected return on plan assets	(122.75)	(74.56)	-	-	-	-
Actuarial (gains)/losses	(326.85)	(112.83)	(99.52)	(59.84)	(662.17)	(173.57)
Fund amount to be transferred from MBCSPL gratuity fund	(56.36)	(64.27)	-	-	-	-
Adjustment due to change in opening balance of Plan assets	(98.83)	(186.28)	-	-	-	-
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						
Present value of defined benefit obligation as at March 31	1,558.68	1,192.46	190.96	147.88	1,056.62	846.55
Fair value of plan assets as at March 31	1,583.37	1,111.98	-	-	-	-
Funded status (surplus/(deficit))	24.69	(80.48)	(190.96)	(147.88)	(1,056.62)	(846.55)
Net asset/(liability) as at March 31	24.69	(80.48)	(190.96)	(147.88)	(1,056.62)	(846.55)
III. Change in the obligations during the year ended March 31						
Present value of defined benefit obligation at the beginning of the year	1,192.46	855.07	147.88	111.16	846.55	564.13
Current service cost	834.37	559.24	129.10	86.49	993.59	572.34
Interest cost	106.95	76.35	13.49	10.06	76.41	49.84
Actuarial (gains)/losses	(449.21)	(184.16)	(99.52)	(59.84)	(662.17)	(173.57)
Benefits paid	(125.89)	(114.04)	-	-	(197.76)	(166.20)
Present value of defined benefit obligation at the year ended March 31	1,558.68	1,192.46	190.96	147.88	1,056.62	846.55
IV. Change in the fair value of plan assets during the year ended March 31						
Fair value of plan assets at the beginning of the year	1,111.98	776.20	-	-	-	-
Expected return on plan assets	123.75	74.56	-	-	-	-
Contributions by employer	442.08	199.26	-	-	-	-
Actuarial (Gains)/Losses	(123.75)	(74.56)	-	-	-	-
Fund amount to be transferred from MBCSPL gratuity fund	56.36	64.27	-	-	-	-
Adjustment due to change in opening balance of Plan assets	98.83	186.28	-	-	-	-
Actual Benefits paid	(125.89)	(114.04)	-	-	-	-
Fair value of plan assets at the end of the year	1,583.37	1,111.98	-	-	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31					
	Gratuity (Funded)		Sick leave (Non funded)		Previlage Leave	Previlage Leave
	2015	2014	2015	2014	2015	2014
V. Major category of plan assets as a percentage of total plan						
Funded with LIC	100%	100%	100%	100%	100%	100%
VI. Actuarial Assumptions						
Discount Rate (p.a.)	8%	8%	8%	8%	8%	8%
Expected rate of return on plan assets (p.a.)	8%	8%	-	-	-	-
Rate of Salary increase (p.a.)	5%	5%	5%	5%	5%	5%
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

Rs. in Lacs

Particulars	As at / year ended March 31				
	2011	2012	2013	2014	2015
VII. Experience Adjustments (Gratuity)					
1 Defined benefit obligation at end of the period	442.42	644.20	855.07	1,192.46	1,558.29
2 Plan assets at the end of period	375.80	484.50	776.20	1,111.98	1,560.01
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)

NOTE 35 DISCLOSURE ON DERIVATIVES

Outstanding derivative instruments 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.

NOTE 36 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. 72,229.92 Lacs (March 31, 2014: Rs.1,26,292.70 Lacs) for

a consideration of Rs 72,229.92 Lacs (March 31, 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 31, 2014: 6490 contracts) amounting to Rs. Nil (March 31, 2014 : Rs. 19,850.83 Lacs) for a consideration of Rs. Nil (March 31, 2014 : Rs. 15,554.19 Lacs towards 90% of receivables assigned and de-recognised the assets from the books). Out of the total receivables assigned, an amount of Rs. Nil (March 31, 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).

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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 8,807.91 Lacs (March 31, 2014 : Rs. 4,189.65 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.11,024.71 Lacs (March 31, 2014: Rs. 5,146.47 Lacs)

NOTE 37 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 action against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

NOTE 38 The gold loans outstanding as a percentage of total assets is at 0.02% (March 31, 2014 : 0.03%).

NOTE 39 During the year, the Company has incurred expenditure of Rs. 2,374.07 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).

NOTE 40 The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The Company has appointed an expert to consult on the matter, who have opined that the Company has a strong case on merits to defend and the chances of getting an unfavourable outcome are remote.

NOTE 41 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 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Break up of assets and liabilities transferred to the Company as per the Court scheme are as under:

Particulars	Rs. in Lacs
	As at April 1, 2014
Assets	1,837.54
Liabilities	1,837.54
Net amount adjusted in opening balance of surplus in the Statement of Profit and Loss	529.87

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.

c) All inter-corporate deposits, loans and advances, outstanding balances or other obligations between MBCSPL and the Company, stand cancelled and there shall be no obligation / outstanding in that behalf.

iii) Accounting:

a) The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statements of the Company at their existing carrying amount.

d) In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore certain figures may not be exactly comparable with the previous year's figures.

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).

NOTE 42 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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

B) Related party transactions are as under:

						Rs. in Lacs
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	3,663.07	-	-	-	-
		(2,322.68)	-	-	-	-
	Other income	64.21	2,225.08	-	-	-
		(1.02)	(1,499.88)	(54.11)	-	-
2	Expenses					
	Interest	-	972.19	-	-	20.11
		(339.45)	(533.57)	-	-	(18.09)
	Other expenses	1,494.18	1,685.59	430.81	-	-
		(1,394.33)	(17,420.53)	(167.71)	-	-
	Remuneration to KMP's	-	-	-	-	657.05
		-	-	-	-	(394.88)
3	Investment in share capital					
		-	2,295.00	-	2,998.97	-
		-	(2,195.00)	-	(2,193.73)	-
4	Purchase of fixed assets	413.60	-	-	-	-
		(421.36)	-	(5.85)	-	-
5	Finance					
	Fixed deposits taken	-	7,065.00	-	-	202.90
		-	(2,700.00)	-	-	(207.50)
	Fixed deposits matured	-	-	-	-	188.25
		-	-	-	-	(187.50)
	Dividend paid – for previous year	11,065.89	-	-	-	23.71
		(10,483.48)	-	-	-	(18.99)
	Inter corporate deposits taken	-	1,475.00	-	-	-
		(50,000.00)	(3,565.00)	-	-	-
	Inter corporate deposits repaid	-	4,240.00	-	-	-
		(50,000.00)	(4,365.00)	-	-	-
	Inter corporate deposits given	-	69,107.00	-	-	-
		-	(48,130.24)	-	-	-
	Inter corporate deposits refunded	-	64,974.39	-	-	-
		-	(48,505.27)	-	-	-
6	Other transactions					
	Reimbursement from parties	-	0.02	-	-	-
		(112.54)	-	-	-	-
	Reimbursement to parties	-	-	119.72	-	-
		-	-	(113.75)	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

B) Related party transactions are as under:

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Joint Ventures	Rs. in Lacs
						* Key Management Personnel
7	Balances as at the end of the period					
	Receivables	1,245.02 (375.59)	137.95 (85.12)	- (1,091.74)	-	-
	Loan given (including interest accrued but not due)	-	-	43.29	-	-
	Inter corporate deposits given (including interest accrued but not due)	-	4,747.90 (1,437.16)	-	-	-
	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)	-	1,617.69 (4,414.76)	-	-	-
	Fixed deposits (including interest accrued but not due)	-	10,426.55 (2,834.75)	-	-	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:

Sr. No.	Nature of transactions	Holding Company	Subsidiary Companies	Fellow subsidiary Companies	Rs. in Lacs
					* Key Management Personnel
1	Income				
	Revenue from operations				
	Subvention income	Mahindra & Mahindra Limited	3,663.07 (2,322.68)	-	-
	Loan income	Mahindra Retail Pvt. Ltd.	-	3.28	-
2	Other income				
	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)	-
	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	-
3	Expenses				
	Interest				
	Interest expense on inter corporate deposits and non-convertible debentures	Mahindra Insurance Brokers Limited	-	972.19 (533.57)	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

C) The significant related party transactions are as under:

						Rs. in Lacs
Sr. No.	Nature of transactions		Holding Company	Subsidiary Companies	Fellow subsidiary Companies	* Key Management Personnel
4	Other expenses					
	Handling Charges	Mahindra Insurance Brokers Limited	-	1,685.59 (1,247.65)	-	-
	Commission & Valuation charges	Mahindra First Choice Wheels Limited	-	-	417.19 (157.88)	-
	Purchase of fixed assets	Mahindra & Mahindra Limited	413.60 (421.36)	-	-	-
5	Finance					
	Fixed Deposits	Mahindra Insurance Brokers Limited	-	7,065.00 (2,700.00)	-	-
	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)	-	-	-
	Inter corporate deposits taken	Mahindra Insurance Brokers Limited	-	1,475.00 (3,565.00)	-	-
	Inter corporate deposits repaid	Mahindra Insurance Brokers Limited	-	4,240.00 (4,365.00)	-	-
	Inter corporate deposits given	Mahindra Rural Housing Finance Limited	-	69,107.00 (46,298.00)	-	-
	Inter corporate deposits refunded	Mahindra Rural Housing Finance Limited	-	64,974.39 (45,812.63)	-	-
6	Balances at the year end					
	Receivables	Mahindra & Mahindra Limited	1,245.02 (375.59)	-	-	-
	Loan outstanding Payables	Mahindra Retail Pvt. Ltd.	-	-	-	30.08
		Mahindra Insurance Brokers Limited	-	455.13 (387.75)	-	-
	Inter corporate deposits taken (including interest accrued but not due)	Mahindra Insurance Brokers Limited	-	1,617.69 (4,414.76)	-	-
	Inter corporate deposits given (including interest accrued but not due)	Mahindra Rural Housing Finance Limited	-	4,747.90 (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	-	10,426.55 (2,834.75)	-	-

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

		Rs. in Lacs	
		As at March 31	
		March 2015	March 2014
NOTE 43 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)			
i) Contingent liabilities			
a)	Demand against the Company not acknowledged as debts		
	- Income tax	4,379.05	7,476.70
	- 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. 51 (iv))	8,307.81	4,782.00
d)	Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company		
		3,110.83	2,726.48
		47,328.30	70,677.39
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	2,628.05

					Rs. in Lacs
					As at March 31, 2015
	As at April 1, 2014	Additional Provisions	Utilizations/ Reversals		
NOTE 44 CHANGES IN PROVISIONS					
Provision for Standard assets	11,625.00	1,057.00	-	12,682.00	
Provision for Non-performing assets	63,358.06	61,506.02	28,247.00	96,617.08	

NOTE 45 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 46 SECURED LONG-TERM BORROWINGS

i) Secured non-convertible debentures

Particulars	As at March 31 2015			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing beyond 5 years	8.70% - 8.95%	53,000.00	-	53,000.00
Maturing between 3 years to 5 years	8.65% - 10.25%	1,22,760.00	-	1,22,760.00
Maturing between 1 year to 3 years	8.65% - 10.20%	1,81,280.00	-	1,81,280.00
Maturing 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

Particulars	As at March 31 2014			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity				
Maturing between 3 years to 5 years	9.25% - 10.25%	44,550.00	-	44,550.00
Maturing between 1 year to 3 years	9.00% - 10.20%	2,52,470.00	-	2,52,470.00
Maturing within 1 year	9.04% - 10.25%	-	1,69,020.00	1,69,020.00
Total		2,97,020.00	1,69,020.00	4,66,040.00
2) Repayable in installments				
Maturing between 1 year to 3 years	9.95%	24,500.00	-	24,500.00
Maturing 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

Particulars	As at March 31 2015			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	Total
1) Repayable on maturity				
Maturing between 1 year to 3 years	9.70% - 10.25%	1,92,500.00	-	1,92,500.00
Maturing within 1 year	9.45% - 10.40%	-	1,27,000.00	1,27,000.00
Total for repayable on maturity		1,92,500.00	1,27,000.00	3,19,500.00
2) Repayable in installments				
i) Bimonthly				
Maturing within 1 year	10.25%	-	6,200.00	6,200.00
Total			6,200.00	6,200.00
ii) Quarterly				
Maturing between 3 years to 5 years	10.00%	1,428.57	-	1,428.57
Maturing between 1 year to 3 years	9.95% - 10.25%	95,835.71	-	95,835.71
Maturing within 1 year	9.95% - 10.25%	-	32,364.29	32,364.29
Total		97,264.29	32,364.29	1,29,628.57

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31 2015			
	Rate range	(a) Non-current	(b) Current	Total
iii) Half yearly				
Maturing beyond 3 years	10.25%	15,000.00	-	15,000.00
Maturing between 1 year to 3 years	10.00% - 10.25%	2,14,666.67	-	2,14,666.67
Maturing within 1 year	10.00% - 10.25%	-	1,62,666.67	1,62,666.67
Total		2,29,666.67	1,62,666.67	3,92,333.33
iv) Yearly				
Maturing between 3 years to 5 years	10.20% - 10.25%	43,333.33	-	43,333.33
Maturing between 1 year to 3 years	10.20% - 10.25%	1,04,166.67	-	1,04,166.67
Maturing within 1 year	10.25%	-	7,500.00	7,500.00
Total		1,47,500.00	7,500.00	1,55,000.00
Total for repayable in installments		4,74,430.95	2,08,730.95	6,83,161.90
Total (1+2)		6,66,930.95	3,35,730.95	10,02,661.90

Rs. in Lacs

Particulars	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%	25,000.00	-	25,000.00
Maturing between 1 year to 3 years	9.70% - 10.40%	2,94,000.00	-	2,94,000.00
Maturing within 1 year	7.75% - 10.35%	-	62,500.00	62,500.00
Total for repayable on maturity		3,19,000.00	62,500.00	3,81,500.00
2) Repayable in installments				
i) Bimonthly				
Maturing between 1 year to 3 years	10.25%	6,200.00	-	6,200.00
Total		6,200.00	-	6,200.00
ii) Quarterly				
Maturing between 3 years to 5 years	10.00% - 10.25%	27,314.28	-	27,314.28
Maturing between 1 year to 3 years	10.00% - 10.50%	49,814.28	-	49,814.28
Maturing within 1 year	10.00% - 10.25%	-	44,505.15	44,505.15
Total		77,128.56	44,505.15	1,21,633.71
iii) Half yearly				
Maturing beyond 3 years	10.25%	81,900.00	-	81,900.00
Maturing between 1 year to 3 years	10.20% - 10.25%	3,21,266.67	-	3,21,266.67
Maturing within 1 year	10.20% - 10.25%	-	1,44,333.33	1,44,333.33
Total		4,03,166.67	1,44,333.33	5,47,500.00
iv) Yearly				
Maturing between 3 years to 5 years	10.20% - 10.25%	81,666.67	-	81,666.67
Maturing between 1 year to 3 years	10.20% - 10.25%	73,333.33	-	73,333.33
Maturing within 1 year	9.25% - 10.25%	-	55,000.00	55,000.00
Total		1,55,000.00	55,000.00	2,10,000.00
Total for repayable in installments		6,41,495.23	2,43,838.48	8,85,333.71
Total (1+2)		9,60,495.23	3,06,338.48	12,66,833.71

