

Directors' Report to the Shareholders

Your Directors have pleasure in presenting their Eighth Report together with the audited accounts of your Company for the year ended 31st March, 2015.

FINANCIAL RESULTS

Particulars	Amount in Rs. Lacs	
	For the period ended 31st March 2015	For the period ended 31st March 2014
INCOME	32,844.47	21,252.10
Less : Finance Costs	14,112.07	8,898.96
Expenditure	11,725.59	8,529.71
Depreciation and Amortisation Expenses	275.01	143.22
Total Expenses	26,112.67	17,571.89
Profit Before Tax	6,731.80	3,680.21
Less : Provision for Tax		
Current Tax	2,394.00	1,309.67
Income Tax – earlier years	58.72	-
Deferred Tax	(138.26)	(337.31)
Profit / (Loss) for the year	4,417.34	2,707.85
Profit / (Loss) brought forward from previous year	2,934.78	1,837.09
Amount available for Appropriation	7,352.12	4,544.94
APPROPRIATIONS:		
Special Reserve	1450.00	820.00
Additional Special Reserve (u/s 29C of NHB Act 1987)	25.00	5.00
General Reserve	222.00	68.00
Proposed dividend on Equity Shares	854.58	612.98
Income-tax on proposed dividend	173.99	104.18
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	3898.79	2934.78

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 and the date of the Report.

OPERATIONS

During the year under review the total income was Rs. 328.44 crores as against Rs. 212.52 crores for the financial year 2013-14, registering a growth of 55% over the previous year. Profit before tax was 83% higher at Rs. 67.32 crores as compared to Rs. 36.80 crores for the previous year. Profit after tax was 63% higher at Rs. 44.17 crores as compared to

Rs. 27.08 crores for the previous year.

Your Company has disbursed loans aggregating Rs. 989.57 crores (previous year Rs. 630.56 crores) achieving a growth of 57% over the previous year. The outstanding loan portfolio as at 31st March, 2015 stood at Rs. 2098.32 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. 2 lacs. During the year under review, around 81,960 families were given home loans (in addition to around 1,81,120 existing

families as on 31st March, 2014). 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 and Bihar.

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 2.22 Crores to the General Reserve and Rs.14.75 Crores to the Statutory Reserve. An amount of Rs. 38.99 Crores

is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors recommend a dividend of Re. 1.30 per Equity Share on 6,57,37,137 Equity Shares of Rs.10 each, aggregating Rs. 8.55 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. 10.29 crores (as against Rs. 7.17 crores (including tax) on account of dividend of Re. 1.1 per Equity Share, paid for the previous year).

GOLDEN JUBILEE RURAL HOUSING FINANCE SCHEME

During the year under review, your Company has disbursed Rs. 642.80 crores in respect of 80,045 dwelling units under the Golden Jubilee Rural Housing Finance Scheme ("the Scheme") of Government of India. The cumulative disbursements by the Company at the end of the year under the Scheme stood at Rs. 2,047.90 crores in respect of 2,58,083 dwelling units.

FINANCE

During the year under review, your Company has been sanctioned Refinance Assistance of Rs. 50 crores from National Housing Bank (NHB). As on 31st March, 2015 the outstanding borrowings from NHB cumulatively amounted to Rs. 287.22 crores.

During the year under review, your Company has been sanctioned Term loans of Rs. 610 crores from banks for tenures of three to five years. As on 31st March, 2015 the outstanding borrowings from Banks amounted to Rs. 1,317.89 crores.

CREDIT RATING

During the year under review, India Rating & Research Private Limited has assigned 'IND AA+' rating with stable outlook to Bank Loans, Non Convertible Debentures & Subordinated Debt of the Company and has assigned 'IND A1+' rating to Commercial Paper of the Company.

Credit Analysis & Research Limited has assigned 'CARE AA+' Rating to Subordinated Debt of the Company.

