

Mahindra Rural Housing Finance Limited  
Annual Report 2015-16

## Corporate Information

<p><b>Directors</b> Mr. Ramesh Iyer – Chairman Mr. K. Chandrasekar Mr. Nityanath Ghanekar Mrs. Anjali Raina Mr. Narendra Mairpady Mr. K. Chakravarthy Mr. V. Ravi Mr. Anuj Mehra – Managing Director</p> <p><b>Chief Financial Officer</b> Dharmesh Vakharia</p> <p><b>Company Secretary</b> Arnavaz M. Pardiwalla</p> <p><b>Registered Office</b> Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 E-mail: customer-care.mrhl@mahfin.com Website: www.mahindrahomefinance.com CIN : U65922MH2007PLC169791</p>	<p><b>Committees of the Board</b></p> <p><b>Audit Committee</b> Mr. Nityanath Ghanekar (Chairman) Mr. M. Narendra Mrs. Anjali Raina Mr. V. Ravi</p> <p><b>Nomination and Remuneration Committee</b> Mr. K. Chandrasekar Mr. Ramesh Iyer Mr. Nityanath Ghanekar Mrs. Anjali Raina</p> <p><b>Asset Liability Committee</b> Mr. Ramesh Iyer (Chairman) Mr. V. Ravi Mr. K. Chandrasekar</p> <p><b>Corporate Social Responsibility Committee</b> Mr. Ramesh Iyer (Chairman) Mr. V. Ravi Mr. K. Chandrasekar Mrs. Anjali Raina Mr. Anuj Mehra</p> <p><b>Auditors</b> B. K. Khare &amp; Co. Chartered Accountants, 706/708, Sharda Chambers, New Marine Lines, Mumbai - 400 020.</p>	<p><b>Debenture Trustee</b> Axis Trustee Services Limited Axis House, 2nd Floor, Bombay Dying Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025. Telephone : (022) 2425 5215/16 Fax : (022) 2425 4200 E-mail : <a href="mailto:debenturetrustee@axistrustee.com">debenturetrustee@axistrustee.com</a></p> <p><b>Registrar and Share Transfer Agents</b> Karvy Computershare Private Limited Unit : Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 &amp; 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032.</p> <p>Email : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Tel. No.: 040 67162222</p>
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**MAHINDRA RURAL HOUSING FINANCE LIMITED**

**Registered Office:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

**Corporate Identity Number :** U65922MH2007PLC169791

**Tel:** +91 22 6652 3500; **Fax:** +91 22 2497 2741

**Website:** [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com)

**E-mail:** [customercare.mrhfl@mahfin.com](mailto:customercare.mrhfl@mahfin.com)

**NOTICE**

The **NINTH ANNUAL GENERAL MEETING OF MAHINDRA RURAL HOUSING FINANCE LIMITED** will be held at Mahindra Towers, 4<sup>th</sup> Floor, Worli, Mumbai - 400 018, on Thursday, the 14<sup>th</sup> day of July, 2016, at 1.00 p.m. to transact the following Business:

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016 including the audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
- 2) To declare a dividend on equity shares.
- 3) To appoint a Director in place of Mr. K. Chandrasekar (DIN: 01084215), who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To consider and, if thought fit, to pass, with or without modification(s), the following 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, M/s. 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 a Special Resolution: -

**“RESOLVED that** in supersession of the Resolution passed by the Shareholders at the Annual General Meeting held on 13<sup>th</sup> July, 2015 and pursuant to the provisions of Sections 180(1)(a), 180(1)(c) and all other applicable provisions of the Companies Act, 2013 read with such Rules as may be applicable and the Memorandum and Articles of Association of the Company, consent of the Company be accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to borrow moneys from time to time and, if they think fit, for creation of such mortgage, charge and/or hypothecation as may be necessary, on such of the assets of the Company, both present and future, in such manner as the Board may direct, in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the “Lending Agencies”) and Trustees for the holders of debentures/ bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments, even though the moneys to be borrowed together with the moneys already borrowed by the

Company may exceed at anytime, the aggregate of the paid-up share capital of the Company and its free reserves, of an outstanding aggregate value not exceeding Rs. 8,000 crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements/Loan Agreements/ Debenture Trust Deeds entered/to be entered into by the Company in respect of the said borrowings.

**FURTHER RESOLVED** that the Board be and is hereby authorised and empowered to do all such acts, deeds, matters and things, arrange, give such directions as may be deemed necessary or expedient, or settle the terms and conditions of such instrument, securities, loan, debt instrument as the case may be, on which all such moneys as are borrowed, or to be borrowed, from time to time, as to interest, repayment, security or otherwise howsoever as it may think fit, and to execute all such documents, instruments and writings as may be required to give effect to this Resolution and for matters connected therewith or incidental thereto, including intimating the concerned authorities or other regulatory bodies and delegating all or any of the powers conferred herein to any Committee of Directors or Officers of the Company."

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

**"RESOLVED that** pursuant to the provisions of sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014 [hereinafter collectively referred to as "the Rules"] and pursuant to the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014, as may be amended from time to time, and subject to such other Regulations/Guidelines, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company

(hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) for making offer(s) or invitation(s) to subscribe to Non-Convertible Debentures including but not limited to Subordinated Debentures, in one or more tranches, aggregating to Rs. 1,900 crores on a private placement basis, during the period of one year from the date of passing of the Special Resolution by the Members, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

**FURTHER RESOLVED that** the Board be and is hereby authorised and empowered to arrange or settle the terms and conditions on which all such moneys are to be borrowed from time to time, as to interest, repayment, security or otherwise, as it may deem expedient, and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

**FURTHER RESOLVED that** the Board be and is hereby authorised to execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto including intimating the concerned authorities or other regulatory bodies and delegating all or any of the powers conferred herein to any Committee of Directors or Officers of the Company.”

- 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 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of

Article 151 of the Articles of Association of the Company, the Company be and is hereby authorised to pay to the Independent Directors of the Company for a period of five years with effect from 1<sup>st</sup> 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 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 of the Companies Act, 2013, setting out the material facts relating to the business stated under Item Nos. 5 to 7 is annexed hereto. Additional information pursuant to Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) issued by the Council of the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, is furnished as a part of this Notice.
- (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) A route map giving directions to reach the venue of the 9<sup>th</sup> Annual General Meeting is given at the end of the Notice.

**By Order of the Board**

**Arnavaz M. Pardiwalla  
Company Secretary**

Registered Office:  
Mahindra Towers,  
P. K. Kurne Chowk,  
Worli, Mumbai - 400 018.

15<sup>th</sup> April, 2016



**Details of Director(s) seeking re-appointment at the forthcoming  
Annual General Meeting**

**Information as required under Clause 1.2.5 of the Secretarial Standard on  
General Meetings (SS-2) is given hereunder :**

Name of the Director	: Mr. K. Chandrasekar
Category	: Non-Executive Non-Independent Director
Director Identification No.	: 01084215
Age	: 62 years
Qualifications	: M. A., C.A.I.I.B.
Brief resume, Qualification(s), Experience and and Nature of expertise in specific functional areas, Recognition or awards	: Mr. K. Chandrasekar is Executive Vice President, Corporate Finance & Investor Relations of Mahindra & Mahindra Limited, the ultimate Parent Company. He is with Mahindra & Mahindra Limited for the past twenty years. He has been involved in Company's Projects' evaluation, Treasury, Investor Relations and Credit Rating, Funding (both short term and long term) Group advisory and Forex Treasury. He is also on Board of Directors of various Mahindra Group Companies. Prior to joining Mahindra & Mahindra Limited, he served State Bank of India for over eighteen years in various areas of banking including foreign exchange, credit and as assistant to the successive Chairmen of State Bank of India.  Mr. K. Chandrasekar was awarded the CFO Treasury Awards in the years 2013, 2014 and 2015 by Adam Smith Awards (Treasury Today Asia).

Terms and conditions of appointment or re-appointment : Liable to retire by rotation.

Details of remuneration sought to be paid and remuneration last drawn : Not Applicable.

Date of first appointment on the Board : 16<sup>th</sup> January, 2012

Shareholding in the Company : Nil

Relationship with other Directors and Key Managerial Personnel of the Company : None of the Directors of the Company is inter-se related to each other or with the Key Managerial Personnel of the Company.

Number of meetings of the Board attended during the Financial Year 2015-16 : 5 (out of 6 Meetings held)

Other Directorships :  
(Excluding Mahindra Rural Housing Finance Limited)

Sr. No.	Name of the Company
1	Mahindra Susten Private Limited
2	Mahindra Middle East Electrical Steel Service Centre
3	Mahindra Agri Solutions Limited
4	Mahindra Logistics Limited
5	Mahindra Sona Limited
6	Mahindra Emirates Vehicle Armouring
7	Bristlecone India Limited
8	Mahindra Gujarat Tractor Limited
9	Mahindra Holdings Limited

10	Mahindra & Mahindra South Africa (Pty) Limited
11	Mahindra First Choice Services Limited
12	Mahindra Overseas Investment Company (Mauritius) Limited

Membership /  
Chairmanship of  
Committees of other  
Boards  
(Excluding  
Mahindra Rural  
Housing Finance  
Limited)

Sr. No.	Name of the Company	Name of the Committee	Position held (Chairman/Member)
1	Mahindra Logistics Limited	Audit	Member
2	Bristlecone India Limited	Audit	Member
3	Mahindra Gujarat Tractor Limited	Audit , CSR <sup>(1)</sup>	Chairman
4	Mahindra Agri Solutions Limited	Audit , NRC <sup>(2)</sup> , L&I <sup>(3)</sup>	Member
5	Mahindra Susten Private Limited	Audit, CSR, NRC, Finance and ESOP	Member
6	Mahindra Sona Limited	Audit	Member

- (1) CSR : Corporate Social Responsibility Committee  
(2) NRC : Nomination and Remuneration Committee  
(3) L& I : Loans & Investment Committee  
(4) ESOP : Employees' Stock Option Committee

## **Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013**

### **ITEM NO.5**

In terms of the provisions of section 180(1)(c) of the Companies Act, 2013 (“the Act”), the Board of Directors of a company cannot borrow moneys in excess of the amount of the paid-up capital of the company and its free reserves, without the approval of the Members in a General Meeting granted by way of a Special Resolution.

At the Eighth Annual General Meeting of the Company held on 13<sup>th</sup> July, 2015, the Members by a Special Resolution passed in accordance with section 180 (1) (a) and (1) (c) of the Companies Act, 2013 had inter alia, empowered the Board of Directors of the Company to borrow moneys upto Rs. 5,500 crores even though such borrowing would be in excess of the paid-up capital and free reserves of the Company.

The moneys so borrowed by the Company and outstanding as at 31<sup>st</sup> March, 2016 amounted to approximately Rs. 2,666.68 crores. During the financial year 2015-2016, the Company has disbursed Rs. 1,552.48 crores and it has plans to disburse over Rs. 2,500 crores during the current year.

In order to further expand its business and to meet the increased financial needs for the budgeted disbursements, it is proposed to enhance the borrowing limits of the Company to Rs. 8,000 crores.

The Company may be required to secure some of the borrowings by creating mortgage/charge on all or any of the movable or immovable properties of the Company in favour of the lender(s) in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s). In terms of section 180(1)(a) of the Act any proposal to sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company requires the approval of the Members by way of a Special Resolution.

Accordingly, the consent of the Members is sought for the enhancement of the borrowing limits and to secure such borrowings by mortgage/charge on any of

the movable and/or immovable properties and /or the whole or any part of the undertaking(s) of the Company as set out in the Resolution at Item No. 5 of the Notice.

The Board recommends the Special Resolution as set out at Item No. 5 of the Notice for approval by the Members.

None of the Directors of the Company, 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. 5 of the Notice.

#### **ITEM NO.6**

Pursuant to the provisions of section 71 of the Companies Act, 2013 (“the Act”) read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, issuance of Debentures by a Company requires the approval of its Members by way of a Special Resolution.

As per section 42 of the Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 [hereinafter referred to as “the Rules”], a company offering or making an invitation to subscribe to Non-Convertible Debentures on a private placement basis, is required to obtain prior approval of the Members by way of a Special Resolution. Such an approval by a Special Resolution can be obtained once a year for all the offers and invitations made for such Debentures during the year.

The Board of Directors at its Meeting held on 15<sup>th</sup> April, 2015 had approved raising of funds by way of Non Convertible Debentures upto Rs. 300 crores and by way of Subordinated Debentures upto Rs. 200 crores.

During the Financial Year 2015-16, the Company has raised funds by way of issue of Subordinated Debenture of Rs. 60 crores.

Pursuant to Direction 9 of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014, the offer document for private placement is required to be issued within a maximum period of 6 months from the date of the Board Resolution authorising the issue.

The Board of Directors at its Meeting held on 16<sup>th</sup> April, 2016 has approved the issuance of Non-Convertible Debentures including Subordinated Debentures upto a limit not exceeding Rs. 1,900 crores in the aggregate, subject to the prior approval of the Members to be obtained at the ensuing Annual General Meeting.

In order to augment resources for, inter alia, the long term working capital, financing of loan assets and for general corporate purposes, the Company may offer or invite subscription for Non-Convertible Debentures including Subordinated Debentures, on a private placement basis, in one or more tranches, during the period of one year from the date of passing of the Special Resolution by the Members, within the overall borrowing limits of the Company, as may be approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price of the Debentures, interest, repayment, security or otherwise, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the Resolution. Accordingly, the approval of the Members is sought by way of a Special Resolution under section 42 and other applicable provisions, if any, of the Act read with the Rules framed thereunder to the resolution set out at Item No. 6 of the Notice.

The Board recommends the Special Resolution 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 Resolution set out at Item No. 6 of the Notice.

#### **ITEM NO.7**

The Company is moving towards new horizons, which would necessitate seeking the services of various professionals and Independent Directors having Global exposure. The knowledge and experience that these Directors bring with them would be of immense benefit and value. 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 monthly payment or at a specified percentage of Net Profits of the Company or partly by one way and partly by the other, to the extent approved by the Members.

In view of the valuable contribution made by the Directors towards overall engagement with the Company on various policies, strategic and governance related issues, it is proposed to pay commission to the Independent Directors of the Company.

The Board of Directors will determine each year, the specific amount to be paid as commission to the Independent 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 sought for the payment of commission to all the Independent Directors of the Company pursuant to sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, commencing from 1<sup>st</sup> April, 2015 for a period of five years. 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 Special Resolution set out at Item No. 7 of the Notice for approval by the Members.

Mr. Nityanath Ghanekar, Mrs. Anjali Raina and Mr. Narendra Mairpady, Independent 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 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 Special Resolution.

**By Order of the Board**

**Arnavaz M. Pardiwalla  
Company Secretary**

Registered Office:  
Mahindra Towers,  
P. K. Kurne Chowk,  
Worli, Mumbai 400 018.

15<sup>th</sup> April, 2016



- ROUTE MAP -

9<sup>th</sup> Annual General Meeting of Mahindra Rural Housing Finance Limited to be held at the Registered Office of the Company at Mahindra Towers, 4<sup>th</sup> Floor, P. K. Kurne Chowk, Worli, Mumbai – 400 018, on Thursday, the 14<sup>th</sup> day of July, 2016, at 1.00 p.m.