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

iii) Foreign currency loans from banks

Particulars	As at March 31, 2015			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 1 year to 3 years	8.95%	12,500.00	-	12,500.00
Maturing within 1 year	9.05% - 9.98%	-	42,044.47	42,044.47
Total		12,500.00	42,044.47	54,544.47

Particulars	As at March 31, 2014			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 1 year to 3 years	9.05% - 9.98%	40,305.51	-	40,305.51
Maturing within 1 year	9.60%	-	11,983.00	11,983.00
Total		40,305.51	11,983.00	52,288.51

NOTE 47 UNSECURED BORROWINGS

i) Subordinated debts (long-term)

Particulars	As at March 31, 2015			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	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

Particulars	As at March 31 2014			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 3 years to 5 years	10.50% - 12.00%	7,860.00	-	7,860.00
Maturing beyond 5 years	9.50% - 10.50%	71,550.00	-	71,550.00
Total		79,410.00	-	79,410.00

ii) Unsecured term loans from banks

Particulars	As at March 31, 2015			Rs. in Lacs
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	-	10,000.00

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31, 2014			Total
	Rate range	(a) Non-current	(b) Current	
Repayable on maturity				
Maturing within 1 year	9.75%	-	2,200.00	2,200.00
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	2,200.00	12,200.00

iii) Inter-corporate deposits (ICDs)

As at March 31, 2015

Rs. in Lacs

Particulars	Rate range	(a) Non-current	Long Term		Total
			(b) Non-current	(c) Current	
Repayable on maturity					
Maturing within 1 year	9.00% - 9.60%	850.00	-	725.00	1,575.00
Total		850.00	-	725.00	1,575.00

As at March 31, 2014

Rs. in Lacs

Particulars	Rate range	(a) Non-current	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%	3,565.00	-	50.00	3,615.00
Total		3,565.00	725.00	50.00	4,340.00

iv) Fixed deposits

As at March 31, 2015

Rs. in Lacs

Particulars	Rate range	(a) Non-current	Long Term		Total
			(b) Non-current	(c) Current	
Repayable on maturity :					
Maturing beyond 3 years	8.90% - 10.10%	-	6,561.15	-	6,561.15
Maturing between 1 year to 3 years	9.15% - 10.60%	-	3,24,772.68	-	3,24,772.68
Maturing within 1 year	8.40% - 10.75%	6,943.06	-	1,29,746.50	1,36,689.56
Total		6,943.06	3,31,333.83	1,29,746.50	4,68,023.39

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

As at March 31, 2014

Particulars	Rate range	(a) Non-current	Long Term		Total
			(b) Non-current	(c) Current	
			Rs. in Lacs		
Repayable on maturity :					
Maturing beyond 3 years	9.40% - 10.25%	-	7,308.37	-	7,308.37
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	2,77,863.14	76,425.51	3,60,219.80

NOTE 48 SHORT - TERM BORROWINGS

i) Secured term loans from banks and cash credit facilities

Particulars	As at March 31, 2015	
	Rate range	Amount
	Rs. in Lacs	
Repayable on maturity		
Maturing within 1 year	9.60% - 14.00%	1,31,805.33
Total		1,31,805.33

Particulars	As at March 31, 2014	
	Rate range	Amount
	Rs. in Lacs	
Repayable on maturity		
Maturing within 1 year	10.25% - 13.25%	1,12,732.21
Total		1,12,732.21

ii) Commercial papers

Particulars	As at March 31, 2015	
	Rate range	Amount
	Rs. in Lacs	
Repayable on maturity		
Maturing within 1 year	8.88% - 9.15%	3,47,500.00
Total		3,47,500.00

Particulars	As at March 31, 2014	
	Rate range	Current
	Rs. in Lacs	
Repayable on maturity		
Maturing within 1 year		Nil
Total		Nil

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 49 MANAGERIAL REMUNERATION TO DIRECTORS INCLUDED IN THE STATEMENT OF PROFIT AND LOSS

Rs. in Lacs

Particulars	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.

NOTE 50 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.

Rs. in Lacs

Liabilities side	As at March 31, 2015		As at March 31, 2014	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :				
(a) Debentures : Secured	5,31,521.57	-	5,24,148.97	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	10,86,150.23	-	13,34,854.96	-
(d) Inter-corporate loans and Other Borrowings	1,617.69	-	4,414.76	-
(e) Commercial Paper	3,47,500.00	-	-	-
(f) Public Deposits	4,60,702.68	-	3,59,500.62	-
(g) Fixed Deposits accepted from Corporates	38,501.41	-	22,023.38	-
(h) FCNR Loans	54,741.36	-	52,502.27	-
(i) Subordinate debt	1,05,738.99	-	83,663.23	-
(j) Other Short Term Loans and credit facilities from banks	59,105.33	-	57,232.21	-
(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	4,60,702.68	-	3,59,500.62	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Asset side	As at March 31	
	2015	2014
	Amount Outstanding	Amount Outstanding
(3) Break-up of Loans and Advances including bills receivables		
[other than those included in (4) below] :		
(a) Secured	36,273.34	34,048.00
(b) Unsecured	1,44,202.13	1,44,926.46
(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	7,860.00	8,752.63
(b) Loans other than (a) above	30,01,425.74	27,05,765.33
(5) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	7,875.00	-
(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	-	-
(v) Certificate of Deposits with Banks	-	24,289.13
(vi) Commercial Papers	1,500.00	10,000.00
Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	5,354.17	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	50,612.79	37,895.56
2. Unquoted :		
(i) Shares : (a) Equity	19,325.04	14,032.03
(b) Preference	-	-
(ii) Debentures and Bonds	700.00	700.00
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

(6) Borrower group-wise classification of assets financed as in (3) and (4) above :

Rs. in Lacs

Category	As at March 31, 2015			As at March 31, 2014		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	4,747.90	4,747.90	-	1,361.61	1,361.61
(b) Companies in the same group	-	-	-	-	1,091.74	1,091.74
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	30,45,559.08	1,39,454.23	31,85,013.31	27,48,565.96	1,42,473.11	28,91,039.07
Total	30,45,559.08	1,44,202.13	31,89,761.21	27,48,565.96	1,44,926.46	28,93,492.42

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Rs. in Lacs

Category	As at March 31, 2015		As at March 31, 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	9,237.98	9,237.98	6,943.98	6,943.98
(b) Companies in the same group	10,787.06	10,787.06	7,788.05	7,788.05
(c) Other related parties	-	-	-	-
2. Other than related parties	68,291.61	65,341.96	70,794.00	72,184.69
Total	88,316.65	85,367.00	85,526.03	86,916.72

(8) Other information

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
(i) Gross Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	2,09,972.20	1,40,569.12
(ii) Net Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	81,820.64	57,564.17
(iii) Assets acquired in satisfaction of debt :	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 51 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

Particulars	As at March 31	
	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)	21,500.00	20,000.00
(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	74,579.99	79,128.67
(b) Outside India	10,787.01	7,788.05
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	74,579.99	79,128.67
(b) Outside India	10,787.01	7,788.05
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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

- 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 sizeable trading capacity and capability to enter into transactions in any markets around the world.
- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors at every quarterly board meetings including their financial positions.

Quantitative Disclosures

d) FCNR(B) Loans Availed

Sr. No.	Particulars	Rs. in Lacs			
		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) For hedging	53,592.00		52,160.00	
(ii)	Marked to Market Positions [1]				
	(a) Asset (+) Estimated gain	823.53	-	1,777.52	-
	(b) Liability (-) Estimated loss	(369.90)	(216.27)	(1,635.90)	-
(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:

Sr. No.	Particulars	Rs. in Lacs	
		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	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		

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

		Rs. in Lacs	
		As at March 31	
Sr. No.	Particulars	2015	2014
	a) Off-balance sheet exposures		
	First loss-		
	Credit enhancement in form of corporate undertaking	8,307.81	4,782.00
	Others	-	-
	b) On-balance sheet exposures		
	First loss-		
	Cash collateral term deposits with banks	20,085.00	18,040.00
	Others-		
	Retained interest in pass through certificates	1,242.81	2,213.95
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations	-	-
	First loss		
	Loss		
	(ii) Exposure to third party securitisations	-	-
	First loss		
	Others		
	Excess Interest Spread	27,176.87	25,938.12
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	2,000.00	2,156.00
	Cash collateral term deposits with banks		
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the current year and the previous year the Company has not sold any financial assets to Securitisation / Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs (During the year)

		Rs. in Lacs	
		Year ended March 31	
		2015	2014
	(i) No. of accounts	-	6,490.00
	(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	-	-
	(v) Aggregate gain / loss over net book value	-	314.94

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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 year 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. 1,42,013.49 Lacs (March 31, 2014: Rs. 1,44,294.39 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.42)

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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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 or 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.

X) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Rs. in Lacs	
	Year ended March 31	
	2015	2014
Provisions for depreciation on Investment	-	-
Provision towards NPA	33,259.02	24,486.70
Provision made towards Income tax	51,995.00	53,540.00
Other Provision and Contingencies (with details)	-	-
Provision for diminution in the fair value of restructured advances	9.56	-
Provision for Standard Assets	1,079.31	2,110.00

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)

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Deposits of twenty largest depositors	37,130.21	23,378.24
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	7.4%	6.1%

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

b) Concentration of Advances

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Advances to twenty largest borrowers	37,180.54	36,789.53
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.1%	1.3%

c) Concentration of Exposures

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Exposure to twenty largest borrowers / customers	37,180.54	36,789.53
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

	Rs. in Lacs	
	As at March 31	
	2015	2014
Total Exposure to top four NPA accounts	6,241.67	3,186.32

e) Sector-wise NPAs

Sr. No.	Sector	Rs. in Lacs	
		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	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

f) Movement of NPAs

Particulars	Rs. in Lacs	
	As at / Year ended March 31	
	2015	2014
(i) Net NPAs to Net Advances (%)	2.6%	2.0%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,40,569.12	76,295.53
(b) Additions during the year	1,47,895.67	1,05,297.91
(c) Reductions during the year	78,492.59	41,024.32
(d) Closing balance	2,09,972.20	1,40,569.12
(iii) Movement of Net NPAs		
(a) Opening balance	57,564.17	25,992.87
(b) Additions during the year	67,419.23	52,462.18
(c) Reductions during the year	43,162.76	20,890.88
(d) Closing balance	81,820.64	57,564.17
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	63,358.06	38,871.36
(b) Provisions made during the year	61,506.02	40,757.25
(c) Write-off / write-back of excess provisions	28,247.00	16,270.55
(d) Closing balance	96,617.08	63,358.06

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Rs. in lacs	
			Total Assets as at March 31, 2015	Total Assets as at March 31, 2014
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	1,67,299.84	1,14,118.37

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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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	9,067.27	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	4,193.09	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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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

NOTE 52 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:

Type of Restructuring		Rs. in Lacs				
Sr. No.	Asset Classification	Standard	Substandard	Doubtful	Loss	Total
	Details					
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				
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				

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Type of Restructuring		Others					Rs. in Lacs
Sr. No.	Asset Classification	Standard	Substandard	Doubtful	Loss	Total	
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.

NOTE 53 Previous year figures have been regrouped / reclassified wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

M. G. Bhide
Director

V Ravi
Chief Financial Officer

Naresh Kumar Kataria
Partner

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhave
Director

Arnavaz Pardiwala
Company Secretary

Membership No. 37825

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai

Date : 23rd April, 2015

Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Mahindra & Mahindra Financial Services Limited ("the Holding Company"), its subsidiaries and joint venture (the Holding Company, its subsidiaries and joint venture together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

- Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
- We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.
- We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015,

and their consolidated profit and their consolidated cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and subsidiary companies incorporated in India (hereinafter referred to as Group Companies in India), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
9. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated

in India are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact of pending litigations in India on its financial position in its consolidated financial statements – Refer Note 49 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Subsidiary Companies in India.

OTHER MATTERS

10. We did not audit the financial statements of a joint venture entity whose financial statements reflect total assets of Rs. 167299.84 lacs as at March 31, 2015, total revenues of Rs. 6968.39 lacs, and net cash outflows amounting to Rs 129.18 lacs, respectively for the year then ended as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion insofar as it relates to these financial statements, is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 23rd April, 2015

Annexure to the Auditors' Report

referred to in our report of even date:

- i. (a) The Group Companies in India have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets of the Holding and Subsidiary Companies have been physically verified by the Management during the year. The discrepancies noticed, if any on such verification were not material and have been properly dealt with in the books of account.
- ii. The Group Companies are engaged in the business of financial services and do not hold any inventory. Accordingly, the provisions of clause 3(ii)(a), (b) and (c) of the said order will not be applicable.
- iii. There are no companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said order are not applicable to the Group Companies in India.
- iv. In our opinion and according to the information and explanations given to us, the Group Companies in India are having an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Group Companies do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Holding and Subsidiary Companies and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- v. The Holding Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified, with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Holding Company in respect of the aforesaid deposits.