ACHIEVEMENTS

During the year under review, your Company was awarded for various prestigious recognitions at National level. A few of those were:

- ◆ Won the Thought Leaders Award in "Best change management in private sector for Banking and Financial Services"
- ◆ Awarded the Skoch 'Order Of Merit' on 20th November, 2014 for 'Nurturing Creativity & Innovation' for Qualifying amongst India's Best Projects.
- ◆ Won the ASSOCHAM India 3rd Innovation excellence award.
- ◆ Awarded the "ABP Banking, Financial services and Insurance awards" in the category "most admired service provider in financial sector"

SHARE CAPITAL

During the year under review, an amount of Rs. 12.5 per share (including premium of Rs. 7.5 per share) on 2,00,22,857 equity shares aggregating to Rs. 25.03 crores has been called and paid-up. The Company's paid up capital as on 31st March, 2015 stands at Rs. 65.74 crores consisting of 6,57,37,137 Equity Shares of Rs. 10 each fully paid up.

DEPOSITORY SYSTEM

Your Company's equity shares are available for dematerialisation through National Securities Depository Limited. As on 31st

March, 2015, 99.99 % of the equity shares of your Company were held in dematerialised form.

CAPITAL ADEQUACY

Consequent upon the payment of call money on the partly paid up Equity Shares issued on a Rights basis, the paid-up share capital of the Company has increased to Rs. 65.74 crores as on 31st March, 2015 from Rs. 55.73 crores as on 31st March, 2014. The securities premium account has also been credited with Rs. 15.02 crores.

As a result of the increased net worth, your Company was able to enhance the Capital to Risk Assets Ratio (CRAR) to 15.27 per cent as on 31st March, 2015 well above 12 per cent CRAR prescribed by the NHB.

NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company scrupulously adheres to the prudential guidelines for Non-Performing Assets (NPAs), issued by NHB 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.

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 Sampurna Suraksha Plan which covers the borrowers of the Company.

DIRECTORS

Mr. V. Rajan, Nominee of National Housing Bank (NHB) resigned as the Nominee Director of the Company

with effect from 20th February, 2015. The Board has placed on record its sincere appreciation for the valuable services rendered and the guidance received from Mr. Rajan during his tenure as a Nominee Director of the Company.

Mr. K. Chakravarthy was appointed as a Nominee Director of NHB in place of Mr. V. Rajan, not liable to retire by rotation, at the Meeting of the Board of Directors held on 12th March, 2015.

Mr. Nityanath Ghanekar and Ms. Anjali Raina have been appointed by Members as Independent Directors of the Company for a period of five years with effect from 30th March, 2015.

Mr. Uday Y. Phadke retires by rotation at the forthcoming Annual General Meeting. Mr. Phadke has expressed his desire not to seek re-appointment. It is proposed not to fill up the vacancy thereby caused.

The Board has placed on record its deep appreciation of the invaluable counsel rendered by Mr. Phadke to the Company and his contribution in guiding the management during his tenure as a Director on the Board of Directors of the Company.

Members at the Extraordinary General Meeting held on 27th February, 2015 have re-appointed Mr. Anuj Mehra as Managing Director of the Company for a period of 5 years with effect from 16th January, 2015 to 15th January, 2020.

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

NUMBER OF MEETINGS OF THE BOARD

The Board met seven times in financial year 2014-15 viz., on 15th April, 2014, 14th July, 2014, 21st August, 2014, 13th October, 2014, 13th January, 2015, 12th March, 2015 and 30th March, 2015.

AUDIT COMMITTEE

The Audit Committee of the Board was re-constituted during the year to comprise of Mr. Nityanath Ghanekar (Chairman of the Committee), Ms. Anjali Raina, both Independent Directors and Mr. V. Ravi. The Audit Committee met thrice during the year under review. The role of Audit Committee inter alia includes examination of the financial statements and the auditors' report thereon, review and monitoring of the auditor's independence and performance, and effectiveness of audit process, evaluation of internal financial controls and risk management systems, approval of transactions of the Company with related parties and oversight of the internal audit function.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board was re-constituted during the year to comprise of Mr. Ramesh Iyer, Mr. K. Chandrasekar as well as Mr. Nityanath Ghanekar and Ms. Anjali Raina, Independent Directors of the Company. The Committee met thrice during the year under review. 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.