**Prominent Landmark :** Near Worli T.V. Tower (Doordarshan Kendra).



# Mahindra HOME FINANCE

## MAHINDRA RURAL HOUSING FINANCE LIMITED

**Registered Office:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

**Corporate Identity Number :** U65922MH2007PLC169791

**Tel:** +91 22 66523500; **Fax:** +91 22 24972741

**Website:** [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com)

**E-mail:** [customercare.mrhfl@mahfin.com](mailto:customercare.mrhfl@mahfin.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(s) of the Member(s) :

Registered Address :

E-mail ID :

Folio No. / Client ID :

DP ID :

I/We, being the Member(s) of **MAHINDRA RURAL HOUSING FINANCE LIMITED** holding \_\_\_\_\_ Equity Shares hereby appoint :

1 Name :

Address :

E-mail ID :

Signature :

**or failing him/her;**

2 Name :  
Address :  
E-mail ID :  
Signature :

**or failing him/her;**

3 Name :  
Address :  
E-mail ID :  
Signature :

as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the **Ninth Annual General Meeting of Mahindra Rural Housing Finance Limited** to be held on Thursday, 14<sup>th</sup> July, 2016 at 1.00 p.m. at Mahindra Towers, 4<sup>th</sup> Floor, Worli, Mumbai – 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below :

**Resolution  
No.**

**Description**

**Ordinary Business**

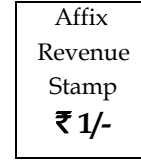
1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016 including the audited Balance Sheet as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. Declaration of dividend on Equity Shares.
3. Re-appointment of Mr. K. Chandrasekar (DIN: 01084215), as a Director, who retires by rotation and, being eligible, offers himself for 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. Borrow moneys in excess of the paid-up capital and reserves up to Rs. 8,000 crores and creation of charge on the assets of the Company.
6. Issuance of Non-Convertible Debentures (NCDs) including Subordinated Debentures, on a private placement basis upto Rs. 1,900 crores, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

7. Payment of commission to Independent Directors of the Company, for a period of five years commencing from 1<sup>st</sup> April, 2015.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.



\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy Holder(s)

**NOTE :**

- (1) A Proxy need not be a Member of the Company.
- (2) 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.

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# Mahindra HOME FINANCE

## MAHINDRA RURAL HOUSING FINANCE LIMITED

**Registered Office:** Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

**Corporate Identity Number :** U65922MH2007PLC169791

**Tel:** +91 22 66523500; **Fax:** +91 22 24972741

**Website:** [www.mahindrahomefinance.com](http://www.mahindrahomefinance.com)

**E-mail:** [customercare.mrhfl@mahfin.com](mailto:customercare.mrhfl@mahfin.com)

### ATTENDANCE SLIP

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

Name and Registered Address of :  
the Shareholder

Joint Holder :

Folio no. / DP ID no. :

Client ID no. :

No. of Shares :

I hereby record my presence at the Ninth Annual General Meeting of Mahindra Rural Housing Finance Limited being held on Thursday, 14<sup>th</sup> July, 2016 at 1.00 p.m. at Mahindra Towers, 4<sup>th</sup> Floor, P. K. Kurne Chowk, Worli, Mumbai - 400 018.

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.

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## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Ninth Report together with the audited Financial Statements of your Company for the year ended 31<sup>st</sup> March, 2016.

### FINANCIAL RESULTS

Particulars	Amount in Rs. Lacs	
	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Income	49,544.73	32,844.47
Less: Finance Costs	21,332.05	14,112.07
Expenditure	18,199.70	11,725.59
Depreciation and Amortisation Expenses	343.34	275.01
Total Expenses	39,875.09	26,112.67
Profit Before Tax	9,669.64	6,731.80
Less: Provision for Tax		
Current Tax	3,818.00	2,394.00
Income Tax – earlier years	71.90	58.72
Deferred Tax	(488.29)	(138.26)
Profit/(Loss) for the year	6,268.03	4,417.34
Profit/(Loss) brought forward from previous year	3,898.79	2,934.78
Amount available for Appropriation	10,166.82	7,352.12
<b>Appropriations:</b>		
Special Reserve	2,300.00	1,450.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	25.00	25.00
General Reserve	–	222.00
* Proposed dividend on Equity Shares	–	854.58
* Income-tax on proposed dividend	–	173.99
Additional Depreciation charged due to change in the useful life (Companies Act, 2013)	–	21.68
Deferred Tax Liability on Special Reserve	–	706.08
Surplus Carried to Balance Sheet	7,841.82	3,898.79

\* Provision for the dividend on Equity Shares and Income-tax on proposed dividend will be made upon the approval of the proposed dividend by Shareholders at the forthcoming Annual General Meeting. This is in compliance with the Companies (Accounting Standards) Amendment Rules, 2016, issued by the Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30<sup>th</sup> March, 2016.

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the Financial Year 2015-16 and the date of this Report.

### INDUSTRY OVERVIEW

A report published by KPMG (“Decoding Housing for All by 2022”), pegs the current shortage of Housing units at 5.9 crore units. Of this, the shortage in rural areas is 4 crore units while the shortage in urban areas is placed at 1.9 crore units. Estimates made by other bodies indicate a similar large shortage of housing units. Recognising this issue, the Government has launched an ambitious program to implement “Housing For All.” The large unmet demand for housing is unlikely to be met without adequate housing finance assistance being extended and this represents an opportunity for your Company. Your Company is uniquely placed to help in addressing this crying social need because of the reach and more importantly the knowledge your Company has acquired about the customer

segment the Company serves. Your Company will continue to focus on serving the underserved rural customers and grow the business. In addition, your Company will now begin focusing on the affordable housing segment in smaller towns as well. The Government’s focus on this segment and the large unmet demand would combine to make this initiative develop into another growth engine for the Company.

### OPERATIONS

During the year under review, the total income was Rs. 495.45 crores as against Rs. 328.44 crores for the Financial Year 2014-15, registering a growth of 51% over the previous year. Profit before tax was 44% higher at Rs. 96.70 crores as compared to Rs. 67.32 crores for the previous year. Profit after tax was 42% higher at Rs. 62.68 crores as compared to Rs. 44.17 crores for the previous year.

Your Company has disbursed loans aggregating Rs. 1,552.48 crores (previous year Rs. 989.57 crores) achieving a growth of 57% over the previous year. The outstanding loan portfolio

as at 31<sup>st</sup> March, 2016 stood at Rs. 3,264.52 crores. Your Company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.50 lacs. During the year under review, around 1,25,000 households were given home loans (in addition to around 2,63,000 existing households as on 31<sup>st</sup> March, 2015). Your Company has been expanding its geographical presence to provide affordable services for rural households.

During the year under review, operations were strengthened in the states of Maharashtra, Gujarat, Rajasthan, Tamilnadu, Andhra Pradesh, Kerala, Karnataka, Madhya Pradesh, Uttar Pradesh and Bihar.

#### **TRANSFER TO RESERVES**

The Company proposes to transfer an amount of Rs. 23.25 crores to the Statutory Reserve. No amount is proposed to be transferred to General Reserve and an amount of Rs. 78.42 crores is proposed to be retained in the Statement of Profit and Loss.

#### **DIVIDEND**

Your Directors recommend a dividend of Rs. 1.40 per Equity Share on 7,57,29,181 Equity Shares of the face value of Rs. 10 each, aggregating to Rs. 10.60 crores.

The above dividend, if approved, will be paid to those Members whose names appear in the Register of Members as on the Record Date fixed for this purpose.

The dividend, including dividend distribution tax, surcharge and education cess, will absorb a sum of Rs. 12.76 crores [as against Rs. 10.29 crores (including tax) on account of dividend of Rs. 1.30 per Equity Share, paid for the previous year].

#### **FINANCE**

During the year under review, your Company has been sanctioned Term Loans of Rs. 947 crores from banks for tenures of three to five years.

As on 31<sup>st</sup> March, 2016 the outstanding borrowings from Banks stood at Rs. 1,953.66 crores (of Long Term Loans) and the outstanding borrowings from National Housing Bank cumulatively amounted to Rs. 212.95 crores.

During the year under review, your Company has raised an amount of Rs. 60.00 crores by issue of 600 Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each for cash at par on a Private Placement basis. The Company has been regular in repayment of its borrowings and payment of interest due thereon. There were no NCDs which have not been claimed by the investors or not paid by the Company after the date on which the NCDs became due for redemption.

#### **LISTING**

During the year under review, your Company's NCDs have been listed on the BSE Limited and the Company has paid the requisite listing fees in full.

#### **CREDIT RATING**

During the year under review, India Ratings & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt

as 'IND AA+' with stable outlook and has assigned 'IND A1+' rating to the Commercial Paper issued by the Company.

Credit Analysis & Research Limited has assigned the 'CARE AA+' Rating to the Company's Non-Convertible Debentures and reaffirmed the rating as 'CARE AA+' to the Subordinated Debt of the Company.

#### **ACHIEVEMENTS**

Your Company won the prestigious Porter Prize Award for 'Industry Architectural Shift' during the year under review. The award recognizes your Company's outstanding performance in the industry and its contribution in re-defining the industry structure by challenging the very basis of competition, creating new business models, challenging the status quo and exploiting change. It is one of the most prestigious awards in the industry given for company strategy.

During the year under review, your Company was recognised by the Ross School of Business' Positive Business Project. The Company was showcased in their handbook of "Positive Business".

#### **SHARE CAPITAL**

During the year under review, 99,92,044 Equity Shares of the face value of Rs. 10 each were allotted to the existing Shareholders of the Company on a Rights basis for cash at a premium of Rs. 30 per Share aggregating to Rs. 39.97 crores. Your Company has duly utilised the issue proceeds to augment its capital base, meet its capital requirements and for other general corporate purposes. Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs. 75.73 crores comprising of 7,57,29,181 Equity Shares of Rs. 10 each fully paid-up.

During the year under review, the Company has neither issued shares with differential voting rights as to dividend, voting or otherwise, nor has issued sweat equity. The Company has not formulated any Employees' Stock Option Scheme during the year under review. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which, loan was given by the Company.

As on 31<sup>st</sup> March, 2016, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

#### **DEPOSITORY SYSTEM**

Your Company's Equity Shares are available for dematerialisation through National Securities Depository Limited. As on 31<sup>st</sup> March, 2016, 86.81% of the Equity Shares of your Company were held in dematerialised form.

#### **CAPITAL ADEQUACY**

Consequent upon the allotment of Equity Shares on a Rights basis, the paid-up Share Capital of the Company has increased to Rs. 75.73 crores as on 31<sup>st</sup> March, 2016 from Rs. 65.74 crores as on 31<sup>st</sup> March, 2015. The securities premium account has also been credited with Rs. 29.98 crores.

As a result of the increased net worth, the Capital to Risk Assets Ratio (CRAR) of your Company enhanced to 23.65 per cent as on 31<sup>st</sup> March, 2016 which is well above the 12 per cent CRAR prescribed by the National Housing Bank.



## NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs) issued by the National Housing Bank under its Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. Your Company has made adequate provision for the assets on which instalments are overdue for more than 90 days and on other assets, as required. Inclusion of Housing Companies with an asset size of Rs. 500 crores and above under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) will give a boost to the recovery efforts and reduce asset quality problems in future.

## INSPECTION BY NATIONAL HOUSING BANK (NHB)

During the Financial Year 2015-16, NHB has carried out the Inspection of your Company for the financial position as at 31<sup>st</sup> March, 2014. NHB had advised the Company to calculate the impact of re-classification of assets based on the date of NPAs as against number of days overdue on Net Owned Funds/CRAR as on 31<sup>st</sup> March, 2014. Accordingly, your Company has re-classified the assets which resulted in the requirement of additional provision of Rs. 11.12 lacs. As mentioned in the Note No. 2.2 to the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2014, your Company has made an additional provision of Rs. 140.91 lacs over and above the norms prescribed by NHB. After considering the re-classification impact of Rs. 11.12 lacs, the additional provision would stand reduced to Rs. 129.79 lacs. Accordingly, there is no impact of the said re-classification on the Net Owned Funds/CRAR as at 31<sup>st</sup> March, 2014.

## INSURANCE PROTECTION TO BORROWERS

Your Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited and Cholamandalam MS General Insurance Company Limited for insurance of its housing loan products alongwith life insurance called Sampoorna Suraksha Plan which covers the borrowers of the Company.

## DIRECTORS

On the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the Shareholders at their Extraordinary General Meeting held on 13<sup>th</sup> August, 2015, have appointed Mr. Narendra Mairpady (DIN : 00536905) as an Independent Director of the Company for a period of five consecutive years commencing from 13<sup>th</sup> August, 2015.

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

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. K. Chandrasekar, Non-Executive Non-Independent Director of the Company retires by rotation at the forthcoming Annual General Meeting scheduled to be held on 14<sup>th</sup> July, 2016 and being eligible, has offered himself for re-appointment.

## KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Harshada Pathak, Company Secretary and Key Managerial Personnel resigned from the services of the Company. The resignation was effective from 14<sup>th</sup> October, 2015.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee has appointed

Ms. Arnava M. Pardiwalla as the Company Secretary & Compliance Officer of the Company with effect from 11<sup>th</sup> March, 2016. Ms. Arnava Pardiwalla is also the Company Secretary & Compliance Officer and Key Managerial Personnel of Mahindra & Mahindra Financial Services Limited, the Holding Company.

Mr. Anuj Mehra, Managing Director, Mr. Dharmesh Vakharia, Chief Financial Officer and Ms. Arnava M. Pardiwalla, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

## COMPOSITION OF THE BOARD

The composition of the Board of Directors of your Company is in conformity with the provisions of the Companies Act, 2013, as amended from time to time. The Company has a Non-Executive Chairman, a Managing Director, three Non-Executive Non-Independent Directors (including a Nominee Director appointed by National Housing Bank) and three Independent Directors. 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.

## Board Meetings and Annual General Meeting

During the Financial Year 2015-16, the Board of Directors met six times on 15<sup>th</sup> April, 2015, 13<sup>th</sup> July, 2015, 14<sup>th</sup> October, 2015, 16<sup>th</sup> January, 2016, 24<sup>th</sup> February, 2016 and 11<sup>th</sup> March, 2016.

The names and categories of the Directors of the Company, their attendance at the Board Meetings held during the Financial year 2015-16 and at the last Annual General Meeting (AGM) of the Company held on 13<sup>th</sup> July, 2015, are as follows:

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2015-16		Attendance at the last Annual General Meeting held on 13 <sup>th</sup> July, 2015 (Yes/No/N.A.)
		Held	Attended	
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	6	6	Yes
Mr. Anuj Mehra (Managing Director)	Executive Director	6	6	Yes
Mr. V. Ravi	Non-Executive Non-Independent Director	6	6	Yes
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	6	5	Yes
Mr. K. Chakarvarthy (Nominee of National Housing Bank)	Non-Executive Non-Independent Director	6	4	No
Mr. Nityanath Ghanekar	Independent Director	6	6	Yes

Names of Directors	Category	Attendance at the Board Meetings held during F.Y. 2015-16		Attendance at the last Annual General Meeting held on 13 <sup>th</sup> July, 2015 (Yes/No/N.A.)
		Held	Attended	
Mrs. Anjali Raina	Independent Director	6	5	Yes
Mr. Narendra Mairpady <sup>(1)</sup>	Independent Director	6	4	N.A.
Mr. Uday Y. Phadke <sup>(2)</sup>	Non-Executive Non-Independent Director	6	2	Yes

**Notes:**

(1) Appointed as an Independent Director with effect from 13<sup>th</sup> August, 2015.