The Subsidiary Companies have not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed thereunder to the extent notified.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products or services of the Group Companies in India.
- vii. (a) According to the records of the Group Companies in India and information and explanations given to us, the Group Companies in India are regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax, Service tax, Value added tax, cess and any other applicable statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Group Companies in India examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, value added tax, and cess which have not been deposited on account of any dispute except for the following:

Name of the Statute	Nature of Dues	Amount (Rs. in lacs)	Financial year to which the amount relates	Forum where the dispute is pending
The Income tax Act, 1961	Income Tax	126.80	2003 - 2004	Income Tax Appellate Tribunal*
The Income tax Act, 1961	Income Tax	59.33	2003 - 2004	Income Tax Appellate Tribunal*
The Income tax Act, 1961	Income Tax	218.70	2005 - 2006	Commissioner of Income Tax*
The Income tax Act, 1961	Income Tax	242.64	2006 - 2007	Commissioner of Income Tax*
The Income tax Act, 1961	Income Tax	72.82	2007 - 2008	Commissioner of Income Tax*
The Income tax Act, 1961	Income Tax	7.86	2010 - 2011	Commissioner of Income Tax*
The Income tax Act, 1961	Income tax	37.76	2011 - 2012	Commissioner of Income Tax**
Andhra Pradesh VAT Act, 2005	Value Added Tax	123.57	April 2008 to Oct 2013	Andhra Pradesh High Court*
Rajasthan Value Added Tax Act, 2003	Value Added Tax	30.30	2013 - 2014	Jaipur Appellate Tribunal*
Rajasthan Value Added Tax Act, 2003	Value Added Tax	5.62	2014 - 2015	Jaipur Appellate Tribunal*

* pertaining to Mahindra & Mahindra Financial Services Limited

**pertaining to Mahindra Rural Housing Finance Limited

- (c) The amount required to be transferred to Investor Education and Protection Fund by the Holding Company has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- There are no amounts required to be transferred by the Subsidiary Companies in India to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
- viii. The Holding Company and two of its Indian Subsidiary Companies neither have accumulated losses as at the end of the current financial year nor have they incurred cash losses, in the current financial year and in the immediately preceding financial year. Other two Indian Subsidiary Companies are registered for a period of less than Five years and accordingly provisions of Clause 3 (viii) of the Order are not applicable to them.
- ix. Based on the records examined by us and according to the information and explanations given to us, the Group Companies in India have not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Group Companies in India have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- xii. In respect of Holding Company, except for 119 cases of frauds aggregating to Rs. 353.81 lacs which were noticed by the management and informed to us, auditors have neither come across any instances of frauds by or on the Company nor have we been informed by the Company of any such instances during the year.
- During the course of our examination of the books and records of the Subsidiary Companies in India, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, auditors have neither come across any instance of material fraud on or by the Subsidiary Companies in India, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare and Co.**
Chartered Accountants

Firm Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 23rd April, 2015

Consolidated Balance Sheet

as at March 31, 2015

Rs. in lacs

Particulars	Note No.	As at March 31	
		2015	2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital	1	11,282.81	11,270.50
b) Reserves and Surplus	2	5,82,988.88	5,18,099.02
		5,94,271.69	5,29,369.52
Minority Interest		4,929.60	3,647.83
2) Non-current liabilities			
a) Long-term borrowings	3	16,86,524.66	18,25,376.57
b) Other Long-term liabilities	4	30,247.97	27,701.56
c) Long-term provisions	5	35,267.59	33,309.64
		17,52,040.22	18,86,387.77
3) Current liabilities			
a) Short-term Borrowings	6	5,25,861.91	1,51,027.60
b) Trade payables	7	49,545.23	45,074.04
c) Other current liabilities	8	8,18,226.02	6,98,126.60
d) Short-term provisions	9	1,18,439.35	92,116.10
		15,12,072.51	9,86,344.34
Total		38,63,314.02	34,05,749.46
II. ASSETS			
1) Non-current assets			
a) Fixed Assets	10		
i) Tangible assets		11,415.94	12,350.21
ii) Intangible assets		470.09	498.15
iii) Capital work-in-progress		31.54	22.99
b) Non-current investments	11	55,967.01	37,895.56
c) Deferred tax assets (Net)	12	42,125.77	32,535.84
d) Long-term loans and advances	13	19,88,826.44	17,72,994.08
e) Other non-current assets	14	23,263.46	13,643.00
		21,22,100.25	18,69,939.83
2) Current assets			
a) Current investments	15	9,449.80	34,289.13
b) Trade receivables	16	1,454.15	2,289.90
c) Cash and bank balances	17	49,364.02	57,043.28
d) Short-term loans and advances	18	16,76,198.37	14,38,062.21
e) Other current assets	19	4,747.43	4,125.11
		17,41,213.77	15,35,809.63
Total		38,63,314.02	34,05,749.46
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Bharat Doshi Chairman
V. S. Parthasarathy Director

M. G. Bhide Director

V Ravi
Chief Financial Officer

Naresh Kumar Kataria
Partner
Membership No. 37825

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhawe
Director

Arnavaz Pardiwala
Company Secretary

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai
Date : 23rd April, 2015

Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

Particulars	Note No.	Rs. in lacs	
		Year ended March 31	
		2015	2014
I. Revenue from operations	20	6,02,114.28	5,27,522.73
II. Other income	21	3,976.28	2,532.55
III. Total Revenue (I + II)		6,06,090.56	5,30,055.28
IV. Expenses			
Employee benefits expense	22	56,710.19	49,450.51
Finance costs	23	2,64,299.81	2,28,096.44
Depreciation and amortization expense	24	4,550.76	2,608.05
Loan provisions and write offs	25	84,912.26	51,898.42
Other expenses	26	55,630.68	51,849.11
Total expenses		4,66,103.70	3,83,902.53
V. Profit before exceptional items and taxes (III - IV)		1,39,986.86	1,46,152.75
VI. Exceptional items (net) - income / (expense)		-	-
VII. Profit before tax (V + VI)		1,39,986.86	1,46,152.75
VIII. Tax expense			
Current tax		57,611.27	58,004.66
Deferred tax		(10,111.16)	(8,329.33)
		47,500.11	49,675.33
IX. Profit / (Loss) for the year (VII - VIII)		92,486.75	96,477.42
X. Minority Interest		1,196.21	1,035.28
XI. Profit / (Loss) for the year (IX - X)		91,290.54	95,442.14
XII. Earnings per equity share (Rupees)	32		
(Face value - Rs.2/- per share)			
(1) Basic		16.19	16.95
(2) Diluted		16.05	16.78
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of Statement of Profit and Loss. This is the Statement of Profit and Loss referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

M. G. Bhide
Director

V Ravi
Chief Financial Officer

Naresh Kumar Kataria
Partner

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhawe
Director

Arnavaz Pardiwala
Company Secretary

Membership No. 37825

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai
Date : 23rd April, 2015

Consolidated Cash Flow Statement

for the year ended March 31, 2015

Rs.in lacs

Particulars	Year ended March 31	
	2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items	1,39,986.86	1,46,152.75
Add/(Less): Non Cash Expenses		
Depreciation and amortisation expense	4,550.76	2,608.05
Exchange Fluctuation	573.01	799.17
Provision for non-performing assets (net)	34,728.06	25,449.51
General provision for Standard assets	1,330.83	2,284.13
Higher provision & provision for diminution in the fair value of restructured advances	31.87	-
Interest expense	14,007.36	8,939.82
Employee compensation expense on account of ESOP scheme	1,065.33	307.33
	56,287.22	40,388.01
Add/(Less): Income considered separately		
Income from investing activities	(3,962.26)	(2,517.32)
(Profit)/Loss on sale / retirement of assets	(9.65)	(2.80)
(Profit)/Loss on sale of Investments	(468.64)	(9.15)
Income from Assignment / Securitisation transactions	(25,622.33)	(21,372.47)
	(30,062.88)	(23,901.74)
Operating profit before working capital changes (I)	1,66,211.20	1,62,639.02
Add/Less: Working Capital changes		
(Increase)/Decrease in interest accrued on investment/others	909.07	(1,094.49)
(Increase)/Decrease in Trade receivables	(40,040.07)	(34,608.46)
(Increase)/Decrease in Loans & Advances	(4,90,355.53)	(7,41,275.20)
	(5,29,486.53)	(7,76,978.15)
Increase/(Decrease) in Current Liabilities	39,355.70	25,469.90
	(II) (4,90,130.83)	(7,51,508.25)
Cash generated from / (used in) operations (I+II)	(3,23,919.63)	(5,88,869.22)
Advance taxes paid	(59,145.11)	(55,919.65)
	(3,83,064.74)	(6,44,788.87)
Net Cash Generated from / (Used In) Operating Activities (A)	(3,83,064.74)	(6,44,788.87)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets / Software	(4,469.93)	(4,115.88)
Sale of fixed assets	603.22	104.96
Purchase of Investments	(2,67,533.24)	(2,14,931.38)
Investments in term deposits with banks	(4,066.77)	(19,021.00)
Sale of Investments	2,74,769.77	1,88,509.31
Income received from investing activities	4,105.39	2,446.57
(Increase) / Decrease in Earmarked balances with banks	0.24	4.58
Net Cash Generated from / (Used In) Investing Activities (B)	3,408.68	(47,002.84)

Consolidated Cash Flow Statement

for the year ended March 31, 2015

Particulars	Rs.in lacs	
	Year ended March 31	
	2015	2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	552.76	399.31
Increase/(Decrease) in Bank borrowings (net)	(2,45,042.73)	3,44,064.87
Increase/(Decrease) in Long-term borrowings (net)	1,33,089.93	1,13,127.04
Increase/(Decrease) in Short-term borrowings (net)	3,38,500.62	(18,597.74)
Increase/(Decrease) in Fixed Deposits (net)	1,00,738.59	1,24,726.58
Proceeds from Assignment / Securitisation transactions	89,044.34	1,59,029.71
Interest paid	(13,938.84)	(8,499.47)
Dividend paid (including tax on dividend)	(26,176.51)	(24,422.32)
Net Cash Generated from / (used in) financing activities (C)	3,76,768.16	6,89,827.98
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(2,887.90)	(1,963.73)
Cash and Cash Equivalents at the beginning of the year	23,437.03	25,400.76
Cash and Cash Equivalents at the end of the year (refer note no. 17)	20,549.13	23,437.03

Note: The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

M. G. Bhide
Director

V Ravi
Chief Financial Officer

Naresh Kumar Kataria
Partner

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhawe
Director

Arnavaz Pardiwala
Company Secretary

Membership No. 37825

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai

Date : 23rd April, 2015

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) The Consolidated Financial Statements relate to Mahindra & Mahindra Financial Services Limited (MMFSL, the Company) and its subsidiaries and its Joint Venture entity. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis:

- a. The Financial Statements of the Company, its subsidiary companies and joint venture have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses (on a proportionate basis in case of joint venture) after eliminating inter group balances, inter group transactions and unrealised profits or losses.
- b. The difference between the cost of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the Financial Statements as Goodwill on consolidation or Capital Reserve on consolidation. Goodwill arising on consolidation is not amortised in the books of account.
- c. The difference between the foreign exchange rates prevailing at the time making the investment and on the date, on which the accounts of the joint venture are made, is recognised in the financial statements as Foreign Exchange Fluctuation Reserve.
- d. The Financial Statements of the subsidiary companies and the joint venture are drawn for the same period as the Company.
- e. The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Statement of Profit and Loss as profit or loss on disposal of investment in subsidiaries.

f. Minority Interest in the net assets of consolidated subsidiaries consists of:

- i) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
- ii) the minorities' share of movements in equity since the date on which investment in a subsidiary relationship comes into existence.

The subsidiaries and the joint venture (which along with Mahindra & Mahindra Financial Services Limited, the parent, constitute the "Group") considered in the presentation of these consolidated financial statements are:

Name of the Subsidiary Company / Joint Venture	Country of Origin	Proportion of Ownership Interest [*]
Mahindra Insurance Brokers Limited (MIBL)	India	85.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	87.50%
Mahindra Asset Management Company Pvt. Ltd. (MAMCL)	India	100.00%
Mahindra Trustee Company Pvt. Ltd. (MTCPL)	India	100.00%
Mahindra Finance USA, LLC (MFUSA)	USA	49.00%

* There is no change in the proportion of ownership interest as compared to the previous year.

2) Basis for preparation of financial statements

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under Section 132 of the Companies Act, 2013.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Further, the Company follows prudential norms for Income Recognition, assets classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India for Non-Banking Financial Companies and by The National Housing Bank for Housing Finance Companies. The Company has a policy of making additional provision on a prudential basis (refer note no. 33 of notes to the financial statements).

The joint venture records an allowance for credit losses to provide for estimated losses in the receivable portfolio. Management evaluates the allowance for credit losses on a periodic basis based upon the known and inherent risks in the joint venture's receivable portfolio. Accounts are written off (net of fair value of collateral less costs to sell) when delinquency reaches 360 days or when the joint venture's evaluation indicates the account is uncollectible, if earlier.

3) Use of estimates

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

4) Revenue recognition

i. General

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 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2015

v. Insurance consultancy fees

Revenue from Insurance Consultancy is recognised net of service tax on rendition of service in accordance with the terms of the contract with customer.

vi. Income from manpower supply services

Manpower supply services income is recognised on accrual basis when services are rendered and is net of service tax.

vii. Income from assignment / securitisation transactions

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

i. In case of receivables assigned/ securitised by the Company, the assets are de-recognized as all the rights, title, future receivables and interest thereof are assigned to the purchaser.

ii. On de-recognition, the difference between book value of the receivables assigned/ securitised and consideration received as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

iii. On maturity of an underlying assignment/ 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 transactions is done at the end of every financial year based on the formula prescribed as per the Circular. The unamortized portion is reflected as "Other long-term liabilities" / "Other current liabilities" (refer note no. 4, 8 and 42 (b)).

viii. Income from investments

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

b) Interest income is accounted on accrual basis.

5) Fixed assets, depreciation and amortization

a) Tangible assets

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

ii) Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Significant Accounting Policies and Notes

to the financial statements for the year ended 31st March, 2015

b) Depreciation on Tangible assets

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

- a) Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- b) Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of vehicle for the Company.
- c) Repossessed assets that have been capitalised for own use are depreciated at the rate of 15% on SLM over the remaining useful life of these assets. The same have been grouped under the head 'Vehicles' forming part of Company's 'Tangible assets' in note no.10.
- d) Residual value of the assets is considered as nil reflecting the realisable value at the end of the useful life of an asset.

c) Intangible assets

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

d) Amortization of Intangible assets

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

6) Foreign exchange transactions and translations

i. Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction dates.

ii. Conversion

- a. Foreign currency monetary assets and 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 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 /

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

short-term liabilities depending on the period over which the premium is amortised.

- b. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the period in which the exchange rate changes.
- c. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the period.
- d. As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. Such transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. Accordingly, no loss or gain is expected on the settlement of swap as compared to the rate of exchange prevailing on the date of the swap. In such cases, foreign currency gain/losses on currency swap contracts are recognised to the extent of loss/gain on the underlying loan liabilities.
- e. Interest rate swaps in the nature of hedge, taken to manage interest rate risk on foreign currency liabilities, whereby variable interest rate is swapped for fixed interest rate, are recognized on accrual basis at fixed interest rate and charged to the Statement of Profit and Loss.

7) Investments

In terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are generally carried at cost comprising of acquisition and incidental expenses. Long-term investments in structured instruments are carried at cost less principal repayments till reporting date. Provision for diminution in value of investments, if any, is made if in the opinion of management, such diminution is other than temporary. Any premium on acquisition is amortised over the remaining maturity of the security on a constant yield to maturity basis. 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 unmatrued finance charges.

9) Employee benefits

(a) Contribution to provident fund -

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

(b) Gratuity -

The Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of Profit and Loss and are not deferred.

(c) Superannuation -

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to statement of Profit and Loss. The Company has no obligation to the scheme beyond its contributions.

(d) Leave encashment / compensated absences -

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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 to the unamortised portion.