(2) Ceased to be Director with effect from 13<sup>th</sup> July, 2015.

**MEETINGS OF INDEPENDENT DIRECTORS**

The Independent Directors met twice during the year under review. The Meetings were 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**

**(a) AUDIT COMMITTEE**

Your Company has an adequately qualified and experienced Audit Committee. The Audit Committee was re-constituted during the year under review by inducting Mr. Narendra Mairpady, Independent Director, as a Member of the Committee. As on 31<sup>st</sup> March, 2016, the Audit Committee comprised of four Non-Executive Directors of which three are Independent Directors. The Committee comprises of Mr. Nityanath Ghanekar (Chairman), Mrs. Anjali Raina and Mr. Narendra Mairpady, all Independent Directors and Mr. V. Ravi, Non-Executive Non-Independent Director.

The terms of reference of the Audit Committee were revised during the year under review to bring them in line with the provisions of the Companies Act, 2013. The revised terms of reference of the Audit Committee are:

- To recommend appointment, remuneration and terms of appointment of auditors and internal auditors of the Company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To examine the quarterly and annual financial statements and the auditors' report thereon;
- To approve or subsequently modify transactions of the Company with related parties;
- To scrutinize inter-corporate loans and investments;
- To undertake valuation of undertakings or assets of the Company, wherever it is necessary;
- To evaluate internal financial controls and risk management systems;

- To monitor the end use of funds raised through public offers and related matters;
- To formulate the scope, functioning, periodicity and methodology for conducting the internal audit, in consultation with the Internal Auditor;
- To discharge from time to time such other acts, duties and functions as may be assigned by the Board of Directors or prescribed under the Companies Act, 2013 or any other applicable law and Rules made thereunder.

The Audit Committee met thrice during the year under review on 15<sup>th</sup> April, 2015, 14<sup>th</sup> October, 2015 and 16<sup>th</sup> January, 2016.

The attendance of the Members of the Audit Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	Audit Committee Meetings	
		Held	Attended
Mr. Nityanath Ghanekar (Chairman)	Independent Director	3	3
Mrs. Anjali Raina	Independent Director	3	3
Mr. Narendra Mairpady *	Independent Director	3	1
Mr. V. Ravi	Non-Executive Non-Independent Director	3	3

\* Appointed as a Member with effect from 14<sup>th</sup> October, 2015.

The Board has accepted all the recommendations made by the Audit Committee during the year under review. 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. Nityanath Ghanekar, Chairman of the Audit Committee, was present at the 8<sup>th</sup> Annual General Meeting of the Company held on 13<sup>th</sup> July, 2015.

**(b) NOMINATION AND REMUNERATION COMMITTEE**

As on 31<sup>st</sup> March, 2016, the Nomination and Remuneration Committee of the Board of Directors comprised of four members viz. Mr. Ramesh Iyer and Mr. K. Chandrasekar, Non-Executive Non-Independent Directors and Mr. Nityanath Ghanekar and Mrs. Anjali Raina, Independent Directors. The Committee met twice during the year under review on 13<sup>th</sup> July, 2015 and 12<sup>th</sup> August, 2015. The Nomination and Remuneration Committee inter alia recommends the appointment and removal of Directors and carries out evaluation of performance of every Director in accordance with the framework adopted by the Board. The Committee is also empowered to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration subject to limits approved by the Shareholders.

The attendance of the Members of Nomination and Remuneration Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	Nomination and Remuneration Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer	Non-Executive Non-Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	2	2
Mr. Nityanath Ghanekar	Independent Director	2	2
Mrs. Anjali Raina	Independent Director	2	1

**(c) ASSET LIABILITY COMMITTEE**

The Asset Liability Committee (ALCO) of the Board of Directors comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors. The ALCO Committee met twice during the year on 15<sup>th</sup> April, 2015 and 14<sup>th</sup> October, 2015. The Committee oversees the Asset Liability Management system of the Company.

The attendance of the Members of ALCO Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	ALCO Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non- Independent Director	2	2
Mr. V. Ravi	Non-Executive Non- Independent Director	2	2
Mr. K. Chandrasekar	Non-Executive Non- Independent Director	2	2

**(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 (the Act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Committee inter alia, allocates the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and monitors the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company at the web-link: <http://www.mahindrahomefinance.com/csr-policy.php>.

Mr. Ramesh Iyer, Chairman and Non-Executive Non-Independent Director is the Chairman of the Committee. Mr. K. Chandrasekar and Mr. V. Ravi, Non-Executive Non-Independent Directors, Mr. Anuj Mehra, Managing Director and Mrs. Anjali Raina, Independent Director are the other Members of the Committee. The Committee held three meetings during the year under review. The Committee met on 15<sup>th</sup> April, 2015, 30<sup>th</sup> September, 2015 and 11<sup>th</sup> March, 2016.

The attendance of the Members of CSR Committee at its Meetings held during the Financial Year 2015-16 is given below:

Names of Members	Category	CSR Committee Meetings	
		Held	Attended
Mr. Ramesh Iyer (Chairman)	Non-Executive Non-Independent Director	3	3
Mr. V. Ravi	Non-Executive Non-Independent Director	3	3
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	3	1
Mrs. Anjali Raina	Independent Director	3	3
Mr. Anuj Mehra	Managing Director	3	3

During the year under review, your Company spent Rs. 109.43 Lacs towards CSR activities pertaining to eradicating hunger and poverty and promoting education for the girl child and financial literacy amongst children and women.

Your Company is in compliance with the statutory requirements in this regard.

The Annual Report on the CSR activities undertaken by your Company in the Financial Year 2015-16 is appended as **Annexure I** to this Report.

**PERFORMANCE EVALUATION OF THE BOARD**

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

Well-defined and structured questionnaires were used in the evaluation process, 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, governance and compliance perspective. The evaluation was carried out based on the feedback received from Directors.

A separate exercise was carried out by the Nomination and Remuneration Committee to evaluate the performance of individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman was carried out by the Independent Directors, after taking into account the views

of the Executive and Non-Executive Directors. The Directors have expressed their satisfaction with the evaluation process.

#### DECLARATION GIVEN BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they fulfil the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

#### COMPANY'S POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company has adopted the following policies as required under Sub-Section (3) of Section 178 of the Companies Act, 2013:

- (i) 'Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the Board, Committees and individual Directors',
- (ii) 'Policy on Remuneration of Directors' and,
- (iii) 'Remuneration Policy for Key Managerial Personnel (KMPs) and Employees'.

The Nomination and Remuneration Committee while recommending the appointment of Directors considers desirable qualifications which may amongst other things include professional qualifications, skills, professional experience, background and knowledge apart from the criteria of independence as prescribed under the Companies Act, 2013.

The Policy on Remuneration of Directors and Remuneration Policy for KMPs and Employees of the Company is appended as **Annexure II** to this Report in accordance with the provisions of Sub-Section (4) of Section 178 of the Companies Act, 2013.

#### PARTICULARS OF REMUNERATION

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:

##### 1. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015-16:

Name of the Director	Designation	Ratio of the remuneration of each Director to median remuneration of employees
Mr. Ramesh Iyer	Chairman	NIL*
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL*
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL*
Mr. Nityanath Ghanekar	Independent Director	5.90X
Mrs. Anjali Raina	Independent Director	5.98X
Mr. Narendra Mairpady	Independent Director	3.58X

Name of the Director	Designation	Ratio of the remuneration of each Director to median remuneration of employees
Mr. K. Chakravarthy	Non-Executive Director (Nominee of National Housing Bank)	NIL*
Mr. Anuj Mehra	Managing Director	148.16X

\* Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar and Mr. K. Chakravarthy do not receive any remuneration from the Company.

##### 2. Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2015-16:

Name of the Director/KMP	Designation	% increase in Remuneration
Mr. Ramesh Iyer	Chairman	NIL*
Mr. V. Ravi	Non-Executive Non-Independent Director	NIL*
Mr. K. Chandrasekar	Non-Executive Non-Independent Director	NIL*
Mr. Nityanath Ghanekar	Independent Director	N.A.**
Mrs. Anjali Raina	Independent Director	N.A.**
Mr. Narendra Mairpady	Independent Director	N.A.***
Mr. K. Chakravarthy	Non-Executive Director (Nominee of National Housing Bank)	NIL*
Mr. Anuj Mehra	Managing Director	48
Mr. Dharmesh Vakharia	Chief Financial Officer	3
Ms. Arnava M. Pardiwalla****	Company Secretary & Compliance Officer	- 21.09*****
Ms. Harshada Pathak****	Company Secretary	

\* Mr. Ramesh Iyer, Mr. V. Ravi, Mr. K. Chandrasekar and Mr. K. Chakravarthy do not receive any remuneration from the Company.

\*\* Mr. Nityanath Ghanekar and Mrs. Anjali Raina were appointed as Directors with effect from 30<sup>th</sup> March, 2015 and hence details in respect of % increase have not been provided.

\*\*\* Mr. Narendra Mairpady was appointed as an Independent Director with effect from 13<sup>th</sup> August, 2015 and hence details in respect of % increase have not been provided.

\*\*\*\* Ms. Harshada Pathak resigned from the services of the Company as the Company Secretary and Key Managerial Personnel with effect from 14<sup>th</sup> October, 2015. Ms. Arnava M. Pardiwalla has been appointed as the Company Secretary & Compliance Officer with effect from 11<sup>th</sup> March, 2016. She is also the Company Secretary of Mahindra & Mahindra Financial Services Limited (MMFSL), the Holding Company and her entire remuneration is borne by MMFSL.

\*\*\*\*\* Secretarial function is covered under the cost sharing arrangement with the Holding Company.

**3. Percentage increase in the median remuneration of employees in the Financial Year:**

5.22% considering employees who were in employment for the whole of the Financial Year 2014-15 and Financial Year 2015-16.

**4. Number of Permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016:**

As on 31<sup>st</sup> March, 2016, there were 4,396 permanent employees on the rolls of the Company.

**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 9.83%. The individual increment varied from 8% to 12%, 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 2.91% in aggregate of the Profit Before Tax during the Financial Year 2015-16.

**7. Variations in the market capitalisation of the company, price earnings ratio of the Company as at the closing date of the current Financial Year and previous financial year and percentage 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 in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current Financial Year and previous Financial Year:**

Mahindra Rural Housing Finance Limited is a listed company since its debentures are listed on the BSE Limited. Details of variations in the Net Worth of the Company are given below:

Rs. in crores

Particulars	As on 31 <sup>st</sup> March, 2016	As on 31 <sup>st</sup> March, 2015	Variation
Net Worth	275.77	173.16	Increased by 102.61 (59.26%)

**8. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2015-16 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2014-15 and Financial Year 2015-16, the average increase is 10.63%. Average increase for Managerial Personnel is 9.44%

**9. Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:**

Name of KMP	Designation	% to Profit Before Tax for F.Y. 2015-16
Mr. Anuj Mehra	Managing Director	2.02
Mr. Dharmesh Vakharia	Chief Financial Officer	0.82
Ms. Arnavaz M. Pardiwalla*	Company Secretary & Compliance Officer	0.07**
Ms. Harshada Pathak*	Company Secretary	

\* Ms. Harshada Pathak resigned from the services of the Company as the Company Secretary and Key Managerial Personnel with effect from 14<sup>th</sup> October, 2015. Ms. Arnavaz M. Pardiwalla has been appointed as the Company Secretary & Compliance Officer with effect from 11<sup>th</sup> March, 2016. She is also the Company Secretary of Mahindra & Mahindra Financial Services Limited (MMFSL), the Holding Company and her entire remuneration is borne by MMFSL.

\*\* Secretarial function is covered under the cost sharing arrangement with the Holding Company.

**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.

Independent Directors shall be 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 forthcoming Annual General Meeting. The said commission has been decided by the Board of Directors and shall be distributed amongst the Independent Directors.

**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:**

The highest paid Director is the Managing Director of the Company. During the Financial Year 2015-16, no employee has received remuneration in excess of the remuneration received by the Managing Director.

**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, adopted by the Company.

Mr. Anuj Mehra, Managing Director of the Company does not receive any remuneration or commission from the

Holding Company. However, the Managing Director has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited and has exercised the stock options during the year, which were granted in earlier year(s).

The Company had 2 employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the Financial Year ended 31<sup>st</sup> March, 2016 or not less than Rs. 5,00,000 per month during any part of the year.

Details of employee remuneration as required under the provisions of Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure III**.

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.

## HUMAN RESOURCES AND TRAINING

Your Company took a number of initiatives to strengthen human resources during the year under review. In pursuance of the Company's commitment to develop and retain the best available talent, the Company has been sponsoring the employees for training programmes organized by reputed faculties and professional institutions for building capabilities thereby upgrading the skill and knowledge of the employees in different operational areas. Constant endeavours are being made to offer professional growth opportunities and recognitions to employees, apart from imparting required training.

The Company has also conducted various engagement surveys to understand the engagement levels across employees for devising various policies which has helped in boosting employee morale and engagement levels.

The Company had 4,396 employees as at 31<sup>st</sup> March, 2016.

Your Company strongly believes in maintaining the dignity of all its employees irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited. The Company has taken necessary steps to enhance awareness amongst its employees in respect of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year under review, the Company has not received any complaint on sexual harassment.

## CODES OF CONDUCT FOR CORPORATE GOVERNANCE

The Company has adopted Codes of Conduct for Corporate Governance ("the Codes") for its Directors and Senior Management and Employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has, for the year under review, received declarations under the Codes from the Board Members, Senior Management and Employees of the Company affirming compliance with the respective Codes.

## 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 Report of Statutory Auditors is a part of this Annual Report. There is no qualification, reservation or adverse remark in the Auditors' Report.

### Secretarial Auditor

The Board of Directors of the Company has appointed Messrs. KSR & Co., Company Secretaries LLP, to conduct the Secretarial Audit of the Company, pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of Sub-Section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2015-16 furnished by the Secretarial Auditor is appended to this Report as **Annexure IV**.

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

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

## ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the Guidelines issued by the National Housing Bank.

## EXTRACT OF THE 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 31<sup>st</sup> March, 2016 is appended to this Report as **Annexure V**.

## 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.

As per the Whistle Blower Policy of 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 Board of Directors or Chairman of the Company or the Corporate Governance Cell.

Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subjected to any discriminatory practices. No personnel have been denied access to the Audit Committee.

The Whistle Blower Policy of the Company is available on the website of the Company at the Web-link:  
<http://www.mahindrashomefinance.com/pdf/Whistle-Blower-Policy.pdf>.

## INTERNAL CONTROL SYSTEMS

Your Company has in place an adequate internal control system to safeguard all assets and ensure operational excellence. It also has a team of Internal Auditors to conduct internal audit. Independent audit firms ensure that all transactions are correctly authorised and reported. The Internal Audit reports are discussed with the Management and reviewed by the Audit Committee of the Board of Directors. The Audit Committee also reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

## INTERNAL FINANCIAL CONTROL SYSTEM

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

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

## RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Company has adopted a Risk Management Policy and has a well-defined risk management framework in place. Your Company has established procedures to periodically place before the Board risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate risks. The risk management process is governed by an enterprise wide risk management framework.

During the year your Company has constituted a Risk Management Committee comprising of the Managing Director and Senior Executives of the Company to manage the integrated risk and inform the Audit Committee from time to time the progress made in putting in place a progressive risk management system followed by the Company.

The key business risks identified by the Company and its mitigation plans are as under:

1. **Credit Risk:** Credit Risk is inherent to any lending business and the Company also faces this risk. To mitigate this, the Company has put in place stringent lending norms, has developed metrics to evaluate a customer's income and insists on a thorough field investigation to check the viability of lending to a customer.
2. **People Risk:** The Company's business model is highly people centric and the Company's employees are its biggest strength. Retention of employees is hence a key focus area. Extensive training, team building and employee engagement initiatives have been adopted to mitigate this risk. The Company follows a policy of hiring locally. This ensures employees appreciate local conditions which in turn ensures superior productivity while taking credit decisions and also while servicing customers.
3. **Environmental Risk:** Cash flows of a large number of the Company's customers depend on agriculture. Environmental factors affecting crops (yields and/or prices) impact the customer's ability to repay. The Company mitigates this risk through a policy of geographical hedging. The Company engages with its customers through regular follow-up and close monitoring.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2016, 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 31<sup>st</sup> March, 2016 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 the Companies Act, 2013 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 31<sup>st</sup> March, 2016 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 effectively.
- 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.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES**

Sub-Section (4) of the Section 186 of the Companies Act, 2013 stipulates that companies disclose in the financial statements, full particulars of loans made and guarantees given or securities provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security. However, Sub-Section (11) of the said Section 186 exempts Housing Finance Companies from making such disclosure in the financial statements for the loans granted and /or guarantees /securities provided by such Housing Finance companies in the ordinary course of business. No investments were made by the Company during the year under review.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts/arrangements/transactions entered into by the Company during the Financial Year 2015-16 with related parties were in the ordinary course of business and on an arm's length basis. No material related party transactions were entered during the year by your Company. 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.

#### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are provided in **Annexure VI** appended to this Report.

#### **SUBSIDIARIES**

The Company did not have any subsidiary as on 31<sup>st</sup> March, 2016 or during the Financial Year ended on that date.

#### **CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business carried on by the Company during the year under review.

#### **PUBLIC DEPOSITS AND LOANS/ADVANCES**

The Company has not accepted deposits from the public or its employees during the year under review. There were no unclaimed Deposits or interest thereon or unpaid Dividend due for transfer to Investor Education and Protection Fund during the year under review.

The Company has not made any loans/advances in the nature of loans which are otherwise required to be disclosed in the

Annual Accounts of the Company pursuant to Regulation 53(f) read with paragraph A of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There were no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status and Company's operations in future.

#### **GENERAL INFORMATION**

The half yearly Financial Results of the Company are furnished to the Stock Exchanges in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in the Free Press Journal in English and also communicated to the Debenture holders every six months through a half yearly communique. Official news releases, including the half-yearly results, are also disseminated on the Company's website.

As prescribed under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of the Debenture Trustees is given below:

Axis Trustee Services Limited  
Axis House, 2<sup>nd</sup> Floor,  
Bombay Dying Mills Compound,  
Pandurang Budhkar Marg, Worli,  
Mumbai - 400 025.

Telephone: (022) 2425 5215/16  
Fax: (022) 2425 4200  
E-mail: debenturetrustee@axistrustee.com

#### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to place on record their sincere appreciation for the support received from the National Housing Bank, Company's customers, Bankers and Shareholders during the year under review. Your Directors also acknowledge the hard work, dedication and commitment of the employees.

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

Registered Office:  
Mahindra Towers,  
P. K. Kurne Chowk, Worli,  
Mumbai - 400 018.

CIN: U65922MH2007PLC169791  
Tel.: 91 22 6652 3500; Fax: 91 22 2497 2741  
E-mail: customercare.mrhfl@mahfin.com  
Website: www.mahindrahomedefinance.com

15<sup>th</sup> April, 2016



## ANNEXURE I TO THE DIRECTORS' REPORT

### 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:**

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. Your Company believes in the transformation of Indian villages into socially stimulating, self-sustaining, growth-oriented communities for a good quality life. To achieve this transformation, it is necessary to empower these communities in all possible aspects for a bright future. Empowering them is the key not only to the well-being of individuals, families and rural communities, but also to overall economic productivity of the Country.

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.

As a part of its commitment to Corporate Social Responsibility, during the year your Company implemented projects for victims of Tamil Nadu Flood, Financial literacy amongst students and community. The Company also continued its support to Nanhi Kali, the flagship programme of the K.C. Mahindra Education Trust (KCMET), which supports the education of the disadvantaged girl child.

The detailed CSR Policy is hosted on the Company's website at the following link:  
<http://www.mahindrahomefinance.com/csr-policy.php>.

**2. The Composition of the CSR Committee :** Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra and Mrs. Anjali Raina.

**3. Average net profit of the Company for last three financial years:** Rs. 5,461.99 Lacs

**4. Prescribed CSR Expenditure (two per cent of the amount at item 3 above):** Rs. 109.24 Lacs

**5. Details of CSR amount spent during the Financial Year 2015-16.**

(a) Total amount spent during the Financial Year : Rs. 109.43 Lacs

(b) Amount unspent, if any : NIL

(c) Manner in which the amount spent during the Financial Year : As detailed below.

Amount in Rs. Lacs

1	2	3	4	5	6	7	8
SR. No.	CSR Project or Activity identified	Sector in which the Project is covered (Notes)	Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	Amount outlay (Budget) projects or programs wise	Amount spent on the project or programs (1) Direct & (2) Overhead	Cumulative expenditure upto the reporting period	Amount spent: Directly or Through Implementing Agency
1	KCMET - Donation for Nanhi Kali	(i)	Mumbai (Maharashtra)	82.36	82.36	82.36	K.C. Mahindra Education Trust
2	Promoting financial literacy - among school students through distribution of financial literacy kits	(i)	Nagpur (Maharashtra)	6.07	6.07	6.07	Drishtee Foundation
3	Promoting financial literacy - among community especially women through financial literacy training	(i)	Baroda (Gujarat)	10.00	10.00	10.00	Gujarat Mahila Housing Sewa Trust
4	Flood relief	(ii)	Teynampet, Chennai (Tamil Nadu)	11.00	11.00	11.00	Bhumi

Notes:

- (i) Promoting education for girl child and financial literacy amongst children & women.
- (ii) Eradicating hunger and poverty.
- 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 : N.A.**
- 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 Rural Housing Finance Limited

For and on behalf of the Corporate Social Responsibility  
Committee of Mahindra Rural Housing Finance Limited

**Anuj Mehra**  
Managing Director

**Ramesh Iyer**  
Chairman of the  
Corporate Social Responsibility Committee

## ANNEXURE II TO THE DIRECTORS' REPORT POLICY ON REMUNERATION OF DIRECTORS

### Prelude

The Company is a housing finance company registered with the National Housing Bank, and is engaged in providing Home Loans primarily in rural areas for construction or purchase of a new property or for repairs, modernization or extension of an existing home.

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 Rural Housing Finance 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, 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 may receive sitting fees for attending the meeting of the Board and the Committees thereof, if 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. A Non-Executive Non-Independent Director who receives remuneration from the Holding Company or a Group Company will not be 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. Payment of Remuneration to Nominee

Directors shall be governed by the agreement with the Financial Institution/Bank appointing the Nominee Director and by the Articles of Association of the Company.

The Managing Director and other eligible Director(s) as per extant statutory provisions may be granted Employees Stock Options, Stock Appreciation Rights or any other Share based Employee benefits pursuant to any scheme that may be approved by the Board of Directors and shareholders of the Company subject to such other approvals as may be required.

Non Executive Directors may be paid remuneration either by way of monthly payment or at a specified percentage of net profits of the Company or partly by one way and partly by another, subject to the provisions of the Companies Act, 2013.

The NRC while determining the remuneration shall ensure 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 the 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. In terms of the shareholders' approval, the Commission may be paid to Managing Director in any Financial Year at a rate not exceeding 1/4% (one fourth percent) per annum of the profits of the Company computed in accordance with the applicable provisions of the Companies Act, 2013 as may be recommended by the NRC and approved by the 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 the 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 year 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, leave travel, communication facilities etc., as per the policies of the Company. The Managing Director and Executive Directors are entitled to grant of Stock Options as per the approved Stock Options Schemes of the Company 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 as per statutory requirements laid down in this regard.

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## **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.

#### **Standard**

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

- Fixed pay which has components like basic salary & other allowances/flexi pay as per the grade where the employees can choose allowances from bouquet of options.
- Variable pay (to certain grades) in the form of annual/half yearly performance pay based on Key Result Areas agreed – as applicable.
- Incentives, either monthly or quarterly, based on targets in the lower grades.
- Retirals such as Provident Fund, Gratuity & Superannuation (for certain grades).
- Benefits such as Employee Stock Option Scheme, car scheme, medical & dental benefit, loans, insurance etc. as per grades.

#### **Increments**

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

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

**ANNEXURE III TO THE DIRECTORS' REPORT**

**Additional Information as required under Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of Directors' Report for the year ended 31<sup>st</sup> March, 2016.**

<b>Name of Employee</b>	<b>Designation</b>	<b>Gross Remuneration (subject to income-tax) (Rs. in Lacs)</b>	<b>Qualifications</b>	<b>Experience (Years)</b>	<b>Age (Years)</b>	<b>Date of Commencement of Employment</b>	<b>Last Employment held, Designation and Organisation</b>
Mr. Anuj Mehra	Managing Director	195.58	Bachelor in Economics P.G.D.M., I.I.M. (Ahmedabad)	32	55	1 <sup>st</sup> March, 2009	Vice President - Marketing Mahindra Lifespace Developers Limited
Mr. Dharmesh Vakharia	Chief Financial Officer	79.64	Bachelor of Commerce, Chartered Accountant	17	43	1 <sup>st</sup> August, 2011	Chief Manager Regional Accounts - Mahindra & Mahindra Financial Services Limited

**Notes:**

1. Nature of employment is contractual, subject to termination on one month's notice on either side.
2. Terms and conditions of employment are as per Company's Rules/contract.
3. None of the employees mentioned above is related to any Director or Manager of the Company.
4. No employee was in receipt of remuneration more than the remuneration drawn by a Managing Director or whole-time director or manager and holds by himself or alongwith his spouse and dependent children not less than 2% of the equity shares of the Company.
5. Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, car perquisites value/allowances applicable, employer's contribution to Provident Fund, Superannuation scheme and Gratuity Fund including group insurance premium, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits as applicable.
6. Mr. Mehra has been granted stock options under the Employees' Stock Option Scheme of the Holding Company, Mahindra & Mahindra Financial Services Limited.

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## ANNEXURE IV TO THE DIRECTORS' REPORT

### 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 31<sup>st</sup> March, 2016

To,

The Members

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31<sup>st</sup> March, 2016 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 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under.
- (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
- (vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016).
- (vii) The National Housing Bank Act, 1987.

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

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

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

- (i) The Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement for debt securities entered into with Bombay Stock Exchange Limited in respect of privately placed non-convertible debentures issued by the Company.

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

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

#### We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive 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 and detailed notes on Agenda was given to all Directors at least seven days in advance to schedule the Board Meetings. There exist a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

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

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

- a) During the year the Company has raised Rs. 25 Crores through issue of Non-Convertible Subordinate Debentures on a private placement basis, in the month of April, 2015.
- b) During the year the Company has raised Rs. 35 Crores through issue of Non-Convertible Subordinate Debentures on a private placement basis, in the month of October, 2015.
- c) During the year the Company has listed privately placed Non-Convertible Subordinated Debentures at Bombay Stock Exchange Limited.
- d) Members have enabled Borrowing Powers of the Company up to a limit of Rs. 5,500 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 at the Eighth Annual General Meeting of the Company held on 13<sup>th</sup> Day of July, 2015.

- e) Members have also enabled the Company to issue Non-Convertible Debentures and/or other debt securities on private placement basis within the aforesaid overall borrowing powers in one or more tranches for a period of one year from 13<sup>th</sup> Day of July, 2015 at the said Annual General Meeting of the Company held on even date.
- f) During the year the Company has issued and allotted 99,92,044 Equity Shares of Rs. 10 each for cash at a premium of Rs. 30 per Equity Share on a rights basis, aggregating to Rs. 39,96,81,760/-.

**For KSR & Co Company Secretaries LLP**

**C. V. Madhusudhanan**  
**Partner**

Place: Coimbatore  
Date: 15/04/2016

FCS: 5367  
CP: 4408

KSR/CBE/M179/049/2016-17

15<sup>th</sup> April, 2016

To

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. 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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.

6. 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**

**C. V. Madhusudhanan**  
**Partner**

Place: Coimbatore  
Date: 15/04/2016

FCS: 5367  
CP: 4408

## ANNEXURE V TO THE DIRECTORS' REPORT

Form No. MGT-9

**Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016**  
**[Pursuant to Section 92(3) and Rule 12(1) of the**  
**Companies (Management and Administration) Rules, 2014]**

### I. REGISTRATION AND OTHER DETAILS

i)	CIN	U65922MH2007PLC169791
ii)	Registration Date	9 <sup>th</sup> April, 2007
iii)	Name of the Company	<b>Mahindra Rural Housing Finance Limited</b>
iv)	Category/Sub-Category of the Company	<b>Public Limited Company</b>
v)	Address of the Registered office and contact details	<b>Mahindara Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. Tel.: +91 22 6652 3500 Fax: +91 22 2497 2741 E-mail: <a href="mailto:customercare.mrhfl@mahfin.com">customercare.mrhfl@mahfin.com</a> Website: <a href="http://www.mahindrahomefinance.com">www.mahindrahomefinance.com</a></b>
vi)	Whether listed company: Yes/No	<b>Yes. As per Section 2 (52) of the Companies Act, 2013, the Company is considered as a listed Company as its Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) are listed on the BSE Limited</b>
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Karvy Computershare Private Limited Unit: Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 &amp; 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032 Email : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Tel. No.: 040 67162222 Toll Free No.: 1800-345-4001 Fax No.: 040 23001153</b>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Housing Finance	65923	100.00%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
i.	Mahindra & Mahindra Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65990MH1945PLC004558	Ultimate Holding Company	87.50*	2(46)
ii.	Mahindra & Mahindra Financial Services Limited Gateway Building, Apollo Bunder, Mumbai – 400 001.	L65921MH1991PLC059642	Holding Company	87.50	2(46)

\* There is no direct shareholding in the Company by Mahindra & Mahindra Limited, the Ultimate Holding Company. Shares are held through Mahindra & Mahindra Financial Services Limited, subsidiary of Mahindra & Mahindra Limited.



**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				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt.(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	5,75,19,991	12	5,75,20,003	87.50	5,75,19,991	87,43,052*	6,62,63,043	87.50	0.00
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	5,75,19,991	12	5,75,20,003	87.50	5,75,19,991	87,43,052*	6,62,63,043	87.50	0.00
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other-Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
<b>Total shareholding of Promoter (A)=(A)(1)+ (A)(2)</b>	<b>5,75,19,991</b>	<b>12</b>	<b>5,75,20,003</b>	<b>87.50</b>	<b>5,75,19,991</b>	<b>87,43,052*</b>	<b>6,62,63,043</b>	<b>87.50</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	82,17,134	–	82,17,134	12.50	82,17,134	12,49,004#	94,66,138	12.50	0.00
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others - Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	82,17,134	–	82,17,134	12.50	82,17,134	12,49,004#	94,66,138	12.50	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>82,17,134</b>	<b>–</b>	<b>82,17,134</b>	<b>12.50</b>	<b>82,17,134</b>	<b>12,49,004#</b>	<b>94,66,138</b>	<b>12.50</b>	<b>0.00</b>
C. Shares held by custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	<b>6,57,37,125</b>	<b>12</b>	<b>6,57,37,137</b>	<b>100.00</b>	<b>6,57,37,125</b>	<b>99,92,056</b>	<b>7,57,29,181</b>	<b>100.00</b>	<b>0.00</b>

\* Out of 87,43,052 Shares 87,43,040 Shares will be transferred to the Demat Account.