16) Lease

Payments under operating lease arrangements are recognized as per the terms of the lease.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

17) Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during

the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 1 SHARE CAPITAL		
Authorised capital		
70,00,00,000 equity shares of Rs. 2/- each	14,000.00	14,000.00
50,00,000 Redeemable preference shares of Rs.100/- each	5,000.00	5,000.00
Issued capital		
56,87,64,960 equity shares of Rs. 2/- each	11,375.30	11,375.30
Subscribed and paid-up capital		
56,87,64,960 equity shares of Rs. 2/- each fully paid up	11,375.30	11,375.30
Less : Shares issued to ESOS trust but not allotted by it to employees (46,24,289 equity shares of Rs. 2/- each (March 2014 : 52,39,841 equity shares of Rs. 2/- each))	92.49	104.80
Total	11,282.81	11,270.50

	As at March 31			
	2015		2014	
	Number of shares	Rs. in Lacs	Number of shares	Rs. in Lacs
a) Reconciliation of number of equity shares				
Balance at the beginning of the year	56,87,64,960	11,375.30	56,87,64,960	11,375.30
Add : Fresh allotment of shares / adjustment for sub-division of equity shares during the year	-	-	-	-
Balance at the end of the year	56,87,64,960	11,375.30	56,87,64,960	11,375.30
b) Number of equity shares held by holding Company or ultimate holding Company including shares held by its subsidiaries / associates				
Holding Company : Mahindra & Mahindra Limited	29,12,07,660	5,824.15	29,12,07,660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%
c) Shareholders holding more than 5 percent shares				
Mahindra & Mahindra Limited	29,12,07,660	5,824.15	29,12,07,660	5,824.15
Percentage of holding (%)	51.20%	51.20%	51.20%	51.20%

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

d) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) Shares issued to ESOS trust

The Guidance note issued by The Institute of Chartered Accountants of India on accounting for employee share-based payment requires that shares allotted to a Trust but not transferred to the employees be reduced from Share capital and Reserves. Accordingly, the Company has reduced the Share capital by Rs. 92.49 Lacs (March 2014 : Rs. 104.80 Lacs), Securities premium reserve by Rs.64.39 Lacs (March 2014 : Rs. 86.83 Lacs) in respect of 46,24,289 equity shares of face value of Rs.2/- each (March 2014 : 52,39,841 equity shares of face value of Rs.2/- each) held by the Trust, as at the year end pending allotment of shares to eligible employees.

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 2 RESERVES AND SURPLUS		
Capital redemption reserve		
Balance as at the beginning of the year	5,000.00	5,000.00
Add : Transfer during the year	-	-
	5,000.00	5,000.00
Less : Deductions during the year	-	-
Balance as at the end of the year	5,000.00	5,000.00
Securities premium reserve		
Balance as at the beginning of the year	2,01,824.74	2,01,558.08
Add : Additions during the year on account of		
i) Exercise of employee stock options	499.51	266.66
ii) Fresh issue of shares	-	-
	2,02,324.25	2,01,824.74
Less : Deductions during the year in respect of share issue expenses	-	-
Balance as at the end of the year	2,02,324.25	2,01,824.74
Less : Shares issued to ESOP trust but not allotted to employees	64.39	86.83
Net balance as at the end of the year	2,02,259.86	2,01,737.91
Statutory reserve		
Balance as at the beginning of the year	83,352.56	64,885.68
Add : Transfers from Surplus in the Statement of Profit and Loss	17,926.62	18,466.88
	1,01,279.18	83,352.56
Less : Deductions during the year	-	-
Balance as at the end of the year	1,01,279.18	83,352.56
General reserve		
Balance as at the beginning of the year	37,480.45	28,328.60
Add : Transfers from Surplus in the Statement of Profit and Loss	8,877.75	9,168.24
	46,358.20	37,496.84
Less : Deductions during the year	-	16.39
Balance as at the end of the year	46,358.20	37,480.45

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 2 RESERVES AND SURPLUS		
Foreign exchange fluctuation reserve		
Balance as at the beginning of the year	1,312.48	513.62
Add: Additions during the year	573.21	798.86
	1,885.69	1,312.48
Less : Deductions during the year	-	-
Balance as at the end of the year	1,885.69	1,312.48
Employee stock options outstanding		
A) Employee Stock Option Outstanding		
Balance as at the beginning of the year	1,333.81	1,347.77
Add: Fresh grant of options	4,465.00	289.16
	5,798.81	1,636.93
Less: Transfers / reversals during the year		
i) Transfers to securities premium reserve on exercise of options	499.51	266.66
ii) Reversals for options lapsed	57.85	36.46
Balance as at the end of the year (A)	5,241.45	1,333.81
B) Deferred Employee Compensation		
Balance as at the beginning of the year	462.18	572.30
Add : Fresh grant of options	4,465.00	289.16
	4,927.18	861.46
Less : Amortisation during the year		
i) Transfer to employee benefits expense (refer note no. 22)	1,269.48	362.82
ii) Reversals for options lapsed	57.85	36.46
Balance as at the end of the year (B)	3,599.85	462.18
Balance as at the end of the year (A-B)	1,641.60	871.63
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	1,87,814.12	1,45,746.40
Less : Transitional depreciation charge (net of deferred tax) on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no. 24).	317.77	-
	1,87,496.35	1,45,746.40
Add : Adjustments as per the Scheme of Amalgamation (refer note no. 47)	529.87	-
Add : Profit for the year transferred from the Statement of Profit and Loss	91,290.54	95,442.14
	2,79,316.76	2,41,188.54
Less: Appropriations		
General reserve	8,877.75	9,151.85
Statutory reserve	17,926.62	18,466.88
Proposed dividend on equity shares	22,750.60	21,613.07
Corporate dividend tax on equity shares	4,552.41	3,612.75
Depreciation and special reserve adjustment	645.03	-
	54,752.41	52,844.55
Balance as at the end of the year	2,24,564.35	1,88,343.99
Total	5,82,988.88	5,18,099.02

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 3 LONG-TERM BORROWINGS		
a) Secured[#]		
Non-convertible debentures (refer note no. 51(i)(a))	3,57,040.00	3,21,520.00
Term loans :		
from banks (refer note no. 51(ii)(a))	7,87,597.03	10,26,884.70
from others (refer note no. 51(iii)(a))	21,682.49	23,544.13
Foreign currency loans		
from banks (refer note no. 51(iv)(a))	12,500.00	40,305.51
from others (refer note no. 51(v)(a))	75,101.31	48,549.09
Total	12,53,920.83	14,60,803.43
b) Unsecured		
Unsecured bonds (Subordinate debts) (refer note no. 52(i)(a)) [§]	1,00,910.00	79,410.00
Term loans		
from banks (refer note no. 52(ii)(a))	10,000.00	10,000.00
Fixed deposits (refer note no. 52(iii)(b))	3,21,693.83	2,75,163.14
Total	4,32,603.83	3,64,573.14
Total (a+b)	16,86,524.66	18,25,376.57

[#] All secured loans / debentures are secured by 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.

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 4 OTHER LONG-TERM LIABILITIES		
Deposits/advances received against loan agreements (refer note no. 39)	1,804.35	1,333.08
Interest accrued but not due on borrowings	19,283.53	15,552.99
Deferred subvention income	2,508.93	3,031.55
Unrealised gains on loan transfers under securitisation transactions (refer note no. 42(d))	5,175.94	6,629.14
Cash profit on loan transfers under assignment transactions pending recognition (refer note no. 42(b))	35.22	140.57
Derivate contract payables	-	954.49
Other long term liabilities	-	59.74
Unamortised premium on forward exchange contracts	1,440.00	-
Total	30,247.97	27,701.56

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 5 LONG-TERM PROVISIONS		
Provision for Employee benefits (refer note no. 40)	1,317.67	1,013.88
Others		
Provision for Non-performing assets (refer note no. 33(a), 34 and 35)	26,419.74	18,767.00
Contingent provisions for standard assets (refer note no. 33(b) and 35)	7,504.79	6,772.21
Provision for estimated loss/expenses on assignments	-	6,756.55
Higher Provision for diminution in the fair value of restructured advances (refer note no. 33(d))	17.77	-
Provision for diminution in the fair value of restructured advances (refer note no. 33(d))	7.62	-
Total	35,267.59	33,309.64

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 6 SHORT-TERM BORROWINGS		
a) Secured*		
Term loans from banks (refer note no. 53(i))	75,600.00	57,000.00
Cash credit facilities with banks (refer note no. 53(i))	59,754.56	57,232.21
Foreign currency loans (refer note no. 53(ii))	36,064.29	28,664.24
Total	1,71,418.85	1,42,896.45
b) Unsecured		
Loans from banks:		
Term Loans (refer note no. 53(iii))	-	2,200.00
Fixed deposits (refer note no. 52(iii)(a))	6,943.06	5,931.15
Commercial Papers (CPs) (refer note no. 53(iv))	3,47,500.00	-
Total	3,54,443.06	8,131.15
Total (a+b)	5,25,861.91	1,51,027.60

All secured loans / debentures are secured by 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

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 7 TRADE PAYABLES		
Trade payables		
- Finance	35,102.69	31,007.53
- Expenses	14,442.54	14,066.51
Total	49,545.23	45,074.04

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 8 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt		
a) Secured#		
Non-convertible debentures (refer note no. 51(i)(b)) [§]	1,52,270.00	1,83,520.00
Term loans		
from banks (refer note no. 51(ii)(b))	3,43,954.34	3,12,200.76
from others (refer note no. 51(iii)(b))	7,039.44	6,219.68
Foreign currency loans		
from banks (refer note no. 51(iv)(b))	42,044.47	11,983.00
from others (refer note no. 51(v)(b))	35,853.50	22,539.68
	5,81,161.75	5,36,463.12
b) Unsecured		
Fixed deposits (refer note no. 52(iii)(c))	1,29,621.50	76,425.51
Interest accrued but not due on borrowings	40,486.58	30,615.63
Unclaimed dividends	57.69	57.93
Deposits / advances received against loan agreements (refer note no. 39)	1,460.65	1,647.04
Amount Received in advance from ESOS Trust	156.88	191.63
Credit balances in current accounts with banks as per books	28,370.30	17,263.80

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 8 OTHER CURRENT LIABILITIES		
Deferred subvention income	2,284.76	2,623.37
Unrealised gains on loan transfers under securitisation transactions (refer note no. 42(d))	19,175.40	15,910.53
Cash profit on loan transfers under assignment transactions pending recognition (refer note no. 42(b))	85.42	168.42
Insurance premium payable	3,840.65	3,694.88
Payables under assignment / securitisation transactions	2,932.13	6,157.50
Taxes deducted at Source	3,142.33	2,465.16
Others	5,449.98	4,442.08
Total	8,18,226.02	6,98,126.60

All secured loans / debentures are secured by paripassu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured loans / debentures.

\$ The funds raised by the Company during the year by Issue of Secured / Unsecured Non Convertible Debentures / bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with Applicable Laws.

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 9 SHORT-TERM PROVISIONS		
Provision for Employee benefits (refer note no. 40)	4,997.48	6,356.52
Others		
Provision for estimated loss/expenses on assignments	6,756.56	8,807.92
Provision for Non-performing assets (refer note no. 33(a), 34 and 35)	73,535.35	46,423.23
Contingent provisions for standard assets (refer note no. 33(b) and 35)	5,968.86	5,370.61
Higher provision on restructured standard advances (refer note no. 33(d))	4.54	-
Provision for diminution in the fair value of restructured advances (refer note no. 33(d))	1.94	-
Proposed dividend on equity shares [#]	22,750.60	21,613.07
Corporate dividend tax [#]	4,424.02	3,544.75
Total	1,18,439.35	92,116.10

The Board of Directors have recommended a dividend of Rs. 4.00 per share on equity shares of face value of Rs.2/- each (March 2014 : Rs. 3.80 per share on equity share of face value Rs. 2/- each) for the current financial year. The dividend will absorb a sum of Rs.27,174.62 Lacs (March 2014 : Rs. 25,157.82 Lacs) including dividend distribution tax.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 10 FIXED ASSETS

Asset description	Gross Block at Cost				Depreciation & Amortisation				Net Block		Rs. in Lacs
	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 April 01, 2014	
	i) Tangible assets										
Premises	108.92	-	-	108.92	17.59	-	1.82	-	19.41	89.51	91.33
Computers	4,490.89	1,093.96	50.06	5,534.79	2,238.21	435.62	1,277.45	48.64	3,902.64	1,632.15	2,252.68
Furniture and Fixtures	6,373.10	622.26	18.42	6,976.94	2,793.51	598.92	1,154.22	2,238.21	2,252.68	2,046.24	4,839.75
Vehicles	5,828.77	802.89	258.56	6,373.10	2,089.71	36.38	818.48	12.02	2,932.55	4,044.39	4,283.39
Office Equipment	4,340.08	1,581.05	48.21	5,281.39	2,214.71	3.48	943.17	148.87	3,012.49	2,689.40	3,066.68
	4,972.18	1,581.05	48.21	6,505.02	1,795.79	668.37	249.45	2,214.71	3,066.68	2,544.29	4,340.08
	4,462.63	991.19	481.64	4,972.18	2,316.05	42.26	1,228.09	41.87	3,544.53	2,960.49	2,656.13
Total (i)	21,226.48	3,964.67	363.59	24,827.56	8,876.27	517.74	4,269.01	251.40	13,411.62	11,415.94	12,350.21
	19,580.15	3,862.00	2,215.67	21,226.48	8,502.25	2,487.53	2,113.51	8,876.27	12,350.21	11,077.90	19,580.15
ii) Intangible assets											
Computer software	1,614.60	253.69	-	1,868.29	1,120.50	-	281.75	-	1,402.25	466.04	494.10
Goodwill*	1,150.30	464.30	-	1,614.60	999.98	-	120.52	-	1,120.50	494.10	150.32
	4.05	-	-	4.05	-	-	-	-	-	4.05	4.05
	4.05	-	-	4.05	-	-	-	-	-	4.05	4.05
Total (ii)	1,618.65	253.69	-	1,872.34	1,120.50	-	281.75	-	1,402.25	470.09	498.15
	1,154.35	464.30	-	1,618.65	999.98	120.52	-	1,120.50	498.15	154.37	1,154.35
Total (i+ii)	22,845.13	4,218.36	363.59	26,699.90	9,996.77	517.74	4,550.76	251.40	14,813.87	11,886.03	12,848.36
	20,734.50	4,326.30	2,215.67	22,845.13	9,502.23	2,608.05	2,113.51	9,996.77	12,848.36	11,292.27	20,734.50

Previous year figures are in Italics.

* Goodwill arising on consolidation

represents transitional depreciation change 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).

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 11 NON-CURRENT INVESTMENTS		
A) Quoted (at cost): Trade		
(i) Government securities (refer note no. 11 (1))	50,612.79	37,895.56
(ii) Secured redeemable non-convertible debentures (refer note no. 11(2)(a))	5,354.17	-
(Non-current portion of long term investments in secured redeemable non-convertible debentures)		
(A)	55,966.96	37,895.56
B) Unquoted (at cost): Non-trade		
(a) Equity investment in other entities:		
New Democratic Electoral Trust	0.05	-
(500 equity shares of Rs. 10/- each fully paid up; March 2014: Nil) (refer note no. 11(3))		
(B)	0.05	-
Total (A+B)	55,967.01	37,895.56

	Rs. in Lacs	
	As at March 31	
	2015	2014
Additional Information		
Aggregate amount of quoted investments and market value		
i) Aggregate amount	55,966.96	37,895.56
ii) Market value	58,916.61	36,504.87*
Aggregate amount of unquoted investments	0.05	-

* Having regard to the long-term nature of the investments, the decline in market value as compared to carrying value is considered other than temporary, hence no provision for diminution in value is considered necessary.