# 12,49,004 Shares will be transferred to the Demat Account.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited.	5,75,19,991	87.50	Nil	6,62,63,031	87.50	Nil	0.00
2.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ramesh Iyer.	2	0.00	Nil	2	0.00	Nil	0.00
3.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Bharat Doshi.	2	0.00	Nil	Nil	0.00	Nil	0.00
4.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Venkatraman Ravi.	2	0.00	Nil	2	0.00	Nil	0.00
5.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Ravi Kulkarni.	2	0.00	Nil	2	0.00	Nil	0.00
6.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Zoooben Bhiwandiwala.	2	0.00	Nil	Nil	0.00	Nil	0.00
7.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Anuj Mehra.	2	0.00	Nil	2	0.00	Nil	0.00
8.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Rajesh Vasudevan.	Nil	0.00	Nil	2	0.00	Nil	0.00
9.	Mahindra & Mahindra Financial Services Limited Jointly with Mr. Dinesh Prajapati.	Nil	0.00	Nil	2	0.00	Nil	0.00
	<b>TOTAL</b>	<b>5,75,20,003</b>	<b>87.50</b>	<b>Nil</b>	<b>6,62,63,043</b>	<b>87.50</b>	<b>Nil</b>	<b>0.00</b>

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

Particulars	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mahindra & Mahindra Financial Services Limited alongwith joint holders				
At the beginning of the year	5,75,20,003	87.50	5,75,20,003	87.50
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	On 30 <sup>th</sup> March, 2016, 87,43,040 Equity Shares of Rs. 10 each at a premium of Rs. 30 per share were allotted on a Rights basis to Mahindra & Mahindra Financial Services Limited. Increase in shareholding of Promoters is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (as on 31 <sup>st</sup> March, 2016)	6,62,63,043	87.50	6,62,63,043	87.50

**Note:** There was transfer of Two Equity Shares each from Mahindra & Mahindra Financial Services Limited ("MMFSL") jointly with Mr. Bharat Doshi to MMFSL jointly with Mr. Rajesh Vasudevan and MMFSL jointly with Mr. Zhooben Bhiwandiwalla to MMFSL jointly with Mr. Dinesh Prajapati. However, there was no change in the beneficial ownership of these Shares.

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>National Housing Bank</b>				
At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	82,17,134	12.50	82,17,134	12.50
Date wise increase/decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	On 30 <sup>th</sup> March 2016, 12,49,004 Equity Shares of Rs. 10 each at a premium of Rs. 30 per share were allotted on a Rights basis to National Housing Bank. Increase in shareholding of National Housing Bank is on account of allotment of Equity Shares on a Rights basis, as mentioned above.			
At the end of the year (As on 31 <sup>st</sup> March, 2016)	82,17,134	12.50	94,66,138	12.50

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Ramesh Iyer - Chairman (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	2	0.00	2	0.00
2.	Mr. Uday Y. Phadke - Director (Ceased to be the Director with effect from 13 <sup>th</sup> July, 2015)				
	At the beginning of the year(as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 20016)	Nil	0.00	Nil	0.00

MAHINDRA RURAL HOUSING FINANCE LIMITED

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
3.	Mr. V. Ravi - Director (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	2	0.00	2	0.00
4.	Mr. K. Chandrasekar - Director				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
5.	Mr. K. Chakravarthy - Director (Nominee of National Housing Bank)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
6.	Mr. Nityanath Ghanekar - Director				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
7.	Mrs. Anjali Raina - Director				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
8.	Mr. Anuj Mehra - Managing Director, Key Managerial Personnel (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	2	0.00	2	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	2	0.00	2	0.00
9.	Mr. Narendra Mairpady - Director (Appointed as an Independent Director with effect from 13 <sup>th</sup> August, 2015)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (As on 1 <sup>st</sup> April, 2015)		Cumulative Shareholding during the year (from 1 <sup>st</sup> April, 2015 to 31 <sup>st</sup> March, 2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10.	Mr. Dharmesh Vakharia - Chief Financial Officer, Key Managerial Personnel				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
11.	Ms. Harshada Pathak - Company Secretary (Ceased to be the Company Secretary with effect from 14 <sup>th</sup> October, 2015)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00
12.	Ms. Arnavaz M. Pardiwalla - Company Secretary (Appointed as the Company Secretary with effect from 11 <sup>th</sup> March, 2016)				
	At the beginning of the year (as on 1 <sup>st</sup> April, 2015)	Nil	0.00	Nil	0.00
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No change			
	At the end of the year (as on 31 <sup>st</sup> March, 2016)	Nil	0.00	Nil	0.00

**V. INDEBTEDNESS –**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	1,61,160.63	9,806.50	NIL	1,70,967.13
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,109.00	255.63	NIL	1,364.63
<b>Total (i + ii + iii)</b>	<b>1,62,269.63</b>	<b>10,062.13</b>	<b>NIL</b>	<b>1,72,331.76</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	2,07,268.66	1,45,433.55	NIL	3,52,702.21
• Reduction	1,37,558.83	1,18,830.63	NIL	2,56,389.46
<b>Net Change</b>	<b>69,709.83</b>	<b>26,602.92</b>	<b>NIL</b>	<b>96,312.75</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,31,056.01	35,611.50	NIL	2,66,667.51
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	923.45	1,053.55	NIL	1,977.00
<b>Total (i + ii + iii)</b>	<b>2,31,979.46</b>	<b>36,665.05</b>	<b>NIL</b>	<b>2,68,644.51</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager
		<b>Mr. Anuj Mehra, Managing Director</b>
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	116.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	79.43*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission – as % of profit	Nil
	– others	Nil
5.	Others (medical reimbursement)	0.15
	<b>Total (A)</b>	<b>195.58</b>
	Ceiling as per the Act	5% of the Net Profits equivalent to Rs. 670.24 Lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report

\* includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

**B. REMUNERATION TO OTHER DIRECTORS**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Names of Directors			Total Amount		
		Mr. Nityanath Ghanekar	Mrs. Anjali Raina	Mr. Narendra Mairpady			
1.	<b>Independent Directors</b>						
	Fee for attending Board/Committee Meetings	2.80	2.90	1.40	7.10		
	Commission	5.00	5.00	3.33	13.33		
	Other	NIL	NIL	NIL	NIL		
	<b>Total (1)</b>	<b>7.80</b>	<b>7.90</b>	<b>4.73</b>	<b>20.43</b>		
2.	Other Non-Executive Directors	<b>Mr. Ramesh Iyer</b>	<b>Mr. K. Chandrasekar</b>	<b>Mr. K. Chakravarthy</b>	<b>Mr. Uday Phadke</b>	<b>Mr. V. Ravi</b>	<b>Total Amount</b>
	Fee for attending Board/Committee Meetings	NIL	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>						<b>20.43</b>
	<b>Overall Ceiling as per the Act (%)</b>	1% of the Net Profits equivalent to Rs. 134.05 Lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report.					
	<b>Total Managerial Remuneration (A+B)</b>						<b>216.01</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Financial Officer (Mr. Dharmesh Vakharia)	Company Secretary@ (Ms. Harshada Pathak) <sup>(1)</sup>	Company Secretary@ (Ms. Arnavaz M. Pardiwalla) <sup>(2)</sup>	Total Amount
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	64.64	5.91	NIL	70.55
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	14.85*	NIL	NIL	14.85*
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission – as % of profit	NIL	NIL	NIL	NIL
	– others	NIL	NIL	NIL	NIL
5.	Others (medical reimbursement)	0.15	NIL	NIL	0.15
	<b>Total</b>	<b>79.64</b>	<b>5.91</b>	<b>NIL</b>	<b>85.55</b>

\* includes perquisite value of Stock options granted by Mahindra & Mahindra Financial Services Limited (Holding Company).

@ secretarial function covered under cost sharing agreement.

(1) For part of the year. Ceased to be the Company Secretary with effect from 14<sup>th</sup> October, 2015.

(2) Ms. Arnavaz M. Pardiwalla was appointed as the Company Secretary with effect from 11<sup>th</sup> March, 2016. She is also the Company Secretary & Compliance Officer of Mahindra & Mahindra Financial Services Limited (MMFSL), the holding company and her entire remuneration is borne by MMFSL.

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			N. A.		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**For and on behalf of the Board**

**Ramesh Iyer**  
Chairman

Mumbai, 15<sup>th</sup> April, 2016

## ANNEXURE VI TO THE DIRECTORS' REPORT

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.

### 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:

The operations of your Company are not energy intensive.

- (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 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 Accounts. There were no Foreign Exchange Earnings during the year under review.

For and on behalf of the Board

Mumbai, 15<sup>th</sup> April, 2016

**Ramesh Iyer**  
Chairman



## INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RURAL HOUSING FINANCE LIMITED**

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Mahindra Rural Housing Finance Limited ("the Company"), which comprise the balance sheet as at March 31, 2016, 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 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 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 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. 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 financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2016, and its profit and its cash flows for the period from April 1, 2015 to March 31, 2016.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, 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 I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

- f. with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 14 to the financial statements.
  - ii. The Company does not have any long-term

contracts including derivative contracts for which there are any material foreseeable losses that need provision.

- iii. During the year, there were no amounts which were required to be transferred by the Company to the Investor Education and Protection Fund.

**For B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number 105102W

**Naresh Kumar Kataria**

Partner

Membership Number 037825

Mumbai, April 15, 2016

## ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Rural Housing Finance Limited** for the year ended March 31, 2016.

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a programme of phased verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed in respect of assets verified during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- II. The Company is in the business of providing housing finance and consequently, does not hold any inventory. Hence, para 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- III. There are no companies, firms or other parties covered in the register maintained under Section 189 of Companies Act, 2013. Therefore, para 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.
- IV. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and Section 186. Therefore, para 3(iv) of the Order is not applicable to the company.
- V. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, para 3(v) of the Order is not applicable to the company.
- VI. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- VII. (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, service tax, duty of customs, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service Tax, duty of customs and Value Added Tax and other material statutory dues that were outstanding, at the year-end for a

period of more than six months from the date they became payable.

- (c) except for the following cases, there are no disputed dues of income tax or service tax or duty of customs or value added tax which have not been deposited with the relevant authority.

Name of Statute	Nature of dues	Amt in Rs.	Period to which amount relates	Forum where pending
Income Tax Act, 1961	Income Tax	37,75,670	A.Y. 2012-13	CIT(A)
Income Tax Act, 1961	Income Tax	5,41,775	A.Y. 2013-14	Appeal being filed before CIT(A)

- VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues from financial institution or bank or debenture holders as at the Balance Sheet date.
- IX. In our opinion and according to the information and explanations given to us, during the year, the term loans were applied for the purposes for which they were obtained. During the year, there were no moneys raised by way of initial public offer or further public offer.
- X. Except for 28 cases of frauds aggregating Rs. 60.16 Lacs which were noticed by the management and informed to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees have been noticed nor have been reported during the year.
- XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- XII. The Company is not a 'Nidhi Company', therefore, para 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- XIII. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit, therefore, para 3(xiv) of the Order is not applicable to the company.
- XV. During the course of our examination of the books and records of the Company, carried out in accordance with

the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

**Naresh Kumar Kataria**  
Partner  
Membership Number 037825

Mumbai, April 15, 2016

## **ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA RURAL HOUSING FINANCE LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Mahindra Rural Housing Finance Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**

Chartered Accountants

Firm's Registration Number 105102W

**Naresh Kumar Kataria**

Partner

Membership Number 037825

Mumbai, April 15, 2016

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Note No.	Rs. in Lacs March 2016	Rs. in Lacs March 2015
<b>I. EQUITY &amp; LIABILITIES</b>			
1) <b>Shareholders' funds</b>			
a) Share Capital.....	1	7,572.92	6,573.71
b) Reserves and Surplus.....	2	20,003.78	10,742.14
		<u>27,576.70</u>	<u>17,315.85</u>
2) <b>Non-Current Liabilities</b>			
a) Long Term Borrowings.....	3	204,106.47	149,705.07
b) Long Term Provisions .....	4	3,491.23	1,935.23
		<u>207,597.70</u>	<u>151,640.30</u>
3) <b>Current Liabilities</b>			
a) Short Term Borrowings.....	5	36,649.45	4,124.23
b) Trade Payables	6		
i) Micro & Small Enterprises.....		–	–
ii) Other Trade Payables .....		3,098.68	2,050.32
c) Other Current Liabilities .....	7	50,000.06	32,997.27
d) Short Term Provisions.....	8	5,201.38	3,814.43
		<u>94,949.57</u>	<u>42,986.25</u>
<b>TOTAL.....</b>		<b><u>330,123.97</u></b>	<b><u>211,942.40</u></b>
<b>II. ASSETS</b>			
1) <b>Non-Current Assets</b>			
a) Fixed Assets	9		
Tangible Assets .....		1,046.06	690.87
b) Deferred Tax Assets (Net).....	10	583.89	95.60
c) Long Term Loans and Advances .....	11	247,715.80	158,217.57
		<u>249,345.75</u>	<u>159,004.04</u>
2) <b>Current Assets</b>			
a) Cash and Cash Equivalents .....	12	1,127.21	990.24
b) Short Term Loans and Advances.....	13	79,651.01	51,948.12
		<u>80,778.22</u>	<u>52,938.36</u>
<b>TOTAL.....</b>		<b><u>330,123.97</u></b>	<b><u>211,942.40</u></b>
<b>Summary of significant accounting policies and notes to the financial statements</b>	<b>I &amp; II</b>		

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 & Co.**  
Chartered Accountants  
(FRN: 105102W)

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

<b>Particulars</b>	<b>Note No.</b>	<b>Rs. in Lacs March 2016</b>	<b>Rs. in Lacs March 2015</b>
I. Revenue from Operations .....	15	49,536.90	32,830.44
II. Other Income .....	16	7.83	14.03
<b>III. Total Revenue (I + II) .....</b>		<b>49,544.73</b>	<b>32,844.47</b>
<b>IV. Expenses:</b>			
Employee Benefits Expense .....	17	9,218.31	6,528.93
Finance Costs .....	18	21,332.05	14,112.07
Depreciation and Amortization Expense .....	19	343.34	275.01
Loan Provisions and Write Offs .....	20	3,873.47	1,829.51
Other Expenses .....	21	5,107.92	3,367.15
<b>Total Expenses .....</b>		<b>39,875.09</b>	<b>26,112.67</b>
<b>V. Profit Before Tax (III - IV) .....</b>		<b>9,669.64</b>	<b>6,731.80</b>
<b>VI. Tax expense:</b>			
(1) Current Tax .....		3,818.00	2,394.00
(2) Deferred Tax .....		(488.29)	(138.26)
(3) Short Provision for Income Tax - earlier years .....		71.90	58.72
		<b>3,401.61</b>	<b>2,314.46</b>
<b>VII. Profit/(Loss) for the year (V - VI) .....</b>		<b>6,268.03</b>	<b>4,417.34</b>
<b>VIII. Earnings per Equity Share (Rupees):</b>			
(Face value - Rs. 10/- per share)			
(1) Basic .....		9.53	7.15
(2) Diluted .....		9.53	7.15
<b>Summary of significant accounting policies and notes to the financial statements</b>	<b>I &amp; II</b>		

The notes referred to above form an integral part of the Statement of Profit & Loss.  
This is the Statement of Profit & Loss referred in our report of even date.