1. Details of quoted Long-term investments in Government stock: As at March 31, 2015

Particulars	Face Value (Rs.)	Units	Rs. in Lacs
			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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

1. Details of quoted Long-term investments in Government stock as at March 31, 2015

Particulars	Face Value (Rs.)	Units	Rs. in Lacs
			Amount
Govt Stock 8.83%-25/11/2023	100	2000000	2,034.93
Govt Stock 9.15%-14/11/2024	100	2500000	2,666.00
Govt Stock 9.15%-14/11/2024	100	1000000	1,111.57
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90
Govt Stock 8.28%-21/09/2027	100	1000000	932.65
Govt Stock 8.24%-15/02/2027	100	2000000	1,898.50
Govt Stock 8.24%-15/02/2027	100	1000000	959.15
Govt Stock 8.24%-15/02/2027	100	1000000	956.33
Govt Stock 8.28%-21/09/2027	100	2000000	2,002.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,028.19
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.53
Govt Stock 8.97%-05/12/2030	100	500000	516.53
Govt Stock 8.97%-05/12/2030	100	1000000	1,033.47
Govt Stock 8.97%-05/12/2030	100	500000	526.58
Govt Stock 8.97%-05/12/2030	100	1000000	1,042.83
Govt Stock 8.97%-05/12/2030	100	1500000	1,600.64
Govt Stock 8.97%-05/12/2030	100	1000000	1,111.60
Govt Stock 8.97%-05/12/2030	100	1000000	1,094.09
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20
Govt Stock 8.97%-05/12/2030	100	2000000	2,204.88
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.13
Govt Stock 8.83%-12/12/2041	100	1000000	1,023.64
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33
Total		51000000	50,612.79

As at March 31, 2014:

Particulars	Face Value (Rs.)	Units	Rs. in Lacs
			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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

As at March 31, 2014:

Particulars	Face Value (Rs.)	Units	Rs. in Lacs	
			Amount	
Govt Stock 8.13%-21/09/2022	100	1000000	955.80	
Govt Stock 9.15%-14/11/2024	100	2500000	2,683.23	
Govt Stock 9.15%-14/11/2024	100	1000000	1,123.16	
Govt Stock 8.28%-21/09/2027	100	1500000	1,380.75	
Govt Stock 8.28%-21/09/2027	100	2000000	1,868.10	
Govt Stock 8.28%-21/09/2027	100	2000000	1,867.90	
Govt Stock 8.97%-05/12/2030	100	1000000	1,029.99	
Govt Stock 8.97%-05/12/2030	100	1000000	1,031.42	
Govt Stock 8.97%-05/12/2030	100	500000	517.58	
Govt Stock 8.97%-05/12/2030	100	1000000	1,035.60	
Govt Stock 8.97%-05/12/2030	100	500000	528.28	
Govt Stock 8.97%-05/12/2030	100	1000000	1,045.56	
Govt Stock 8.97%-05/12/2030	100	1500000	1,607.06	
Govt Stock 8.97%-05/12/2030	100	1000000	1,118.72	
Govt Stock 8.97%-05/12/2030	100	1000000	1,100.08	
Govt Stock 8.97%-05/12/2030	100	1500000	1,450.20	
Govt Stock 8.28%-15/02/2032	100	2500000	2,401.50	
Govt Stock 8.30%-02/07/2040	100	1500000	1,359.30	
Govt Stock 8.83%-12/12/2041	100	1000000	1,018.81	
Govt Stock 8.83%-12/12/2041	100	1000000	1,024.52	
Govt Stock 8.83%-12/12/2041	100	1500000	1,469.33	
Total		38000000	37,895.56	

Quoted investments of Rs. 50,612.79 Lacs (March 2014 : Rs. 37,895.56 Lacs) are in Government Stocks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/Q3.02.004/2006-07 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	Rs. in Lacs	
						Total	
1	ANNAPURNA MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JUN17 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 23JUN17 FVRS10LAC	100	1000.00	416.67	500.00	916.67	
4	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50	
5	ASIRVAD MICRO FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JUN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00	

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

2. Details of investments in Secured redeemable non-convertible debentures as at March 31, 2015

Sr. No.	ISIN Description	Total Quantity	Face Value	Rs. in Lacs		Total
				(a) Non Current	(b) Current	
6	DISHA MICROFIN PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
7	FUSION MICROFINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
8	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	100	1000.00	250.00	500.00	750.00
9	FUTURE FINANCIAL SERVICES LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
10	GRAMA 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	1,833.33
12	SATIN CREDITCARE NETWORK LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	150	1500.00	375.00	750.00	1,125.00
13	SONATA FINANCE PRIVATE LIMITED SR-F 13.25 XIRR NCD 23JN17 FVRS10LAC	150	1500.00	625.00	750.00	1,375.00
14	SV CREDITLINE PRIVATE LIMITED SR-F 13.25 XIRR NCD 16SP16 FVRS10LAC	75	750.00	187.50	375.00	562.50
Total				5,354.17	7,875.00	13,229.17

3. During the year, the Company has made investment of Rs 0.05 Lacs in 500 equity shares of face value Rs. 10/- each in New Democratic Electoral Trust, a section 8 Company formed by Mahindra & Mahindra Limited.

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 12 DEFERRED TAX ASSETS (NET)		
a) Deferred tax assets		
Provision for non performing assets / loss and expenses on assignments	36,985.97	27,470.24
Provision for standard assets	4,662.96	4,127.35
Other disallowances	983.15	987.39
Difference between written down value as per books of account and Income Tax Act, 1961	700.50	-
(a)	43,332.58	32,584.98
b) Deferred tax liabilities		
Difference between written down value of books as per account and Income Tax Act, 1961	-	49.14
Special Reserve	1,206.81	-
(b)	1,206.81	49.14
Net Deferred tax assets	(a) - (b)	42,125.77
		32,535.84

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 13 LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated		
Capital advances	282.24	39.20
Deposits for office premises / others	1,954.20	1,718.46
Other loans and advances	42.71	38.46
Loans against assets (secured, including overdue loans) #	19,77,507.70	17,59,954.85
Retained interest in Pass Through Certificates under securitization transactions (refer note no. 42(f))	403.46	828.43
Retained interest under assignment transactions (refer accounting policy no. 4 (IV)(vii) (B) (ii) (a) and refer note no. 42(b))	257.64	703.85
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 42(d))	5,175.94	6,629.14
Loans and advances (including overdue loans) @	3,202.55	3,081.69
# Includes non-performing assets of Rs. 51,958.78 Lacs (March 2014 : Rs. 37,570.89 Lacs) (refer note no. 5, 9, 33(a) and 34)		
@ Includes non-performing assets of Rs. 214.80 Lacs (March 2014 : Rs. 57.80 Lacs) (refer note no. 5, 9 and 33(a))		
Total	19,88,826.44	17,72,994.08

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 14 OTHER NON-CURRENT ASSETS		
Term deposits with banks with maturity greater than 12 months		
- Free	4,086.77	2,500.00
- Under lien (refer note no. 17(a))	18,414.12	11,143.00
Unrealised exchange gains on forward contracts	168.00	-
Unmatured premium on forward contracts	594.57	-
Total	23,263.46	13,643.00

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 15 CURRENT INVESTMENTS		
i) Quoted		
Units of mutual funds (7,17,185.28 Units (March 2014 - Nil) of Rs 10 each in JM High Liquidity Fund)	74.80	-
Secured redeemable non-convertible debentures (refer note no. 11(2)(b))	7,875.00	-
(Current portion of long term investments in secured redeemable non-convertible debentures)	7,949.80	-
ii) Unquoted (at cost)		
Certificate of deposits with banks #	-	24,289.13
Commercial Papers (CPs)	1,500.00	10,000.00
(1 CP instrument, face value of Rs.15.00 Lacs per CP issued by IKF Finance Limited ; March 2014 : 2000 CPs, face value of Rs. 5.00 Lacs each issued by Citicorp Finance (India) Limited)		
	1,500.00	34,289.13
Total	9,449.80	34,289.13

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
Additional Information		
Aggregate amount of quoted investments and market value		
i) Aggregate amount	7,949.80	-
ii) Market Value	7,949.80 *	-
Aggregate amount of unquoted investments	1,500.00	34,289.13

* Of the total quoted investments mentioned above, book value for secured redeemable non-convertible debentures is taken as market value as in the absence of trades market quotes are not available

Details of unquoted current investments in certificate of deposits :

As at March 31, 2015 : Nil

As at March 31, 2014 :

	Face Value (Rs.)	Units	Rs. in Lacs
			Amount
Indian Bank	100000	5000	4,924.83
Punjab National Bank	100000	2500	2,297.66
Punjab National Bank	100000	2500	2,297.66
Canara Bank	100000	5000	4,944.74
Union Bank of India	100000	5000	4,917.75
Indian Bank	100000	5000	4,906.50
Total		25000	24,289.13

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 16 TRADE RECEIVABLES		
Secured, considered doubtful unless otherwise stated		
Trade receivable on hire purchase transactions# (outstanding for a period exceeding six months)	375.53	377.66
Unsecured, considered good unless otherwise stated		
Outstanding for a period exceeding six months#	77.69	33.52
Outstanding for a period not exceeding six months#	1,000.93	1,878.72
# Includes non-performing assets of Rs. 396.16 Lacs (March 2014 : Rs.392.31 Lacs) (refer note no. 5, 9 and 33(a))		
Total	1,454.15	2,289.90

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 17 CASH AND BANK BALANCE		
Cash and cash equivalents		
Cash on hand	1,929.42	2,859.48
Cheques and drafts on hand	296.98	608.52
Bank balance in current accounts	18,322.73	19,967.25
Balance with Scheduled Bank in Cash Credit Accounts	-	1.78
	20,549.13	23,437.03
Other bank balances		
Earmarked balances with banks -		
- Unclaimed dividend accounts with banks	59.01	59.25
Term deposits with original maturity up to 12 months	-	5,000.00
Term deposits under lien (refer note no. 17 (a))	28,755.88	28,097.00
Term deposits - Free of lien	-	450.00
	28,814.89	33,606.25
Total	49,364.02	57,043.28

(a) Details of term deposits under lien#

	As at March 31, 2015			As at March 31, 2014		
	Cash and bank balances	Other Non-current assets	Total	Cash and bank balances	Other Non-current assets	Total
(i) Term deposits for SLR	10,783.00	13,722.00	24,505.00	17,963.00	501.00	18,464.00
(ii) Collateral deposits for securitization transactions	17,469.88	4,615.12	22,085.00	9,621.00	10,575.00	20,196.00
(iii) Legal deposits	3.00	17.00	20.00	3.00	17.00	20.00
(iv) Margin deposits towards Constituent Subsidiary General Ledger (CSGL) account	500.00	-	500.00	500.00	-	500.00
(v) Under lien with IRDA for broking license	-	60.00	60.00	10.00	50.00	60.00
Total	28,755.88	18,414.12	47,170.00	28,097.00	11,143.00	39,240.00

Term deposits with scheduled banks under lien include:

- i) Rs. 24,505.00 Lacs (March 2014 : Rs. 18,464.00 Lacs) being the Term deposits kept with Banks as Statutory Liquid Assets as required under Section 45 IB of The Reserve Bank of India Act, 1934 vide a floating charge created in favour of public deposit holders through a "Trust Deed" with an independent trust, pursuant to circular RBI/2006-07/225 DNBS (PD) C.C.No. 87/03.02.004/2006-07 dated 4th January, 2007 issued by The Reserve Bank of India.
- ii) Rs. 22,085.00 Lacs (March 2014 : 20,196.00 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: 60.00 Lacs).

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 18 SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good unless otherwise stated:		
Loans against assets (secured, including overdue loans)#	15,02,304.31	12,65,089.60
Retained interest in Pass Through Certificates (PTC) under securitization transactions (refer note no.42(f))	839.89	1,387.00
Interest Only Strip (I/O Strip) under securitization transactions (refer note no. 42(d))	19,175.40	15,910.53
Loans and advances (including overdue loans)*	13,560.56	7,932.85
Bills of Exchange	14,955.03	12,333.78
Trade Advances*	1,05,574.35	1,18,411.37
Inventory funding (secured, including overdue loans)	9,896.55	7,674.70
Inter corporate deposits given*	100.00	100.00
Other loans and advances:		
Loans and advances to related parties (Portfolio purchased from Mahindra Holidays & Resorts India Ltd. and Loan to Mahindra Retail Pvt. Ltd.)	-	1,091.74
Deposits for office premises / others	375.83	274.72
Advance payment of taxes (net of provisions)	6,343.48	6,204.81
Other Short term advances	2,548.51	736.76
# Includes non-performing assets of Rs. 1,36,103.12 Lacs (March 2014 : Rs. 87,726.30 Lacs) (refer note no. 5, 9, 33(a) and 34)		
@ Includes non-performing assets of Rs. 2,050.78 Lacs (March 2014 : Rs. 1,485.66 Lacs) (refer note no.5, 9, 33(a))		
Total	16,76,198.37	14,38,062.21

Rs. in Lacs

	As at March 31	
	2015	2014
NOTE 19 OTHER CURRENT ASSETS		
Interest accrued on		
a) Investments	958.56	741.98
b) Other deposits	2,281.44	2,300.13
Derivative contract receivables	784.47	1,083.00
Unamortised premium on forward contracts	722.96	-
Total	4,747.43	4,125.11

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 20 REVENUE FROM OPERATIONS		
a) Interest		
Income from loans	5,30,058.94	4,65,926.82
Income from hire purchase	31.64	61.35
Interest on term deposits / Inter-corporate deposits / Bonds etc	5,542.22	3,377.31
Interest on retained interest in PTCs under securitization transactions	97.12	211.79
Interest on government securities:		
Long term	3,710.69	2,477.24
Income from insurance business / services	9,663.44	9,750.51
(a)	5,49,104.05	4,81,805.02
b) Other financial services		
Service charges and other fees on loan transactions	25,369.11	22,961.42
Income from hire purchase	0.20	0.21
Income from bill discounting	2,018.08	1,383.25
Income from lease	0.51	0.36
Income from assignment / securitisation transactions (refer note no. 42)	25,622.33	21,372.47
(b)	53,010.23	45,717.71
Total (a+b)	6,02,114.28	5,27,522.73

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 21 OTHER INCOME		
Dividend income on:		
- Current investments in mutual fund units	84.89	56.61
Profit/premium on sale/redemption of:		
- Current investments	468.64	9.15
Profit on sale / retirement of owned assets (net)	15.13	2.80
Income from shared services	2,418.96	1,793.00
Others	988.66	670.99
Total	3,976.28	2,532.55

	Rs. in Lacs	
	Year ended March 31	
	2015	2014
NOTE 22 EMPLOYEE BENEFITS EXPENSE		
Salary, bonus and incentives	49,931.47	44,455.92
Company's contribution to provident fund and other funds	3,704.05	2,937.03
Employee stock compensation costs [#] (refer note no.31(f))	1,288.63	368.14
Staff welfare expenses	1,786.04	1,689.42
Total	56,710.19	49,450.51

[#] Inclusive of ESOP costs reimbursements (net) to the holding Company Rs. 19.15 Lacs (March 2014: Rs. 5.32 Lacs).

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs	
	Year ended March 31 2015	2014
NOTE 23 FINANCE COSTS		
Interest expense	2,61,899.78	2,25,990.70
Other borrowing costs	2,400.03	2,105.74
Total	2,64,299.81	2,28,096.44

	Rs. in Lacs	
	Year ended March 31 2015	2014
NOTE 24 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on tangible assets #	4,269.01	2,487.53
Amortization of intangible assets	281.75	120.52
Total	4,550.76	2,608.05

Consequent to the enactment of the Act, the Company has recomputed the depreciation based on the useful life of the assets as prescribed in Schedule II to the Act or as assessed by the management (refer Accounting Policies, Note no.4 (b)). This has resulted in additional charge of depreciation of Rs.1,536.05 lacs for the year ended March 31, 2015. Further, as per the transitional provision, carrying value of assets of Rs. 341.76 lacs (net of Deferred tax of Rs. 175.98 lacs) is adjusted in the opening balance of retained earnings in respect of assets where the remaining useful life is NIL as at April 01, 2014.

	Rs. in Lacs	
	Year ended March 31 2015	2014
NOTE 25 LOAN PROVISIONS AND WRITE OFFS		
Bad debts and write offs (refer note no. 33(c))	48,804.81	24,164.78
Provision for Non performing assets (Net) (refer note no. 33(a), 34 and 35)	34,744.75	25,449.51
General provision for standard assets (refer note no. 33(b) and 35)	1,330.83	2,284.13
Higher provision on restructured standard advances (refer note no. 5,9 and 33 (d))	22.31	-
Provision for diminution in the fair value of restructured advances (refer note no. 5,9 and 33 (d))	9.56	-
Total	84,912.26	51,898.42

	Rs. in Lacs	
	Year ended March 31 2015	2014
NOTE 26 OTHER EXPENSES		
Electricity charges	1,676.72	1,446.48
Rent	5,799.81	4,868.71
Repairs and maintenance		
Buildings	382.45	460.97
Others	217.77	147.28
Insurance	1,442.69	1,218.73
Rates and taxes, excluding taxes on income	367.08	841.43
Directors' sitting fees and commission	216.83	147.32
Commission and brokerage	16,271.72	14,747.89
Legal and professional charges	6,670.64	7,437.38
Loss on sale / retirement of owned assets (net)	5.48	-
Payments to the auditor		
Audit fees	66.46	68.87
Taxation matters	7.00	4.49
Other services	25.97	17.50
Reimbursement of expenses	0.79	1.67
CSR expenses (including donations) (refer note no. 45)	2,645.80	786.45
General and administrative expenses	19,833.47	19,653.94
Total	55,630.68	51,849.11

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 27 Above expenses include following expenditure incurred in foreign currency

Particulars	Year ended March 31	
	2015	2014
Travelling expenses	19.86	57.81
Legal and professional fees	126.68	115.24
Other expenses	55.97	53.38

NOTE 28 The Company has the following investments in Joint Venture for which the required treatment as per Accounting Standard AS 27 - 'Financial Reporting of Interests in Joint Ventures', has been given in the Consolidated Financial Statements.

Name of Joint Ventures	Country of Incorporation	Percentage of ownership interest
i) Mahindra Finance USA, LLC	United States of America	49.00%

NOTE 29 The subsidiary Company, MIBL, earns brokerage from several insurance companies. The accounts of these insurance companies remain under reconciliation and are subject to confirmation. MIBL does not expect any significant variation in the book balances.

NOTE 30 The Composite Broking License of MIBL, has been renewed by IRDA w.e.f. May 17, 2013 for next 3 years.

NOTE 31 EMPLOYEE STOCK OPTION PLAN

a) The Company had allotted 1,34,32,750 equity shares (face value of Rs.2/- each) on 6th December

2005 and 48,45,025 Equity shares (face value of Rs.2/- each) on 3rd February, 2011, to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. The Trust had issued 1,36,53,486 equity shares to employees (March 2014 : 1,30,37,934 equity shares) up to 31st March, 2015, of which 6,15,552 equity shares (March 2014 : 5,04,944 equity shares) were issued during the current year.

The details of Employees stock option schemes are as under :

Particulars	Scheme 2005	Scheme 2010
Type of arrangement	Employees share based payment plan administered through ESOS Trust	Employees share based payment plan administered through ESOS Trust
Contractual life	6 years from the date of grant	6 years from the date of grant
Method of settlement	By issue of shares at exercise price	By issue of shares at exercise price
Vesting conditions	35% on expiry of 12 months from the date of grant	20% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant	20% on expiry of 36 months from the date of grant
	10% on expiry of 48 months from the date of grant	20% on expiry of 48 months from the date of grant
	10% on expiry of 60 months from the date of grant	20% on expiry of 60 months from the date of grant

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

- b) During the year, the Company has granted 16,01,507 stock options to the eligible employees under the Employees' Stock option scheme 2010. The details are as under:

Particulars	Grant dated October 21, 2014
No. of options granted	16,01,507
Intrinsic value of shares based on latest available closing market price (Rs.)	278.80
Total amount to be amortized over the vesting period (Rs. in Lacs)	4,465.00
Charge to Statement of Profit and Loss for the year (Rs. in Lacs)	1,011.09
Compensation in respect of lapsed cases (Rs. in Lacs)	36.87
Unamortized amount carried forward (Rs. in Lacs)	3,417.04

The fair value of options, based on the valuation of the independent valuer as on the date of grant are:

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

Summary of Stock Options	March 31, 2015		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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

d) Information in respect of options outstanding:

Grant date / Exercise price	March 31, 2015		March 31, 2014	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Scheme 2005:				
18th September, 2008 at Rs.46.60	-	-	2,79,150	5 months
(a)	-	-	2,79,150	
Scheme 2010:				
7th February, 2011 at Rs.2.00	3,55,735	13 months	6,34,749	18 months
25th January, 2012 at Rs.2.00	95,790	19 months	1,35,810	26 months
22nd July, 2013 at Rs.2.00	38,504	28 months	48,130	34 months
21st October, 2013 at Rs.2.00	44,644	31 months	65,410	37 months
21st October, 2014 at Rs.2.00#	15,88,282	37 months	-	-
(b)	21,22,955		8,84,099	
Total	(a + b) 21,22,955		11,63,249	

net of 13,225 options forfeited/lapsed out of the options granted during the year

e) Average Share price at recognised stock exchange (NSE) on the date of exercise of the option are as under:

Date of Exercise	Average share price (Rs.)
23-Apr-2014	247.08
19-May-2014	273.10
23-May-2014	314.43
18-Jun-2014	282.44
25-Jul-2014	238.78
21-Aug-2014	274.40
3-Sep-2014	286.16
23-Sep-2014	278.33
28-Oct-2014	287.62
17-Nov-2014	314.66
22-Dec-2014	294.69
19-Jan-2015	288.62
24-Feb-2015	252.75
23-Mar-2015	265.00

f) **Method used for accounting for share based payment plan**

The Company has elected to use intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Employee stock compensation cost is amortized over the vesting period.

g) **Fair value of options**

The fair value of options used to compute proforma net profit and earnings per share in note no. 32 have been estimated on the date of grant using the black-scholes model. The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Significant Accounting Policies and Notes

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Grants covered under Scheme 2005:

Variables #	7-Dec-2005	24-Jul-2007	25-Mar-2008	18-Sep-2008
1) Risk free interest rate	5.8% to 6.6%	8.17%	7.31%	8.20%
2) Expected life	2.5 - 5 years	4.17 years	4.17 years	4.18 years
3) Expected volatility	0.50%	43.69%	43.61%	43.66%
4) Dividend yield	5%	1.59%	1.59%	1.64%
5) Price of the underlying share in the market at the time of option grant (Rs.)	13.11*	46.00	63.62	50.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

* being fair value taken from an independent valuer as the Company was unlisted as on the date of grant of option.

Grants covered under Scheme 2010:

Variables #	7-Feb-2011	25-Jan-2012	22-Jul-2013	21-Oct-2013	21-Oct-2014
1) Risk free interest rate	7.73%	8.11%	7.61%	8.60%	8.50%
2) Expected life	4.5 years	5.5 years	3.5 years	3.25 years	3.25 years
3) Expected volatility	42.38%	46.08%	35.53%	39.27%	38.83%
4) Dividend yield	2.28%	2.11%	1.70%	1.32%	1.35%
5) Price of the underlying share in the market at the time of option grant (Rs.)	138.60	133.14	212.35	272.40	280.80

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

NOTE 32 EARNINGS PER SHARE

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee Share-based Payments" is as follows:

Particulars	Intrinsic Value Method		Fair Value Method *	
	2015	2014	2015	2014
Net profit after tax (Rs. in Lacs)	91,290.54	95,442.14	91,358.91	95,473.03
Weighted average number of equity shares of Rs.2/- each – Basic	563837362	563184678	563837362	563184678
Weighted Average number of equity shares of Rs.2/- each – Diluted	568764960	568764960	568764960	568764960
Basic Earnings Per Share (Rs.)	16.19	16.95	16.20	16.95
Diluted Earnings Per Share# (Rs.)	16.05	16.78	16.06	16.79

Dilution in Earnings per share is on account of 46,24,289 equity shares (March 2014 : 52,39,841 equity shares) held by the Employees Stock Option Trust issued under the Employees Stock Option Scheme.

* Earnings Per Share under Fair value method is computed on proforma net profit after tax after adjusting for employee compensation costs under fair value method. Employee compensation cost under fair value method as compared to intrinsic value method is lower by Rs. 68.37 Lacs (March 2014 : Rs. 30.89 Lacs).

NOTE 33 LOAN PROVISIONS AND WRITE OFFS

a. The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India. As per the practice consistently followed, the Company has also made additional provision on a prudential basis. The cumulative additional provision made by the

Company as on 31st March, 2014 is Rs.53,319.01 Lacs (March 2014 : Rs. 35,253.77 Lacs).

b. In accordance with the Notification No. DNBS.222/CGM (US)-2011 dated 17.01.2011 issued by The Reserve Bank of India (RBI) vide its directions to all NBFC's to make a general provision of 0.25%

Significant Accounting Policies and Notes

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on the Standard assets, the Company has made a provision of Rs. 1,057.00 Lacs (March 2014 : Rs. 2,110.00 Lacs).

The total amount of provision on Standard assets of Rs. 12,682.00 Lacs (March 2014 : Rs. 11,625.00 Lacs) is shown separately as "Contingent provision for Standard assets" under Long-term and Short-term provisions in the balance sheet (refer note no. 5 and 9). The said amount includes additional / accelerated provision of 0.15% for Rs. 4,758.00 Lacs as at 31st March, 2015 (March 2014: Rs. 4,370.00 Lacs).

c. Bad debts and write offs includes loss on termination which mainly represents shortfall on settlement of certain contracts due to lower realisation from such hire purchase/leased/loan assets on account of poor financial position of such customers.

d. In accordance with the Prudential norms for restructured advances, the Company has made provisions of Rs. 31.87 Lacs on account of restructured advances which are included under this head.

NOTE 34 MRHFL has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing assets in preparation of accounts.

Classification of loans are given below:

	Standard assets	Sub standard assets	Bad and doubtful assets	Rs in Lacs Total
As at March 31, 2015				
Housing loans	1,97,566.35	8,274.60	3,990.68	2,09,831.63
Other loans	313.50	-	-	313.50
Percentage to total loans	94.16%	3.94%	1.90%	100.00%
As at March 31, 2014				
Housing loans	1,29,200.71	4,923.87	1,372.19	1,35,496.77
Other loans	227.88	-	-	227.88
Percentage to total loans	95.36%	3.63%	1.01%	100.00%

NOTE 35 MRHFL has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The Company also makes additional provision on prudential basis. The cumulative additional provision made by the Company as on 31st March 2015 is Rs. 283.57 Lacs (previous year Rs. 140.91 Lacs).

In line with notification no.NHB.HFC.DIR.3/CMD/2011 issued by National housing Bank, MRHFL has made a provision @ 0.40 % on outstanding Standard Assets.

Provisions made:	Standard	Sub Standard	Doubtful	Rs in Lacs Loss
As at March 31, 2015				
Housing loans	790.30	1,438.36	1,267.68	80.34
Other loans	1.35	-	-	-
As at March 31, 2014				
Housing loans	516.90	857.61	397.04	152.33
Other loans	0.92	-	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 36 As per section 29C (i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose a Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount to Special Reserve in terms of 36(1)(viii) of the Income Tax Act, 1961 and section 29C of the National Housing Bank Act, 1987, as amended, at year end. The Company does not anticipate any withdrawal from Special Reserve in foreseeable future.

NOTE 37 Commission and brokerage mainly represents amount incurred in respect of acquisition of customers and mobilisation of public deposits.

NOTE 38 In the opinion of the Board, Current assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business.

NOTE 39 Deposits/Advances received against loan agreements are on account of loan against assets, which are repayable / adjusted over the period of the contract.