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

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer

**CASH FLOW STATEMENT AS AT 31<sup>ST</sup> MARCH, 2016**

Particulars	Rs. in Lacs March 2016	Rs. in Lacs March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes and contingencies and exceptional items.....	9,669.64	6,731.80
<b>Add/(Less) : Adjustment For</b>		
Depreciation and amortisation expenses.....	343.34	275.01
Loss/(profit) on sale of fixed assets .....	4.13	5.48
Provision for Non Performing Assets .....	3,112.64	1,379.41
General Provision for Standard Assets .....	422.75	273.83
<b>Operating profit before working capital changes .....</b>	<b>13,552.50</b>	<b>8,665.53</b>
Less: (Increase)/decrease in loans and advances .....	(117,127.48)	(74,420.48)
Add : Increase in current liabilities .....	9,786.92	5,293.93
Cash generated from/(used in) operations .....	(93,788.06)	(60,461.02)
Advance taxes paid .....	(3,963.31)	(2,299.52)
<b>Net Cash Generated from/(Used In) Operating Activities (A) .....</b>	<b>(97,751.37)</b>	<b>(62,760.54)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES .....</b>		
Purchase of fixed assets/Software.....	(785.05)	(303.49)
Sale of fixed assets .....	8.76	12.67
<b>Net Cash Generated from/(Used In) Investing Activities (B) .....</b>	<b>(776.29)</b>	<b>(290.82)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares (net of issue expenses).....	3,992.82	2,502.86
Proceeds from long-term borrowings.....	80,700.00	139,157.00
Repayment of long-term borrowings.....	(17,524.83)	(79,053.55)
Increase/(Decrease) in short-term borrowings (net) .....	32,525.21	1,499.23
Dividend paid on equity shares .....	(854.58)	(612.98)
Tax on equity dividend paid.....	(173.99)	(104.18)
<b>Net Cash Generated from/(Used In) Financing Activities (C) .....</b>	<b>98,664.63</b>	<b>63,388.39</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C) .....</b>	<b>136.97</b>	<b>337.03</b>
Cash and cash equivalents at the beginning of the year.....	990.24	653.21
<b>Cash and cash equivalents at the end of the year (Refer Note no. 12) .....</b>	<b>1,127.21</b>	<b>990.24</b>

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 & Co.**  
Chartered Accountants  
(FRN: 105102W)

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer



# SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

## Note I

### NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31<sup>st</sup>, 2016.

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### 1.1 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 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 realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent 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 National Housing Bank for Housing Finance Companies.

##### 1.2 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.

##### 1.3 Revenue Recognition

###### a. General:

Revenue is recognised when it is reasonably certain that it is measurable and further that it would not be unreasonable to expect its ultimate collection.

###### b. Income from Loans:

- i. Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts.
- ii. Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.
- iii. Delayed payment charges and fee based income are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.
- iv. Income on business assets classified as Non-performing Assets, is recognised strictly in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies. Unrealized interest recognized as income in the previous period is reversed in the month in which the asset is classified as Non-performing.

###### c. Income From Investments:

- i. Dividend from investments is accounted for as income when the right to receive dividend is established.
- ii. Interest income is accounted on accrual basis.

##### 1.4 Fixed Assets, Depreciation and Amortization

###### a. Tangible Assets:

Tangible assets are stated at cost of acquisition (including incidental expenses), less accumulated depreciation. Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

###### b. Depreciation on Tangible Assets

Depreciation on fixed assets is charged on the basis of the useful life of the assets as specified in Schedule II to The Companies Act, 2013 except for:

- i. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.

- ii. Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.

##### 1.5 Foreign Exchange Transactions and Translations

###### a. Initial recognition:

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction dates.

###### b. Conversion

- i. 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.
- ii. Non-monetary items, which are measured in terms of historical Cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

###### c. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- i. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of profit and loss.
- ii. 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.

##### 1.6 Investments

Investments held as long-term investments are carried at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

Provision for diminution in value of investments is made if management perceives that there is permanent diminution in value of investments or in accordance with the norms prescribed by National Housing Bank and Accounting Standard on 'Accounting for Investments' (AS 13) notified by Companies (Accounting Standards) Rules, 2006.

##### 1.7 Loan Against Assets

Loan against assets are stated at agreement value net of installments received less unamortized finance charges.

##### 1.8 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.

##### 1.9 Lease

Lease rentals in respect of assets taken on operating lease arrangements are recognized as per the terms of the lease.

##### 1.10 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.

#### 1.11 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.

#### 1.12 Employee Benefits

##### a. Contribution to provident fund

Company's contribution paid/payable during the year to provident fund and labour welfare fund are recognised in the Statement of profit and loss.

##### b. Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

##### c. Superannuation

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of profit and loss. The Company has no obligation to the scheme beyond its monthly contributions.

##### d. Leave encashment/compensated absences/sick leave

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

#### 1.13 Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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 amortized over the tenure of the respective borrowings.

#### 1.14 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.

#### 1.15 Provisions for Non Performing Assets (NPA)

Housing loans are classified into "Performing" and "Non Performing" assets in terms of guidelines laid down by the National Housing Bank.

The provisioning policy of the Company covers the minimum provisioning required as per the NHB guidelines.

#### 1.16 Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation as a result of a past event, 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 or a reliable estimate of the amount cannot be made.

#### Note 1

##### Share Capital:

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Authorised Capital:</b>		
100,000,000 Equity shares of Rs. 10/- each	10,000.00	10,000.00
<b>Issued Capital:</b>		
75,729,181 Equity shares of Rs. 10/- each (Previous year 65,737,137 Equity shares of Rs. 10/- each fully paid up)	7,572.92	6,573.71
<b>Subscribed and Paid-up Capital:</b>		
75,729,181 Equity shares of Rs. 10/- each fully paid up (Previous year 65,737,137 Equity shares of Rs. 10/- each fully paid up)	7,572.92	6,573.71
<b>Total</b>	<b>7,572.92</b>	<b>6,573.71</b>

Particulars	March 2016	March 2015
<b>Other quantitative information:</b>		
<b>a) Reconciliation of Number of Equity Shares :</b>		
Balance at the beginning of the year	65,737,137	65,737,137
Issue of Rights Shares	9,992,044	-
Balance at the end of the period	<b>75,729,181</b>	<b>65,737,137</b>
<b>b) Reconciliation of Equity Shares - in Value</b>		
Balance at the beginning of the year	6,573.71	5,572.57
Add : Issue of Right Shares (Equity Share 9,992,044 @ Rs. 10/- Each) (Previous year call made for partly paid up shares Rs. 5/- per Share - 20,022,857 Equity Shares)	999.21	1,001.14
Balance at the end of the period	<b>7,572.92</b>	<b>6,573.71</b>
<b>c) Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates -</b>		
Holding Company: Mahindra & Mahindra Financial Services Limited (including 6 shares held jointly with nominees)	66,263,043	57,520,003
Percentage of Holding (%)	87.50%	87.50%
<b>d) Shareholders Holding more than 5% Shares :</b>		
Mahindra & Mahindra Financial Services Limited	66,263,043	57,520,003
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	9,466,138	8,217,134
Percentage of holding (%)	12.50%	12.50%

**Note 2**

**Reserves and Surplus:**

Particulars	Rs. in Lacs March 2016	Rs. in Lacs March 2015
<b>Securities Premium Reserve:</b>		
Balance as at the beginning of the year	2,998.42	1,496.71
Add : Received during the year on account of fully paid up shares	2,997.61	1,501.71
Less : Deduction during the year in respect of shares issue expenses	4.00	-
<b>Net balance as at the end of the year</b>	<b>5,992.03</b>	<b>2,998.42</b>

**Statutory Reserve:**

(As per Section 29C of the National Housing Bank Act, 1987) {refer note no 22}

Balance as at the beginning of the year	3,554.93	2,079.93
Add : Transfer from surplus in the Statement of Profit and Loss	2,325.00	1,475.00

<b>Balance as at the end of the year</b>	<b>5,879.93</b>	<b>3,554.93</b>
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**General Reserve :**

Balance as at the beginning of the year	290.00	68.00
Add : Transfer from surplus in the Statement of Profit and Loss	-	222.00

<b>Balance as at the end of the year</b>	<b>290.00</b>	<b>290.00</b>
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**Surplus in Statement of Profit and Loss :**

<b>Balance as at the beginning of the year</b>	<b>3,898.79</b>	<b>2,934.78</b>
Add : Profit for the current period transferred from Statement of Profit and Loss	6,268.03	4,417.34
	<b>10,166.82</b>	<b>7,352.12</b>

**Less: Appropriations:**

General Reserve	-	222.00
Special Reserve	2,300.00	1,450.00
Additional Special Reserve	25.00	25.00
Proposed Dividend On Equity Shares (refer note 2.18)	-	854.58
Corporate Dividend Tax on Equity Shares (refer note 2.18)	-	173.99
Additional depreciation charged due to change in useful life (refer note 2.7)	-	21.68
Deferred Tax Liability on Special Reserve (refer note 2.6 )	-	706.08
	2,325.00	3,453.33

<b>Balance as at the end of the year</b>	<b>7,841.82</b>	<b>3,898.79</b>
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<b>Total</b>	<b>20,003.78</b>	<b>10,742.14</b>
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**Note 3**

**Long Term Borrowings:**

Particulars	Rs. in Lacs March 2016	Rs. in Lacs March 2015
<b>a) Secured -</b>		
Term Loans:		
- from banks {refer note no 23 (i)}	180,220.47	120,666.08
- from National Housing Bank {refer note no 23 (ii)}	15,186.00	21,682.49
<b>Total</b>	<b>195,406.47</b>	<b>142,348.57</b>

**Particulars**

**b) Unsecured -**

Unsecured bonds (Subordinate Debt) {refer note no 24 (i)}

Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}

<b>Total</b>	<b>8,700.00</b>	<b>7,356.50</b>
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<b>Total (a+b)</b>	<b>204,106.47</b>	<b>149,705.07</b>
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**Note 4**

**Long Term Provisions:**

Particulars	Rs. in Lacs March 2016	Rs. in Lacs March 2015
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Provision for employee benefits {refer note no 2.13}

Provision for Non performing assets {refer note no 2.2}

Contingent provision for Standard assets {refer note no 2.2}

<b>Total</b>	<b>3,491.23</b>	<b>1,935.23</b>
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**Note 5**

**Short Term Borrowings:**

Particulars	Rs. in Lacs March 2016	Rs. in Lacs March 2015
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**a) Secured -**

Loans from banks {refer note 25}

Cash Credit facilities with banks {refer note 25}

<b>Total</b>	<b>14,394.45</b>	<b>3,549.23</b>
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**b) Unsecured -**

Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}

Commercial paper (CPs) {refer note no 26}

<b>Total</b>	<b>22,255.00</b>	<b>575.00</b>
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<b>Total</b>	<b>36,649.45</b>	<b>4,124.23</b>
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**Note 6**

**Trade Payables:**

Particulars	Rs. in Lacs March 2016	Rs. in Lacs March 2015
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**a) Finance**

Outstanding dues of Micro Enterprises and Small Enterprises

Other Outstanding dues

**b) Expenses and Others**

Outstanding dues of Micro Enterprises and Small Enterprises

Other Outstanding dues

<b>Total</b>	<b>3,098.68</b>	<b>2,050.32</b>
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**Note 7**

**Other Current Liabilities:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Current Maturities of Long Term Debt</b>		
<b>a) Secured -</b>		
Term Loans:		
- From banks {refer note no. 23 (i)}	15,145.61	8,223.39
- From National Housing Bank {refer note no 23 (ii)}	6,109.49	7,039.44
	<u>21,255.10</u>	<u>15,262.83</u>
<b>b) Unsecured -</b>		
Loans and Advances from related parties (ICDs) {refer note no. 24 (ii)}	4,656.50	1,875.00
	<u>4,656.50</u>	<u>1,875.00</u>
Interest Accrued but not due on Borrowings	1,977.00	1,364.63
Credit balances in Current Accounts with Banks as per books	21,884.83	14,338.03
Statutory & Other Liabilities	226.63	156.78
<b>Total</b>	<u><b>50,000.06</b></u>	<u><b>32,997.27</b></u>

**Note 8**

**Short-term provisions:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Provision for Employee Benefits {refer note no 2.13}	1,338.15	856.14
<b>Others</b>		
Provision for Non Performing Assets {refer note no. 2.2}	3,450.11	1,531.35
Contingent Provisions against Standard Assets {refer note no. 2.2}	271.01	182.86
Proposed Dividend on equity shares (refer note no. 2.18)	-	854.58
Corporate Dividend Tax (refer note no. 2.18)	-	173.99
Provision for Taxation (net of taxes paid)	142.11	215.51
<b>Total</b>	<u><b>5,201.38</b></u>	<u><b>3,814.43</b></u>

**Note 9**

**Fixed Assets:**

Rs. in Lacs

Asset Description	GROSS BLOCK AT COST				DEPRECIATION & AMORTISATION				NET BLOCK		
	As at 1 <sup>st</sup> April, 2015	Additions	Deductions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	Transitional Depreciation#	Additions	Deductions/ adjustments	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015	As at 31 <sup>st</sup> March, 2016
	<b>i) Tangible Assets:</b>										
Buildings	-	23.12	-	23.12	-	-	0.13	-	0.13	-	22.99
Computers	331.34	205.24	-	536.58	202.14	-	112.91	0.77	314.28	129.20	222.30
	<i>257.61</i>	<i>77.94</i>	<i>4.21</i>	<i>331.34</i>	<i>72.05</i>	<i>21.50</i>	<i>111.61</i>	<i>3.02</i>	<i>202.14</i>	<i>185.56</i>	<i>129.20</i>
Furniture and Fixtures	148.83	96.66	1.93	243.56	69.66	-	52.66	1.80	120.52	79.17	123.04
	<i>109.76</i>	<i>39.07</i>	-	<i>148.83</i>	<i>52.32</i>	-	<i>17.34</i>	-	<i>69.66</i>	<i>57.44</i>	<i>79.17</i>
Vehicles	297.20	121.74	16.50	402.44	109.41	-	53.77	7.34	155.84	187.79	246.60
	<i>314.22</i>	<i>31.32</i>	<i>48.34</i>	<i>297.20</i>	<i>95.59</i>	-	<i>49.68</i>	<i>35.86</i>	<i>109.41</i>	<i>218.63</i>	<i>187.79</i>
Office Equipment	471.06	264.66	11.69	724.03	176.35	-	123.87	7.32	292.90	294.71	431.13
	<i>353.55</i>	<i>135.16</i>	<i>17.65</i>	<i>471.06</i>	<i>92.95</i>	<i>0.18</i>	<i>96.38</i>	<i>13.16</i>	<i>176.35</i>	<i>260.60</i>	<i>294.71</i>
<b>Total</b>	<b>1,248.43</b>	<b>711.42</b>	<b>30.12</b>	<b>1,929.73</b>	<b>557.56</b>	<b>-</b>	<b>343.34</b>	<b>17.23</b>	<b>883.67</b>	<b>690.87</b>	<b>1,046.06</b>
	<i>1,035.14</i>	<i>283.49</i>	<i>70.20</i>	<i>1,248.43</i>	<i>312.91</i>	<i>21.68</i>	<i>275.01</i>	<i>52.04</i>	<i>557.56</i>	<i>722.23</i>	<i>690.87</i>

Previous year figures are in italics.