NOTE 40 EMPLOYEE BENEFITS

Defined benefit plans – as per actuarial valuation:

Leave Benefits (Non-funded)

Defined Benefit Plans -As per actuarial valuation on March 31, 2015

Particulars	Rs. in Lacs	
	As at March 31 2015	2014
I. Expense recognised in the Statement of Profit and Loss for the year ended 31st March		
Current service cost	1,291.84	1,060.34
Interest cost	213.20	171.65
Expected return on plan assets	-	-
Actuarial (Gains)/Losses	(969.32)	(812.68)
Total expense	535.72	419.30
II. Net asset/(liability) recognised in the Balance Sheet as at March 31		
Present Value of Defined Benefit obligation as at March 31	1,468.12	1,194.65
Fair value of plan assets as at March 31	-	-
Funded status (Surplus)/(Deficit)	(1,468.12)	(1,194.65)
Net asset/(liability) as at March 31	(1,468.12)	(1,194.65)
III. Change in the obligations during the year ended March 31		
Present Value of Defined Benefit obligation at the beginning of the year	1,137.71	950.53
Current service cost	1,291.84	1,060.34
Interest cost	213.20	171.65
Actuarial (Gains)/Losses	(969.32)	(812.68)
Benefits paid	(205.31)	(175.19)
Present Value of Defined Benefit obligation at the end of the period	1,468.12	1,194.65
IV. Major category of plan assets as a percentage of total plan		
Funded with LIC	-	-
Others	-	-
V. Actuarial Assumptions		
Discount Rate (p.a.)	8%	8%
Rate of Salary increase (p.a.)	5%	5%
In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Significant Accounting Policies and Notes

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Gratuity (funded)

Defined Benefit Plans - As per actuarial valuation on March 31, 2015

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
I. Expense recognised in the Statement of Profit and Loss Account for the year ended March 31		
Current service cost	1,002.05	838.04
Interest cost	120.89	94.61
Expected return on plan assets	(136.90)	(90.83)
Actuarial (Gains)/Losses	(421.23)	(408.01)
Funded amount to be transferred to Gratuity Fund	(70.18)	-
Adjustment due to change in opening balance of plan assets	(97.67)	(193.03)
Total expense	396.96	240.77
II. Net asset/(liability) recognised in the Balance Sheet as at March 31		
Present Value of Defined Benefit obligation as at March 31	1,771.78	1,371.09
Fair value of plan assets as at March 31	1,811.28	1,320.08
Funded status (Surplus/(Deficit))	39.50	(51.01)
Net asset/(liability) as at March 31	39.50	(51.01)
III. Change in the obligations during the year ended March 31		
Present Value of Defined Benefit obligation at the beginning of the year	1,336.79	1,046.46
Transfer of Projected benefit obligation from MBCSPL	0.30	-
Current service cost	1,002.05	838.04
Interest cost	120.89	94.61
Actuarial (Gains)/Losses	(553.74)	(488.66)
Benefits paid	(134.51)	(119.36)
Present Value of Defined Benefit obligation at the end of the period	1,771.78	1,371.09
IV. Change in the fair value of plan assets during the year ended March 31		
Fair value of plan assets at the beginning of the year	1,256.92	967.88
Expected return on plan assets	136.73	90.83
Contributions by employer	517.04	271.57
Actuarial (Gains)/Losses	(133.91)	(85.00)
Funded amount to be transferred to Gratuity Fund	70.18	-
Adjustment due to change in opening balance of Plan assets	98.83	193.03
Actual Benefits paid	(134.51)	(118.24)
Fair value of plan assets at the end of the year	1,811.28	1,320.08
V. Major category of plan assets as a percentage of total plan		
Funded with LIC	100%	100%
VI. Actuarial Assumptions		
Discount Rate (p.a.)	8%	8%
Expected rate of return on plan assets (p.a.)	8%	8%
Rate of Salary increase (p.a.)	5%	5%
In-service Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

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Experience Adjustments (Gratuity)

Particulars	Year ending					Rs. in Lacs
	31/03/2011	31/03/2012	31/03/2013	31/03/2014	31/03/2015	
Defined Benefit obligation at the end of the year	489.26	764.35	1,046.46	1,371.09	1,771.78	
Plan assets at the end of the year	428.44	564.89	967.88	1,320.08	1,811.28	
Funded status Surplus/(Deficit)	(60.82)	(199.46)	(78.58)	(51.01)	39.50	
Experience adjustments on plan liabilities (gain)/loss	(56.66)	(112.32)	(111.33)	(65.61)	(190.55)	
Experience adjustments on plan assets gain/(loss)	(8.53)	(10.77)	(18.89)	(25.00)	(34.22)	

NOTE 41 DISCLOSURE ON DERIVATIVES

Outstanding derivative instrument and un-hedged foreign currency exposures as on 31st March, 2015

The Company has outstanding Foreign Currency Non-Repatriable (FCNR (b)) loans of US \$ 872.71 Lacs (March 2014 : US \$ 872.71 Lacs). The said loan has been fixed to INR liability using a cross currency swap and floating interest thereon in LIBOR plus rate has been swapped for fixed rate in Indian rupee. There is no un-hedged foreign currency exposure as on 31st March, 2015.

NOTE 42 SECURITISATION / ASSIGNMENT TRANSACTIONS

- a) During the year, the Company has without recourse securitised on "at par" basis vide PTC route loan receivables of 27907 contracts (March 2014: 47122 contracts) amounting to Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) for a consideration of Rs. 72,229.92 Lacs (March 2014: Rs. 1,26,292.70 Lacs) and de-recognised the assets from the books.
- b) During the year, the Company has without recourse assigned loan receivables of NIL contracts (March 2014: 6490 contracts) amounting to Rs. NIL (March 2014 : Rs. 19,850.83 Lacs) for a consideration of Rs. NIL (March 2014 : Rs. 15,554.19 Lacs) towards 90% of receivables assigned and de-recognised the assets from the books. Out the total receivables, an amount of Rs. Nil (March 2014: Rs.1,985.08 Lacs) (equivalent to 10% of the receivables) have been recognized as "Retained interest in assignment transactions" representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated 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.301/3.10.01/2012-13 dated August 21, 2012.

Significant Accounting Policies and Notes

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Applicable for transactions effected after the date of circular:

Sr. No.	Particulars	Rs. in Lacs	
		As at March 31	
		2015	2014
1	No of SPVs sponsored by the NBFC for securitization transactions	12	8
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,54,321.26	1,92,645.41
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First loss - Credit enhancement in the form of corporate undertaking (refer note no.42 (i) (c))	8,307.81	4,782.00
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss - Cash collateral term deposits with banks (refer note no.17 (a) (ii))	20,085.00	18,040.00
	* Others - Retained interest in Pass Through Certificates (refer note no.13 and 18)	1,242.81	2,213.95
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	* First loss	-	-
	* Loss	-	-
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others - Excess Interest Spread	27,176.87	27,176.87
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	* First loss	-	-
	* Others - Cash collateral term deposits with banks	2,000.00	2,156.00
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others	-	-

g) Details of Assignment transactions undertaken by NBFCs (during the year)

Particulars	Rs. in Lacs	
	As at March 31	
	2015	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	-	-

Significant Accounting Policies and Notes

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NOTE 43 There were 119 cases (March 2014: 77 cases) of frauds amounting to Rs.353.81 Lacs (March 2014 : Rs 560.32 Lacs) reported during the year. The Company has recovered an amount of Rs. 107.39 Lacs (March 2014: Rs 46.38 Lacs) and has initiated appropriate legal action against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

NOTE 44 The gold loans outstanding as a percentage of total assets is at 0.02% (March 2014: 0.03%).

NOTE 45 During the year, the Company has incurred expenditure of Rs. 2,532.24 Lacs towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.113.56 Lacs towards the CSR activities undertaken by the Company (refer note no. 26).

NOTE 46 The Company has received show cause-cum-demand notice from Service Tax Department to show cause as to why service tax of Rs. 4,631.54 Lacs should not be levied on subvention income and on collection charges on receivables in respect of securitisation transactions for the period from 2007-08 to 2013-14. The Company has given a detailed reply to the department justifying why the transactions would fall outside the purview of service tax. The Company has appointed an

expert to consult on the matter, who have opined that the Company has a strong case on merits to defend and the chances of getting an unfavourable outcome are remote.

NOTE 47 SCHEME OF AMALGAMATION

a. Scheme details and balance sheet position:

In terms of Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956 (the "Scheme") between the Company and Mahindra Business & Consulting Services Private Ltd. ("MBCSPL"), an erstwhile wholly owned subsidiary of the Company and their respective shareholders, all the assets and liabilities, including reserves, of MBCSPL were transferred and vested in the Company effective from April 01, 2014 ("the Appointed date"). The Scheme was approved by the Honourable High Court of judicature at Bombay ("the Court") vide its order dated March 20, 2015. The said Scheme became effective from April 18, 2015 (the "Effective date") on filing of the certified Court order with Registrar of Companies, Maharashtra.

With effect from the appointed date, the whole of assets, properties, liabilities of MBCSPL including all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description 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	(Rs. In Lacs) As at April 1, 2014
Assets	1,837.54
Liabilities	1,837.54
Net amount adjusted in opening balance of surplus in the Statement of Profit and Loss	529.87

b. Consideration:

The Scheme entails the amalgamation of MBCSPL, a wholly owned subsidiary of the Company with its parent MMFSL, with the consequent dissolution without winding up of MBCSPL. Accordingly, the scheme does not envisage any issue of shares or payment of the consideration.

c. Accounting:

a. The assets and liabilities, including reserves as at April 1, 2014 were incorporated in the financial statement of the Company at their 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.

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- d. In accordance with the Scheme, MBCSPL continued to carry on the business and activities in relation on account of and in trust for the Company from April 1, 2014 (the "Appointed date") till April 18, 2015 (the "Effective date"). Accounts for the year also comprise of operations of business transacted out of MBCSPL and therefore certain figures may not be exactly comparable with the previous year's figures.

NOTE 48 RELATED PARTY DISCLOSURE AS PER ACCOUNTING STANDARD 18:

A) List of the related parties which has transaction with our Company during the year:

Holding Company	:	Mahindra & Mahindra Limited
Fellow subsidiary Companies	:	2 x 2 Logistics Private Limited Mahindra USA, Inc. Mahindra Holidays and Resorts India Ltd. NBS International Ltd. Mahindra First Choice Wheels Ltd. Mahindra First Choice Services Ltd. Mahindra Defence Systems Ltd. Mahindra Retail Pvt Ltd.
Key Management Personnel	:	Mr. Ramesh Iyer (Managing Director)
Relatives of Key Management Personnel	:	Ms. Janaki Iyer Ms. Ramlaxmi Iyer Mr. Risheek Iyer

B) Related Party transactions are as under:

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Rs. in Lacs
				* Key Management Personnel
1	Income			
	Loan income	-	3.52	-
		-	(1.79)	-
	Subvention income	3,663.07	-	-
		(2,322.68)	-	-
	Other income	64.21	-	-
		(1.02)	(54.11)	-
2	Expenses			
	Interest	-	-	20.11
		(339.45)	-	(18.09)
	Other expenses	1,503.21	432.33	-
		(1,414.56)	(168.99)	-
	Remuneration to MD	-	-	657.05
		-	-	(394.88)
3	Purchase of fixed assets	413.60	-	-
		(524.84)	(9.51)	-
4	Finance			
	Fixed deposits taken	-	-	202.90
		-	-	(207.50)
	Fixed deposits repaid	-	-	188.25
		-	-	(187.50)
	Dividend paid – for previous year	11,065.89	-	23.71
		(10,483.48)	-	(18.99)

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Sr. No.	Nature of transactions	Holding Company	Fellow subsidiary Companies	Rs. in Lacs
				* Key Management Personnel
	Inter corporate deposits taken	-	-	-
		(50,000.00)	-	-
	Inter corporate deposits repaid	-	-	-
		(50,000.00)	-	-
5	Other transactions			
	Reimbursement from parties	-	-	-
		(112.54)	-	-
	Reimbursement to parties	-	119.72	-
		-	(113.75)	-
6	Balances as at the end of the period			
	Receivables	1,234.25	-	-
		(363.69)	(1,091.74)	-
	Loans given (including interest accrued but not due)	-	43.29	-
		-	-	-
	Payables	-	157.98	-
		-	(107.79)	-
	Fixed deposits (including interest accrued but not due)	-	-	231.80
		-	-	(214.83)

Figures in bracket represent corresponding figures of previous year.

* Key Management Personnel as defined in Accounting Standard 18 as well as the Companies Act, 2013.

C) The significant related party transactions are as under:

Nature of transactions		Holding Company	Fellow subsidiary Companies	Rs. in Lacs
				* Key Management Personnel
Income				
Revenue from operations				
Subvention income	Mahindra & Mahindra Limited	3,663.07	-	-
		(2,322.68)	-	-
Loan income	Mahindra Retail Pvt. Ltd.	-	3.28	-
		-	-	-
Expenses				
Other expenses				
Commission & Valuation charges	Mahindra First Choice Wheels Limited	-	417.19	-
		-	(157.88)	-
Purchase of fixed assets	Mahindra & Mahindra Limited	-	413.60	-
		-	(421.36)	-
Finance				
Fixed Deposits	Ramesh Iyer and relatives	-	-	202.90
		-	-	(207.50)
Fixed deposits matured	Ramesh Iyer and relatives	-	-	188.25
		-	-	(187.50)
Dividend paid - for previous year	Mahindra & Mahindra Limited	11,065.89	-	-
		(10,483.48)	-	-
Balances at the year end				
Receivables	Mahindra & Mahindra Limited	1,234.25	-	-
		(363.69)	-	-
Loan outstanding	Mahindra Retail Pvt. Ltd.	-	30.08	-
		-	-	-

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 49 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
i) Contingent liabilities		
a) Demand against the Company not acknowledged as debts		
i) Income tax	4,416.81	7,476.77
ii) Value Added Tax (VAT)	191.98	60.92
b) Corporate guarantees towards assignment transactions	31,338.63	55,631.29
c) Credit enhancement in terms of corporate guarantee for securitization transactions (refer note no. 42 (f))	8,307.81	4,782.00
d) Legal suits filed by customers in consumer forums and civil courts claiming compensation from the Company	3,126.01	2,755.55
	47,381.24	70,706.46
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	606.62	445.74
b) Uncalled liability on shares and other investments partly paid (On 1,75,20,003 partly paid equity shares of Mahindra Rural Housing Finance Ltd. @ Rs.12.50/- per share)	-	2,190.00
	606.62	2,635.74
Total	47,987.86	73,342.20

Rs. in Lacs

Particulars	As at April 1, 2014	Additional Provisions	Utilizations/Reversals	As at March 31, 2015
NOTE 50 CHANGES IN PROVISIONS				
Provision for Standard assets	12,142.82	1,330.83	-	13,473.65
Provision for Non-performing assets	65,207.86	63,492.57	28,745.34	99,955.09

NOTE 51 SECURED LONG-TERM BORROWINGS

i) Secured non-convertible debentures

Rs. in Lacs

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current maturity	
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

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Rs. in Lacs

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current maturity	
1) Repayable on maturity:				
Maturity between 3 years to 5 years	9.25% - 10.25%	44,550.00	-	44,550.00
Maturity between 1 year to 3 years	9.00% - 10.20%	2,52,470.00	-	2,52,470.00
Maturity within 1 year	9.04% - 10.25%	-	1,69,020.00	1,69,020.00
Total		2,97,020.00	1,69,020.00	4,66,040.00
2) Repayable in yearly installments:				
Maturity between 1 year to 3 years	9.95%	24,500.00	-	24,500.00
Maturity within 1 year	9.95% - 13.00%	-	14,500.00	14,500.00
Total		24,500.00	14,500.00	39,000.00
Total (1+2)		3,21,520.00	1,83,520.00	5,05,040.00

ii) Secured term loans from banks

Rs. in Lacs

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current maturity	
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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current maturity	
1) Repayable on maturity:				
Maturity beyond 3 years	10.20% - 10.25%	73,500.00	-	73,500.00
Maturity between 1 year to 3 years	9.70% - 10.40%	2,94,000.00	-	2,94,000.00
Maturity within 1 year	7.75% - 10.35%	-	62,500.00	62,500.00
Total		3,67,500.00	62,500.00	4,30,000.00
2) Repayable in installments:				
i) Bimonthly				
Maturity between 1 year to 3 years	10.25%	6,200.00	-	6,200.00
Total		6,200.00	-	6,200.00
ii) Quarterly				
Maturity beyond 3 years	10.00%	-	-	27,445.86
		27,445.87	-	54,972.18
Maturity between 1 year to 3 years	10.00% - 10.80%	54,972.18	-	54,972.18
Maturity within 1 year	10.00% - 10.80%	-	49,167.42	49,167.42
Total		82,418.04	49,167.42	1,31,585.47
iii) Half-yearly				
Maturity beyond 3 years	10.25%	85,233.33	-	85,233.33
Maturity between 1 year to 3 years	10.20% - 10.25%	3,30,533.34	-	3,30,533.33
Maturity within 1 year	10.20% - 10.25%	-	1,45,533.33	1,45,533.33
Total		4,15,766.67	1,45,533.33	5,61,300.00
iv) Yearly				
Maturity beyond 3 years	10.20% - 10.25%	81,666.66	-	81,666.66
Maturity between 1 year to 3 years	10.20% - 10.25%	73,333.33	-	73,333.33
Maturity within 1 year	9.25% - 10.25%	-	55,000.00	55,000.00
Total		1,54,999.99	55,000.00	2,09,999.99
Total for repayable in installments		6,59,384.70	2,49,700.76	9,09,085.46
Total (1+2)		10,26,884.70	3,12,200.76	13,39,085.46

iii) Secured term loans from others

Rs. in Lacs

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current maturity	
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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current maturity	
1) Repayable on installments				
Maturity beyond 5 years	9.45% - 10.25%	3,579.68	-	3,579.68
Maturity between 3 years to 5 years	6.50% - 10.25%	8,554.79	-	8,554.79
Maturity between 1 year to 3 years	6.00% - 10.30%	11,409.66	-	11,409.66
Maturity within 1 year	6.00% - 10.30%	-	6,219.68	6,219.68
Total for repayable on installments		23,544.13	6,219.68	29,763.81

iv) Foreign currency loans from banks

Rs. in Lacs

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current maturity	
1) Repayable on maturity				
Maturity between 1 year to 3 years	8.95%	12,500.00	-	12,500.00
Maturity within 1 year	9.05% - 9.98%	-	42,044.47	42,044.47
Total		12,500.00	42,044.47	54,544.47

Rs. in Lacs

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current maturity	
1) Repayable on maturity				
Maturity between 1 year to 3 years	9.05% - 9.98%	40,305.51	-	40,305.51
Maturity within 1 year	9.60%	-	11,983.00	11,983.00
Total		40,305.51	11,983.00	52,288.51

v) Foreign currency loans from others

Rs. in Lacs

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current maturity	
1) Repayable on maturity				
Maturity beyond 5 years	1.99% - 3.69%	4,045.72	-	4,045.72
Maturity between 3 years to 5 years	1.99% - 3.69%	22,282.02	-	22,282.02
Maturity between 1 year to 3 years	1.99% - 3.69%	48,773.57	-	48,773.57
Maturity within 1 year	1.99% - 3.69%	-	35,853.50	35,853.50
Total		75,101.31	35,853.50	1,10,954.81

Rs. in Lacs

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current maturity	
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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 52 UNSECURED BORROWINGS

i) Subordinated debts (long-term)

Rs. in Lacs

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current maturity	
Repayable on maturity				
Maturing beyond 5 years	9.18% - 10.50%	78,550.00	-	78,550.00
Maturing between 3 years to 5 years	9.85% - 11.75%	15,480.00	-	15,480.00
Maturing between 1 year to 3 years	10.50% - 12.00%	6,880.00	-	6,880.00
Total		1,00,910.00	-	1,00,910.00

Rs. in Lacs

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current maturity	
Repayable on maturity				
Maturing beyond 5 years	9.50% - 10.50%	71,550.00	-	71,550.00
Maturing between 3 years to 5 years	10.50% - 12.00%	7,860.00	-	7,860.00
Total		79,410.00	-	79,410.00

ii) Term loan from banks

Rs. in Lacs

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current maturity	
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	-	10,000.00

Rs. in Lacs

Particulars	As at March 31 March 2014			Total
	Rate range	(a) Non-current	(b) Current maturity	
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	-	10,000.00

iii) Fixed deposits

As at March 31, 2015

Rs. in Lacs

Particulars	Rate range	(a) Short-Term	Long Term		Total
			(b) Non-current	(c) Current maturity	
Repayable on maturity					
a) Maturing beyond 3 years	8.90% - 10.10%	-	6,561.15	-	6,561.15
b) Maturing between 1 year to 3 years	9.15% - 10.60%	-	3,15,132.68	-	3,15,132.68
c) Maturing within 1 year	8.40% - 10.75%	6,943.06	-	1,29,621.50	1,36,564.56
Total		6,943.06	3,21,693.83	1,29,621.50	4,58,258.39

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

As at March 31, 2014

Particulars	Rate range	(a) Short-Term	Long Term		Total
			(b) Non-current	(c) Current maturity	
Maturing beyond 3 years	9.40% - 10.25%	-	4,608.37	-	4,608.37
Maturing between 1 year to 3 years	8.65% - 10.75%	-	2,70,554.77	-	2,70,554.77
Maturing within 1 year	8.65% - 10.75%	5,931.15	-	76,425.51	82,356.66
Total		5,931.15	2,75,163.14	76,425.51	3,57,519.80

Rs. in Lacs

NOTE 53 SHORT - TERM BORROWINGS

i) Secured term loans from banks and cash credit facilities

Particulars	As at March 31, 2015	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year	14.00% - 10.15%	1,35,354.56
Total		1,35,354.56

Rs. in Lacs

Particulars	As at March 31, 2014	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year	10.50% - 13.25%	1,14,232.21
Total		1,14,232.21

Rs. in Lacs

ii) Foreign currency loans from others (secured)

Particulars	As at March 31, 2015	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year	0.60%	36,064.98
Total		36,064.98

Rs. in Lacs

Particulars	As at March 31, 2014	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year	0.63%	28,664.24
Total		28,664.24

Rs. in Lacs

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

iii) Unsecured term loans from banks

Rs. in Lacs

Particulars	As at March 31, 2015			
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	-	10,000.00

Rs. in Lacs

Particulars	As at March 31, 2014			
	Rate range	(a) Non-current	(b) Current	Total
Repayable on maturity				
Maturing within 1 year	9.75%	-	2,200.00	2,200.00
Maturing between 1 year to 3 years	10.00%	10,000.00	-	10,000.00
Total		10,000.00	2,200.00	12,200.00

iv) Commercial papers

Rs. in Lacs

Particulars	As at March 31, 2015	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year	8.88% - 9.15%	3,47,500.00
Total		3,47,500.00

Rs. in Lacs

Particulars	As at March 31, 2014	
	Rate range	Total
Repayable on maturity		
Maturing within 1 year		Nil
Total		

NOTE 54 The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006 seeking information for which replies are awaited. In view of this, information required under Schedule III of the Companies Act, 2013 is not given.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 55 SEGMENT INFORMATION AS PER ACCOUNTING STANDARD 17

The Company has only one significant reportable segment viz., financing segment. Income from insurance broking and manpower supply activities constitutes less than 10% of the total revenue / assets / capital employed. The amounts included in "Others" represents amounts in respect of these activities and are given for reconciling with the total consolidated revenue, profits, assets and liabilities.

Segment Report for the year ended March 31, 2015

Rs. in Lacs

Particulars	Year ended 31st March 2015			Year ended 31st March 2014		
	Financing activities	Other reconciling items	Total	Financing activities	Other reconciling items	Total
External revenue	5,96,345.22	9,745.34	6,06,090.56	5,20,167.77	9,887.51	5,30,055.28
Inter segment revenue	1,938.24	2,875.03	4,813.27	1,377.80	18,067.13	19,444.93
Total revenue	5,98,283.46	12,620.37	6,10,903.83	5,21,545.57	27,954.64	5,49,500.21
Segment results (Profit before tax and after interest on financing segment)	1,33,467.22	6,519.64	1,39,986.86	1,39,338.73	6,928.56	1,46,267.29
Less: Interest on unallocated reconciling items	-	-	-	-	114.54	114.54
Net Profit before tax	1,33,467.22	6,519.64	1,39,986.86	1,39,338.73	6,814.02	1,46,152.75
Less: Income taxes	-	-	47,500.11	-	-	49,675.33
Net profit	-	-	92,486.75	-	-	96,477.42
Other information:						
Segment assets	38,25,440.90	1,735.87	38,27,176.77	33,64,910.73	2,098.08	33,67,008.81
Unallocated corporate assets	-	-	48,469.25	-	-	38,740.65
Total assets	38,25,440.90	1,735.87	38,75,646.02	33,64,910.73	2,098.08	34,05,749.46
Segment liabilities	32,48,207.89	1,062.22	32,49,270.11	28,71,477.47	1,254.64	28,72,732.11
Unallocated corporate liabilities	-	-	-	-	-	-
Total liabilities	32,48,207.89	1,062.22	32,49,270.11	28,71,477.47	1,254.64	28,72,732.11
Capital expenditure	4,053.74	164.62	4,218.36	4,279.71	46.59	4,326.30
Depreciation / amortisation	4,426.64	124.12	4,550.76	2,572.84	35.21	2,608.05
Non cash expenditure other than depreciation	37,243.79	152.29	37,396.08	28,060.24	41.54	28,101.78

NOTE 56 DISCLOSURE REQUIRED UNDER SCHEDULE III OF COMPANIES ACT, 2013

Name of Entity	Net Assets		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In lacs)	As % of consolidated profit & loss	Amount (Rs. In lacs)
Parent				
Mahindra & Mahindra Financial Services Limited	95.63%	5,73,002.49	89.12%	82,422.16
Subsidiaries				

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Indian					
1.	Mahindra Insurance Brokers Limited	1.75%	10,466.17	3.95%	3,649.54
2.	Mahindra Rural Housing Finance Limited	1.29%	7,751.09	4.18%	3,865.17
3.	Mahindra Asset Management Company Limited	-	(6.27)	(0.01%)	(5.78)
4.	Mahindra Trustee Company Private Limited	-	(2.53)	-	(2.53)
Foreign					
	Minority Interests in all Subsidiaries	0.82%	4,929.6	1.29%	1,196.21
Associates					
Indian					
Foreign					
	Joint Ventures (as per proportionate consolidation / investment as per the equity method)				
Indian					
Foreign					
1.	Mahindra Finance USA, LLC	0.51%	3,060.75	1.47%	1,361.98
Total		100.00%	5,99,201.30	100.00%	92,486.75

NOTE 57 MAMCL was incorporated under the Companies Act, 1956 on June 20, 2013. The Company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company is incorporated to function as an investment manager to the proposed "Mahindra Mutual Fund". The Company is in the process of applying for a license from SEBI. Consequently, during the period under audit the Company has not started its operations.

NOTE 58 MTCPL was incorporated under the Companies Act, 1956 on July 10, 2013. The Company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company is incorporated to function as a Trustee to the proposed "Mahindra Mutual Fund". The Company is in the process of applying for a license from SEBI. Consequently, during the period under audit the Company has not started its operations.

NOTE 59 Previous year figures have been regrouped / reclassified wherever found necessary.

Signatures to Significant accounting policies and Notes to the financial statements – I and II

The notes referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred in our report of even date.

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

M. G. Bhide
Director

V Ravi
Chief Financial Officer

Naresh Kumar Kataria
Partner

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhawe
Director

Arnavaz Pardiwala
Company Secretary

Membership No. 37825

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai

Date : 23rd April, 2015

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(Rs. in lacs)

Sr No.	Particulars	1	2	3	4
1	Name of the subsidiary	Mahindra Insurance Brokers Limited	Mahindra Rural Housing Finance Limited	Mahindra Asset Management Company Private Limited*	Mahindra Trustee Company Private Limited*
2	Reporting period for the subsidiary concerned	April 01, 2014 to March 31, 2015	April 01, 2014 to March 31, 2015	April 01, 2014 to March 31, 2015	July 01, 2014 to March 31, 2015
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA
4	Share Capital	257.73	6,573.71	105.00	5.00
5	Reserves & Surplus	16,931.47	10,742.14	(6.26)	(2.53)
6	Total Assets	18,783.49	2,11,942.40	98.90	2.71
7	Total Liabilities	18,783.49	2,11,942.40	98.90	2.71
8	Investments	9,765.00	-	74.80	-
9	Turnover	12,619.34	32,830.44	-	-
10	Profit before taxation	6,527.95	6,731.80	(5.78)	(2.53)
11	Provision for taxation	2,234.37	2,314.46	-	-
12	Profit after taxation	4,293.58	4,417.34	(5.78)	(2.53)
13	Proposed dividend & tax thereon	387.76	1,028.57	-	-
14	% of shareholding	85.00	87.50	100.00	100.00

* Companies have not started operations

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate /Joint Venture	Mahindra Finance USA, LLC
1. Latest audited Balance Sheet Date	March 31, 2015
2. Shares of Associate/Joint Venture held by the Company on the year end	
No.	40718582
Amount of Investment in Associates/Joint Venture (Rs. in lacs)	10787.01
Extent of Holding %	49.00
3. Description of how there is significant influence	Power to influence decisions
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in lacs)	15558.75
6. Profit/Loss for the year	
i. Considered in Consolidation (Rs. in lacs)	1361.98
ii. Not Considered in Consolidation (Rs. in lacs)	1417.55

For **B. K. Khare and Co.**
Chartered Accountants
FRN :105102W

Bharat Doshi
Chairman

V. S. Parthasarathy
Director

M. G. Bhide
Director

V Ravi
Chief Financial Officer

Naresh Kumar Kataria
Partner

Ramesh Iyer
Managing Director

Rama Bijapurkar
Director

C. B. Bhave
Director

Arnavaz Pardiwala
Company Secretary

Membership No. 37825

Piyush Mankad
Director

Uday Y. Phadke
Director

Place : Mumbai

Date : 23rd April, 2015

AWARDS FOR ANNUAL REPORT 2013-14



Won a Platinum at the prestigious **2013/14 LACP Vision Awards for Excellence in Corporate Reporting**. It was ranked at **14 in the Top 50** reports worldwide.



Won a **Silver** at the **Designomics Awards 2014**



Mahindra FINANCE

Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor, Dr. G.M. Bhosale Marg,
P. K. Kurne Chowk, Worli, Mumbai - 400 018
CIN: L65921MH1991PLC059642
www.mahindrafinance.com

This Annual Report is printed on environment friendly paper.

We Believe in the power of rural India as the growth engine that will drive our country forward. The sheer number of people aspiring for a better life can help the Indian economy leapfrog into a different orbit. At Mahindra Finance, we believe in walking the talk. Therefore, we have invested energy and resources in creating an unparalleled reach across thousands of villages, backed by enduring relationships. We believe that this will make us a key enabler of self-employment, farm mechanisation, affordable housing and access to essential financial products and services. We believe that our people and technology investments will help us drive our vision of transforming rural lives. We believe that our strategy will lead to accelerated and sustainable business growth and help us create value for all stakeholders consistently.