# represents transitional depreciation charge adjusted in opening balance of surplus in statement of profit and loss on re-computation based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 in respect of carrying amount of assets where remaining useful life of an asset is nil (refer note no.2.7)

**Note 10**

**Deferred Tax Assets (net):**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>a) Deferred tax assets</b>		
Provision for Non Performing Assets	2,060.77	964.31
Provision on Standard Assets	422.89	273.97
Difference between written down value of books of account and Income Tax Act, 1961	56.61	26.66
Other Disallowances	49.70	37.47
	<u>(a) 2,589.97</u>	<u>1,302.41</u>
<b>b) Deferred tax liabilities</b>		
Special Reserve	2,006.08	1,206.81
	<u>(b) 2,006.08</u>	<u>1,206.81</u>
<b>Deferred Tax Assets (Net)</b>	<u><b>583.89</b></u>	<u><b>95.60</b></u>

**Note 11**

**Long Term Loans and Advances:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Unsecured, Considered good unless otherwise stated:</b>		
Capital Advances	94.19	20.56
Deposits for Office Premises/Others	105.52	75.69
Other Loans and Advances		
- Employee Loans & Advances	12.17	7.03
- Prepaid Expenses	33.90	6.08
<b>Loans against Assets - Housing Loans (Secured):</b>		
- Loans against Assets - Housing Loans (Secured - Considered good)	235,536.20	151,932.21
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	11,628.36	6,176.00
<b>Loans against Assets - Others (Secured):</b>		
- Loans against Assets - Others (Secured - Considered good)	304.63	-
- Loans against Assets - Others (Secured - Non Performing Assets)	0.83	-
<b>Total</b>	<u><b>247,715.80</b></u>	<u><b>158,217.57</b></u>

**Note 12**

**Cash and bank balance**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Cash and Cash Equivalents:</b>		
Balance with Banks in Current Accounts	610.79	684.50
Cash on Hand	516.42	305.74
<b>Total</b>	<b>1,127.21</b>	<b>990.24</b>

**Note 13**

**Short Term Loans & Advances:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Unsecured, Considered good unless otherwise stated:</b>		
<b>Loans against Assets - Housing Loans (Secured)</b>		
- Loans against Assets - Housing Loans (Secured - Considered good)	66,810.78	45,634.14
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	12,055.79	6,089.29
<b>Loans against Assets - Others (Secured)</b>		
- Loans against Assets - Others (Secured - Considered good)	114.41	-
- Loans against Assets - Others (Secured - Non Performing Assets)	0.99	-
<b>Other Loans and Advances</b>		
- Employee Loans & Advances	37.31	28.47
- Prepaid Expenses	609.46	185.38
- Other Short Term Advances	6.65	-
Deposits for Office Premises/Others	15.62	10.84
<b>Total</b>	<b>79,651.01</b>	<b>51,948.12</b>

**Note 14**

**Contingent Liabilities, Commitments (to the extent not provided for) and Changes in Provisions:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>I Contingent Liabilities and commitments (to the extent not provided for):</b>		
(a) Legal suits filed by customers in Consumer Forums and civil courts claiming compensation from the company	10.04	15.18
(b) Demand against the company not acknowledged as debts - Income Tax	37.76	37.76
<b>Total</b>	<b>47.80</b>	<b>52.94</b>
<b>II Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account	29.01	51.78
<b>Total</b>	<b>29.01</b>	<b>51.78</b>

**Note 15**

**Revenue from Operations:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
a) <b>Interest Income</b>		
Income from Loans	45,058.64	29,740.41
Others (Employee Loans, etc)	2.65	1.06
<b>Total</b>	<b>45,061.29</b>	<b>29,741.47</b>

b) **Other Financial Services**

Service Charges and Other Fees on loan transactions	4,475.61	3,088.97
	<b>4,475.61</b>	<b>3,088.97</b>
<b>Total (a + b)</b>	<b>49,536.90</b>	<b>32,830.44</b>

**Note 16**

**Other Income:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Other non-operating income	7.83	14.03
<b>Total</b>	<b>7.83</b>	<b>14.03</b>

**Note 17**

**Employee Benefit Expenses:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Salary, Bonus and Incentives	8,281.59	5,893.72
Company's Contribution to Provident Funds and other funds	602.97	427.38
Employee Stock Compensation Costs	113.98	76.99
Staff Welfare Expenses	219.77	130.84
<b>Total</b>	<b>9,218.31</b>	<b>6,528.93</b>

**Note 18**

**Finance Cost:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Interest Expense	21,177.80	14,007.36
Other Borrowing Costs	154.25	104.71
<b>Total</b>	<b>21,332.05</b>	<b>14,112.07</b>

**Note 19**

**Depreciation and Amortization Expense:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Depreciation on Tangible Assets {refer note no 2.7}	343.34	275.01
<b>Total</b>	<b>343.34</b>	<b>275.01</b>

**Note 20**

**Loan provisions and Write Offs :**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Provision for Non Performing Assets (net)	3,112.64	1,379.41
General Provision on Standard Assets	422.75	273.83
Bad Debts and Write Offs	338.08	176.27
<b>Total</b>	<b>3,873.47</b>	<b>1,829.51</b>

**Note 21**

**Other Expenses:**

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
Electricity Charges	41.23	26.60
Rent	198.21	139.63
Repairs & Maintenance - - Buildings	83.93	11.49

MAHINDRA RURAL HOUSING FINANCE LIMITED

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
- Others	10.00	3.71
Insurance	234.72	150.29
Rates & Taxes, excluding taxes on income	37.21	16.40
Directors' sitting fees and commission	20.43	0.30
Commission & Brokerage	0.33	-
Legal & Professional Charges	459.39	239.94
Travelling & Conveyance Expenses	1,730.92	1,212.98
Administration Support Charges	427.33	381.87
Loss on Sale/Disposal of Owned Assets	4.13	5.48
Payments to the Auditor -		
(a) as auditor	7.53	5.04
(b) for other services	10.66	6.48
(c) for reimbursement of expenses	0.02	0.07
Corporate Social Responsibility Expenditure {refer note no 2.10}	109.43	66.85
General and Administrative Expenses	1,732.45	1,100.02
<b>Total</b>	<b>5,107.92</b>	<b>3,367.15</b>

**Note 22**

**Movement of Statutory Reserve**

(As per Section 29C of the National Housing Bank Act, 1987)

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
<b>Balance at the beginning of the period</b>		
(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	35.00	10.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	3,519.93	2,069.93
<b>Total</b>	<b>3,554.93</b>	<b>2,079.93</b>

**Addition/Appropriation/Withdrawal during the period**

Add: (a) Amount Transferred u/s 29C of the NHB Act, 1987	25.00	25.00
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,300.00	1,450.00
Less: (a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	-	-
(b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-

**Balance at the end of the period**

(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	60.00	35.00
--	-------	-------

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2016	March 2015
(b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	5,819.93	3,519.93
<b>Total</b>	<b>5,879.93</b>	<b>3,554.93</b>

**Note 23 (i)**

**SECURED - LONG TERM BORROWINGS**

**Secured Term Loans from Banks (Secured loans against assets - Housing Loans and Book debts)**

Particulars	Rate Range	Rs. in Lacs		
		(a) Long Term	(b) Current Maturities	Total
<b>As on 31st March, 2016</b>				
<b>1) Repayable on maturity:</b>				
a) Maturity beyond 3 years	9.65% - 9.75%	25,000.00	-	25,000.00
b) Maturing between 1 year to 3 years	9.65% - 9.70%	55,000.00	-	55,000.00
c) Maturing within 1 year	-	-	-	-
<b>Total repayable on maturity</b>		<b>80,000.00</b>	<b>-</b>	<b>80,000.00</b>
<b>2) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	9.30%	3,888.89	-	3,888.89
b) Maturing between 1 year to 3 years	9.30%	6,798.25	-	6,798.25
c) Maturing within 1 year	9.30% - 9.71%	-	5,912.28	5,912.28
<b>Total</b>		<b>10,687.14</b>	<b>5,912.28</b>	<b>16,599.42</b>
<b>ii) Half-Yearly:</b>				
a) Maturity beyond 3 years	9.70%	3,333.33	-	3,333.33
b) Maturing between 1 year to 3 years	9.70%	10,000.00	-	10,000.00
c) Maturing within 1 year	9.70%	-	4,733.33	4,733.33
<b>Total</b>		<b>13,333.33</b>	<b>4,733.33</b>	<b>18,066.66</b>
<b>iii) Yearly:</b>				
a) Maturity beyond 3 years	9.34% - 9.63%	45,100.00	-	45,100.00
b) Maturing between 1 year to 3 years	9.34% - 9.63%	31,100.00	-	31,100.00
c) Maturing within 1 year	9.50% - 9.63%	-	4,500.00	4,500.00
<b>Total</b>		<b>76,200.00</b>	<b>4,500.00</b>	<b>80,700.00</b>
<b>Total repayable on installments</b>		<b>100,220.47</b>	<b>15,145.61</b>	<b>115,366.08</b>
<b>Total (1+2)</b>		<b>180,220.47</b>	<b>15,145.61</b>	<b>195,366.08</b>

**As on 31st March, 2015**

Particulars	Rate Range	Rs. in Lacs		
		(a) Long Term	(b) Current Maturities	Total
<b>1) Repayable on maturity:</b>				
a) Maturity beyond 3 years	10.20% - 10.50%	30,000.00	-	30,000.00
b) Maturing between 1 year to 3 years	10.25% - 10.30%	45,000.00	-	45,000.00
c) Maturing within 1 year	-	-	-	-

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>Total repayable on maturity</b>		<b>75,000.00</b>	–	<b>75,000.00</b>
<b>2) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	10.00%	1,666.67	–	1,666.67
b) Maturing between 1 year to 3 years	10.00% - 10.80%	4,932.75	–	4,932.75
c) Maturing within 1 year	10.00% - 10.80%	–	3,690.06	3,690.06
<b>Total</b>		<b>6,599.42</b>	<b>3,690.06</b>	<b>10,289.48</b>
<b>ii) Half-Yearly:</b>				
a) Maturity beyond 3 years	10.25%	6,666.67	–	6,666.67
b) Maturing between 1 year to 3 years	10.25%	11,400.00	–	11,400.00
c) Maturing within 1 year	10.25%	–	4,533.33	4,533.33
<b>Total</b>		<b>18,066.67</b>	<b>4,533.33</b>	<b>22,600.00</b>
<b>iii) Yearly:</b>				
a) Maturity beyond 3 years	10.15% - 10.20%	12,000.00	–	12,000.00
b) Maturing between 1 year to 3 years	10.15% - 10.20%	9,000.00	–	9,000.00
c) Maturing within 1 year	–	–	–	–
<b>Total</b>		<b>21,000.00</b>	–	<b>21,000.00</b>
<b>Total repayable on installments</b>		<b>45,666.09</b>	<b>8,223.39</b>	<b>53,889.48</b>
<b>Total (1+2)</b>		<b>120,666.09</b>	<b>8,223.39</b>	<b>128,889.48</b>

**Note 23 (ii)**  
**Secured Term Loans from NHB (Secured loans against assets - Housing Loans and Book debts)**

As on 31st March, 2016		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>1) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	8.85% - 9.55%	5,322.88	–	5,322.88
b) Maturing between 1 year to 3 years	8.85% - 9.70%	9,863.12	–	9,863.12
c) Maturing within 1 year	6.00% - 10.15%	–	6,109.49	6,109.49
<b>Total</b>		<b>15,186.00</b>	<b>6,109.49</b>	<b>21,295.49</b>

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Current Maturities	Total
<b>1) Repayable in installments:</b>				
<b>i) Quarterly:</b>				
a) Maturity beyond 3 years	9.15% - 10.05%	10,092.19	–	10,092.19
b) Maturing between 1 year to 3 years	6.00% - 10.15%	11,590.30	–	11,590.30
c) Maturing within 1 year	6.00% - 10.30%	–	7,039.44	7,039.44
<b>Total</b>		<b>21,682.49</b>	<b>7,039.44</b>	<b>28,721.93</b>

**Note 24 (i)**  
**UNSECURED BORROWINGS**  
**Subordinated Debts (Long Term)**

As on 31st March, 2016		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years (Listed)	9.25% - 9.50%	6,000.00	–	–	6,000.00
b) Maturing between 1 year to 3 years	11.00%	700.00	–	–	700.00
c) Maturing within 1 year	–	–	–	–	–
<b>Total repayable on maturity</b>		<b>6,700.00</b>	–	–	<b>6,700.00</b>

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years	11.00%	700.00	–	–	700.00
b) Maturing between 1 year to 3 years	–	–	–	–	–
c) Maturing within 1 year	–	–	–	–	–
<b>Total repayable on maturity</b>		<b>700.00</b>	–	–	<b>700.00</b>

**Note 24 (ii)**  
**Inter - Corporate Deposits (ICD)**

As on 31st March, 2016		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.80%	2,000.00	–	–	2,000.00
c) Maturing within 1 year	8.50% - 10.50%	–	2,255.00	4,656.50	6,911.50
<b>Total repayable on maturity</b>		<b>2,000.00</b>	<b>2,255.00</b>	<b>4,656.50</b>	<b>8,911.50</b>

As on 31st March, 2015		Rs. in Lacs			
Particulars	Rate Range	(a) Long Term	(b) Short Term	(c) Current Maturities	Total
<b>1) Repayable on maturity:</b>					
a) Maturity beyond 3 years	–	–	–	–	–
b) Maturing between 1 year to 3 years	9.80% - 10.50%	6,656.50	–	–	6,656.50
c) Maturing within 1 year	9.10% - 9.75%	–	575.00	1,875.00	2,450.00
<b>Total repayable on maturity</b>		<b>6,656.50</b>	<b>575.00</b>	<b>1,875.00</b>	<b>9,106.50</b>

**Note 25**  
**SHORT TERM BORROWINGS**  
**Secured Short Term Loans / Cash Credit from Bank (Secured loans against assets - Housing Loans and Books debts)**

As on 31st March, 2016		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
<b>1) Repayable on maturity:</b>				
a) Maturing within 1 year	9.10% - 10.75%	–	14,394.45	14,394.45
<b>Total</b>		–	<b>14,394.45</b>	<b>14,394.45</b>

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
<b>1) Repayable on maturity:</b>				
a) Maturing within 1 year	10.20% - 10.50%	–	3,549.23	3,549.23
<b>Total</b>		–	<b>3,549.23</b>	<b>3,549.23</b>

**Note 26**  
**Commercial Paper Borrowings**

As on 31st March, 2016		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
<b>1) Repayable on maturity:</b>				
a) Maturing within 1 year	8.90% - 9.40%	–	20,000.00	20,000.00
<b>Total</b>		–	<b>20,000.00</b>	<b>20,000.00</b>

As on 31st March, 2015		Rs. in Lacs		
Particulars	Rate Range	(a) Long Term	(b) Short Term	Total
<b>1) Repayable on maturity:</b>				
a) Maturing within 1 year	–	–	–	–
<b>Total</b>		–	–	–

MAHINDRA RURAL HOUSING FINANCE LIMITED

Note II

NOTES TO THE ACCOUNTS:

2.1 The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non-performing Assets in preparation of accounts.

Classification of loans are given below:

Rs. in Lacs

Particulars	Standard Assets	Sub Standard Assets	Bad & Doubtful Assets	Total
<b>As at March 31, 2016</b>				
Housing Loans - Secured	302,346.98	14,346.37	9,337.78	<b>326,031.13</b>
Other Loans & Advances - Secured	419.04	1.82	-	<b>420.86</b>
Other Loans and Advances	820.62	-	-	<b>820.62</b>
Percentage to Total Loans	92.77%	4.38%	2.85%	<b>100.00%</b>
<b>As at March 31, 2015</b>				
Housing Loans	197,566.35	7,607.03	4,658.26	<b>209,831.63</b>
Other Loans	313.50	-	-	<b>313.50</b>
Percentage to Total Loans	94.16%	3.62%	2.22%	<b>100.00%</b>

2.2 The Company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the Company as on 31<sup>st</sup> March 2016 is Rs. 612.67 Lacs (March 2015: Rs. 225.03 Lacs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 issued by National Housing Bank, the Company has made a provision @ 0.40 % on outstanding Standard Assets.

Rs. in Lacs

Particulars	Standard	Sub Standard	Doubtful	Loss
Provisions made:				
<b>As at March 31, 2016</b>				
Housing Loans - Secured	1,209.42	2,554.84	3,212.15	131.76
Other Loans & Advances - Secured	1.68	0.27	-	-
Other Loans & Advances	3.30	-	-	-
<b>As at March 31, 2015</b>				
Housing Loans	790.30	1,297.07	1,408.97	80.34
Other Loans	1.35	-	-	-

2.3 In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the period ending 31<sup>st</sup> March, 2016:

Rs. in Lacs

Particulars	As at April 01, 2015	Additional Provision	Utilizations/ Reversals	As at March 31, 2016
Provision on Standard Assets	791.65	422.75	-	<b>1,214.40</b>
Provision for Non Performing Assets	<b>2,786.38</b>	3,555.26	442.62	<b>5,899.02</b>

2.4 Loan receivable includes Rs. 6,959.07 Lacs outstanding towards financing of insurance as of March 31, 2016 and Rs. 5,025.67 Lacs as of March 31, 2015.

2.5 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.

2.6 In the previous year in terms of requirements of Circular NHB(ND)/DRS/Policy Circular No. 62/2014 issued by NHB, the Company has created deferred tax liability on the Special Reserve. Further Vide another circular NHB(ND)/DRS/Policy Circular 65/2014 dated August 22, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under Section 36(1)(viii) of the Income Tax Act, 1961. As per above circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the reserves over a period of 3 years starting with current financial year, in a planned manner in the ratio of 25:25:50. However the Company had created 100% of deferred tax liability (as per Circular No. 62/2014) of Rs. 706.08 Lacs on accumulated Special Reserve as on April 1, 2014 out of opening balance of surplus in Profit and Loss as on April 1, 2014.

2.7 In the previous year consequent to the enactment of The Companies Act, 2013, the Company had charged depreciation on its fixed assets as per the useful life prescribed in Schedule II to the Act or useful life as assessed by the management (refer Accounting Policies note 1.4). Consequently, depreciation charged for the previous period is increased by Rs. 55.52 Lacs. Further additional depreciation of Rs. 21.68 Lacs, on the fixed assets in respect of which useful life was fully exhausted as at April 1, 2014, was adjusted against the opening balance of surplus in the Profit and Loss.

2.8 The Company is not required to make provision for diminution in value of investments, as per NHB norms, as the Company does not hold any investment.

2.9 The Company has not granted any loans or advances against collateral of gold jewellery.

2.10 During the year the Company has incurred CSR expenses of Rs. 109.43 Lacs (Previous year provision Rs. 66.85 Lacs) as per the requirement of Section 135 of The Companies Act, 2013. The said expenditure represents contribution made to trust which are engaged in the activity prescribed under the said section read with Schedule VII to the Act.

2.11 Bad Debts and Write offs includes loss on termination of Rs. 48.53 Lacs (March 2015 Rs. 22.78 Lacs) which mainly represents shortfall on settlement of certain contracts due to lower realization from such loan assets on account of poor financial position of such customers. Bad Debts recovery of Rs. 12.07 Lacs (Previous year NIL) was made in current year.

2.12 In the opinion of the Board, Current assets, Loans and Advances are of the value stated, if realized, in the ordinary course of business.

2.13 Employee Benefits:

Defined Benefit Plans - As per Actuarial valuation on March 2016.

Rs. in Lacs

	Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
	Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
<b>I. Expense recognised in the Statement of Profit &amp; Loss Account for the period ending 31<sup>st</sup> March 2016</b>						
1 Current service cost	131.19	90.89	23.55	16.22	188.78	145.66
2 Interest cost	8.77	6.02	1.20	0.84	8.93	6.14
3 Expected return on plan assets	(9.26)	(6.33)	-	-	-	-
4 Actuarial (Gains)/ Losses	(92.03)	(60.09)	(13.97)	(12.73)	(168.04)	(106.98)
5 Adjustment due to opening balance	-	1.16	-	-	-	-



Rs. in Lacs

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
		6	Transfer from MBCSPL	-	(13.81)	-	-
7	<b>Total expenses</b>	<b>38.67</b>	<b>17.84</b>	<b>10.78</b>	<b>4.33</b>	<b>29.67</b>	<b>44.82</b>
<b>II. Net asset/(liability) recognised in the Balance Sheet as at 31st March 2016</b>							
1	Present Value of Defined Benefit obligation as at 31st March	131.66	91.92	23.38	12.60	111.66	92.52
2	Fair value of plan assets as at 31st March	125.44	90.86	-	-	-	-
3	Funded status (surplus/(deficit))	(6.22)	(1.06)	(23.38)	(12.60)	(111.66)	(92.52)
4	<b>Net asset/(liability) as at 31st March</b>	<b>(6.22)</b>	<b>(1.06)</b>	<b>(23.38)</b>	<b>(12.60)</b>	<b>(111.66)</b>	<b>(92.52)</b>
<b>III. Change in the obligations during the period ending 31st March 2016</b>							
1	Present Value of Defined Benefit obligation at the beginning of the year	<b>91.92</b>	<b>60.14</b>	<b>12.60</b>	<b>8.27</b>	<b>92.52</b>	<b>55.26</b>
2	Transfer of Projected benefit obligation from MBCSPL	-	0.30	-	-	-	-
3	Current service cost	131.19	90.89	23.55	16.22	188.78	145.66
4	Interest cost	8.77	6.02	1.20	0.84	8.93	6.14
5	Actuarial (Gains)/ Losses	(92.03)	(60.09)	(13.97)	(12.73)	(168.04)	(106.98)
6	Benefits paid	(8.19)	(5.34)	-	-	(10.53)	(7.56)
7	<b>Present Value of Defined Benefit obligation at the end of the period</b>	<b>131.66</b>	<b>91.92</b>	<b>23.38</b>	<b>12.60</b>	<b>111.66</b>	<b>92.52</b>
<b>IV. Change in the fair value of plan assets during the period ending 31st March 2016</b>							
1	Fair value of plan assets at the beginning of the year	90.86	47.77	-	-	-	-
2	Expected return on plan assets	9.26	6.33	-	-	-	-
3	Contributions by employer	33.51	28.29	-	-	-	-

Rs. in Lacs

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
		Mar-16	Mar-15	Mar-16	Mar-15	Mar-16	Mar-15
		4	Actuarial (Gains)/ Losses	-	-	-	-
5	Actual Benefits paid	(8.19)	(5.34)	-	-	-	-
6	Transfer from MBCSPL	-	13.81	-	-	-	-
7	<b>Fair value of plan assets at the end of the period</b>	<b>125.44</b>	<b>90.86</b>	-	-	-	-
<b>V. Major category of plan assets as a percentage of total plan</b>							
	Funded with LIC	100%	100%	-	-	-	-
	Others						
<b>VI. Actuarial Assumptions</b>							
1	Discount Rate	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.	8.00 % p.a.
2	Expected Rate of return on plan assets	8.00 % p.a.	8.00 % p.a.	-	-	-	-
3	Rate of Salary increase	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.	5.00 % p.a.
4	In-service Mortality	Indian Assured lives Mortality (2006-08) Ultimate	Indian Assured lives Mortality (2006-08) Ultimate				

**Experience Adjustments:**

		Period Ending				
		2012	2013	2014	2015	2016
1	Defined benefit obligations at end of the period	22.85	39.61	60.14	91.92	131.66
2	Plan assets at the end of period	32.34	35.88	48.93	90.86	125.44
3	Funded Status Surplus/ (Deficit)	9.48	(3.72)	(11.21)	(1.06)	(6.22)
4	Experience adjustments on plan liabilities (gain)/loss	(6.03)	(6.77)	(10.35)	(20.08)	(30.71)
5	Experience adjustments on plan assets gain/(loss)	----	----	----	----	----

**2.14** The Company has single reportable segment "Housing Finance business – Financial Services" for the purpose of Accounting Standard 17 (AS-17) on Segment Reporting.

**2.15** Earnings per share as required by Accounting Standard-20 (AS-20) read with the Guidance note on "Accounting for employee share based payments" is as follow:

MAHINDRA RURAL HOUSING FINANCE LIMITED

Particulars	March 2016	March 2015
Net Profit after tax (Rs. In Lacs)	6,268.03	4,417.34
Weighted Average Number of Equity Shares of Rs. 10/- each - Basic (in Lacs)	657.92	618.15
Weighted Average Number of Equity Shares of Rs. 10/- each – Diluted (in Lacs)	657.92	618.15
Basic Earnings Per Share (Rs.)	9.53	7.15
Diluted Earnings Per Share (Rs.)	9.53	7.15

2.16 The Company has incurred a cost of Rs. 113.98 Lacs (previous year Rs. 76.99 Lacs) towards ESOP granted to its employees by Mahindra and Mahindra Financial Services Limited (MMFSL).

2.17 During the year Company has purchased immovable property at Chinchwad, Pune amounting to Rs. 23.12 Lacs. The same has been capitalized in the Buildings Block of Fixed Assets.

2.18 The Board of Directors have recommended a dividend of Rs. 1.40 per share on 7,57,29,181 Equity Shares of Rs. 10/- each for the current financial year. The dividend payout will absorb a sum of Rs. 1276.04 Lacs (including Dividend Distribution Tax). As per Companies (Accounting Standards) Amendment Rules 2016, issued by Ministry of Corporate Affairs, vide its Notification No. G.S.R.364 (E) dated 30th March, 2016, Accounting Standards (AS) 4 on Contingencies and Events Occurring After the Balance Sheet Date has been amended as per which proposed dividend is to be provided on actual distribution. Accordingly the Company has not provided for the said proposed dividend recommended by the Board of Directors.

2.19 The Company has incurred an expenditure in Foreign Currency towards:

- Foreign Travel Expenses Rs. 2.93 Lacs (previous year Rs. 0.74 Lacs)
- Conference Registration Charges Rs. NIL (previous year Rs. NIL Lacs)

2.20 Related Party Disclosure as per Accounting Standard 18:

**List of the related parties which have transactions with our Company during the year:**

<b>Ultimate Holding Company:</b>	Mahindra and Mahindra Limited
<b>Holding Company:</b>	Mahindra and Mahindra Financial Services Limited
<b>Fellow subsidiary Companies:</b>	Mahindra Insurance Brokers Limited Mahindra First Choice Services Ltd. NBS International Limited Mahindra Asset Management Company Private Limited Mahindra Integrated Business Solutions Pvt. Ltd. Mahindra Holidays & Resorts India Ltd.
<b>Key Management Personnel:</b>	Mr. Anuj Mehra (Managing Director)

Related Parties transactions are as under:						Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel	
1	Expenses					
	Interest	Mahindra & Mahindra Financial Services Limited	567.27 (602.73)			

Related Parties transactions are as under:						Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel	
		Mahindra Insurance Brokers Limited		411.71 (402.67)		
		Mahindra AMC Private Limited		2.79 -		
	Other Expenses	Mahindra & Mahindra Limited	15.56 (13.81)			
		Mahindra & Mahindra Financial Services Limited	493.73 (517.99)			
		Mahindra First Choice Services Limited		0.83 (1.49)		
		NBS International Limited		0.03 (0.03)		
		Mahindra Integrated Business Solutions Pvt. Ltd.		14.88 -		
		Mahindra Holidays & Resorts India Ltd.		2.24 -		
	Employee Remuneration	Mahindra & Mahindra Financial Services Limited	113.98 (76.99)			
		Mr. Anuj Mehra			195.58 (131.77)	
2	Equity Shares (Including Premium)	Mahindra & Mahindra Financial Services Limited	3,497.22 (2,190.00)			
3	Purchase of Fixed Assets (including CWIP & Capital Advance)	Mahindra & Mahindra Limited		54.71 -		
4	Dividend Dividend paid – for previous year (FY14-15)	Mahindra & Mahindra Financial Services Limited		747.76 (536.36)		

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
	Proposed Dividend for the current year	Mahindra & Mahindra Financial Services Limited	- (747.76)		
5	<b>Finance</b> Inter Corporate Deposits taken	Mahindra & Mahindra Financial Services Limited	- (69,107.00)		
		Mahindra Insurance Brokers Limited		- (1,550.00)	
		Mahindra AMC Private Limited		55.00 -	
	Inter Corporate Deposits repaid	Mahindra & Mahindra Financial Services Limited	- (64,974.38)		
		Mahindra Insurance Brokers Limited		250.00 (1,725.00)	
6	<b>Balances at the end of the period</b> Unsecured Subordinate Debts placed (including interest accrued)	Mahindra & Mahindra Financial Services Limited	700.76 (700.38)		
	Inter Corporate Deposits outstanding (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	5,189.14 (4,747.90)		
		Mahindra Insurance Brokers Limited		4,347.05	

Related Parties transactions are as under:					Rs. in Lacs
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
				(4,613.84)	
		Mahindra AMC Private Limited		57.51 -	
	Payables	Mahindra & Mahindra Limited	10.34 (9.26)		
		Mahindra & Mahindra Financial Services Limited	66.57 (59.41)		
		Mahindra Insurance Brokers Limited		7.88 (4.33)	
		Mahindra First Choice Services Limited		0.65 -	
		Mahindra Integrated Business Solutions Pvt. Ltd		0.74 -	

Notes:

- i) Figures in bracket represent corresponding figure of previous year.
- 2.21** None of the suppliers have submitted their confirmation towards Micro, Small and Medium Enterprises, thus there is no principal or interest dues thereon outstanding to any such supplier at the end of accounting year.
- 2.22** Previous year's figures have been regrouped/ reclassified wherever found necessary.

Signatures to Notes 1 to 26

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

**Ramesh Iyer**  
Chairman

**Nityanath Ghanekar**  
Director

**Anjali Raina**  
Director

**V. Ravi**  
Director

**Naresh Kumar Kataria**  
Partner  
Membership No. 037825  
Mumbai, 15<sup>th</sup> April 2016

**K. Chakravarthy**  
Director

**K. Chandrasekar**  
Director

**M. Narendra**  
Director

**Anuj Mehra**  
Managing Director

**Arnavaz Pardiwala**  
Company Secretary

**Dharmesh Vakharia**  
Chief Financial Officer