ASSET LIABILITY COMMITTEE

The Asset Liability Committee (ALCO) of the Board presently comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. K. Chandrasekar and Mr. V. Ravi. The ALCO Committee met twice during the year under review. The Committee oversees the Asset Liability Management system of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee was re-constituted during the year to comprise of Mr. Ramesh Iyer (Chairman), Mr. K. Chandrasekar, Mr. V. Ravi, Mr. Anuj Mehra and Ms. Anjali Raina, Independent Director. The Committee has framed the CSR Policy of the Company in accordance with the Companies Act, 2013 ('the Act') read with 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. During the year under review, your Company has spent Rs. 66.85 Lacs towards CSR activities for promotion of education and improvement of health of the underprivileged section of the society. Your Company is in compliance with the statutory requirements in this regard.

The Annual Report on CSR Activities of the Company in the format prescribed by the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure I to this Report. The contents of the CSR Policy of the Company are published elsewhere in this Annual Report and on the Company's website, www.mahindrahomelifinance.com

ANNUAL EVALUATION BY THE BOARD

Pursuant to the provisions of the Companies Act, 2013, the Board has adopted the Evaluation Framework and carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

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

The evaluation process involves self-evaluation by the Board Member and subsequent assessment by the Nomination and Remuneration Committee and the Board of Directors based on the inputs received from all the Directors through the questionnaires. In general, 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 POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

During the year, the Nomination and Remuneration Committee and the Board of Directors have approved the 'Policy to determine qualifications, positive attributes and independence of Directors and evaluation of the

Board, Committees and individual Directors', 'Policy on Remuneration of Directors' and 'Remuneration Policy for Key Managerial Personnel and Employees' as required under sub-section (3) of section 178 of the Act. 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, independence 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 are appended as Annexure II to this Report in accordance with the provisions of sub-section (4) of section 178 of the Act.

PARTICULARS OF REMUNERATION

In accordance with the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31st March, 2015 or not less than Rs. 5,00,000 per month during any part of the said year are set out in the Annexure III to the Director's Report. The Company had no employee who was employed for a part of the Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 per month during any part of the year.

HUMAN RESOURCES AND TRAINING

Your Company took a number of initiatives to strengthen human resources during the year. 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 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, apart from imparting training to employees.

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

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 the necessary steps to enhance awareness amongst its employees in respect of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year, the Company has not received any complaints of 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 and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

AUDITORS

Messrs. B. K. Khare & Co., Chartered Accountants, retires as Auditors of the Company at the forthcoming Annual General Meeting, and has given their consent for re-appointment. The shareholders would be required to elect Auditors from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and fix their remuneration.

As required under the provisions of Sections 139(1) read with 141 of the Companies Act, 2013, the Company has obtained a written certificate from Messrs. B. K. Khare & Co., Chartered Accountants, proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections.

The Report of Statutory Auditors is enclosed to this Annual Report. There is no qualification, reservation or adverse remark in the Auditors' Report.

SECRETARIAL AUDIT REPORT

The Board of Directors of the Company has appointed Dr. K. S. Ravichandran, Managing Partner, KSR & Co., Practising Company Secretaries LLP, to conduct the Secretarial Audit of the Company and in accordance with provisions of the Companies Act, 2013 the Secretarial Audit Report is appended to this Report as Annexure IV.

The Secretarial Audit Report does not contain any qualification,

reservation or adverse remark.

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2015 forms part of this Report and is appended herewith 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 Company 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 subject to any discriminatory practices. No personnel have been denied access to the Audit Committee.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company has put 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 also ensure that all

transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

During the year, Review of the internal financial controls environment of the Company was undertaken which covered verification of entity level controls, process level controls and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. The Management is responsible for establishing and maintaining internal controls for financial reporting. The effectiveness of the internal control systems of the Company pertaining to financial reporting is reviewed by the Statutory Auditors and the Audit Committee periodically to ensure Financial Statements of the Company present a true and fair view of the state of affairs of the Company.

RISK MANAGEMENT POLICY

The Company has a well-defined risk management framework in place. Your Company has established procedures to periodically place before the Board the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks. 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 & 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 confirm that:

- i. In the preparation of the annual accounts for financial year ended 31st March, 2015, the applicable accounting standards have been followed and there are no material departures

in adoption of these standards.

- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2015 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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 31st March, 2015 on a 'going concern' basis.
- v. 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

Pursuant to section 186 (11) of the Companies Act, 2013 ('the Act'),

the provisions of section 186(4) of the Act requiring disclosure in the financial statements of the full particulars of the loans made and guarantees given or securities provided by a Housing Finance Company in the ordinary course of its business and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security are exempted from disclosure in the Annual Report. No investments were made by the Company during the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year, the company has not entered into any contract or arrangements with related parties which attracted the provisions of section 188 of the Act.

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 is given in Annexure VI.

SUBSIDIARIES

The Company does not have any subsidiary as on 31st March, 2015 or during the financial year ended on that date.

CHANGE IN THE NATURE OF BUSINESS

There have been no change in the

nature of business carried out 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 Non-Convertible Debentures which have not been claimed by the investors or not paid by the Company after the date on which the Non-Convertible Debentures became due for redemption. There were no unclaimed Deposits or interest

thereon or unpaid Dividend due for transfer to Investor Education & Protection Fund during the year.

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 Clause 32 of the Listing Agreement of the parent company – Mahindra & Mahindra Financial Services Limited and the ultimate parent company – Mahindra & Mahindra Limited, with the Stock Exchanges.

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.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their sincere appreciation to National Housing Bank, the Company's customers, bankers, and shareholders for the support received from them 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

Mumbai, 15th April, 2015
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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 :

The objective of Company's CSR policy is to continuously and consistently generate goodwill in communities where the Company operates or is likely to operate, initiate projects that benefit communities and encourage an increased commitment from employees towards CSR activities and volunteering.

The Corporate Social Responsibility Committee ('CSR Committee') is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the CSR Council ('CSR Council') and to monitor the CSR Policy periodically. The CSR Council will be supported by the CSR Secretariat at Head Office, for implementation of the approved projects. For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant

Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company has identified following CSR Thrust areas for undertaking CSR projects or programs or activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/ Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates.

Thrust areas:

a) Education

◆ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

b) Health

◆ Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.

c) Environment

◆ Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation

of natural resources and maintaining quality of soil, air and water.

d) Others

◆ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

◆ Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.

◆ Measures for the benefit of armed forces veterans, war widows and their dependents.

◆ Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.

◆ Contribution to the Prime Minister's National Relief Fund or any other fund set up by the central government for socio-economic development and relief and welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women.

- ◆ Contribution or funds provided to technology incubators located within academic institutions which are approved by the central government
- ◆ Rural development projects.
- ◆ Any other activities within the purview of schedule VII of the Act that the CSR Committee of the Company may define from time to time.

The detailed CSR Policy is available at the website of the Company at 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 Ms. Anjali Raina.
- 3. Average net profit of the Company for last three financial years :** Rs. 3,283.75 Lacs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : Rs. 65.68 Lacs

5. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year; Rs. 66.85 Lacs

(b) Amount unspent, if any; NIL

(c) Manner in which the amount spent during the financial year is detailed below :

(1) S. No.	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered (Note 1)	(4) Projects or programs (1) Local Area or other (2) Specify the state or district where projects or programs were undertaken	(5) Amount outlay (Budget) projects or programs wise	(6) Amount spent on the project or programs (1) Direct & (2) Overhead	(7) Cumulative expenditure upto the reporting period	(8) Amount spent : Directly or Through Implementing Agency
1	KCMET - Donation for Nanhi Kali	(ii)	Mumbai, Maharashtra	Rs. 65.68 Lacs	Rs. 65.85 Lacs	Rs. 65.85 Lacs	K.C. Mahindra Education Trust
2	Samaj Shakti Awards	(i)	Mumbai, Maharashtra	-	Rs. 1.00 Lacs	Rs. 1.00 Lacs	Shree Hariharaputrabhajan Samaj

Note 1

- (i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and differently abled and livelihood enhancement projects.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report : 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 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 Companies Act, 2013.

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

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

MANAGING DIRECTOR/ EXECUTIVE DIRECTORS

The term of office and remuneration of Managing Director/Executive Directors are subject to the approval of the Board of Directors, shareholders, and Central Government, as may be required and the limits laid down under the Companies Act, 2013 from time to time.

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

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

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

Remuneration for Managing Director/Executive Director is designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. The remuneration to the Managing Director/Executive Director comprises of salary, perquisites and performance based incentive apart from retirement benefits like Provident Fund, Superannuation, Gratuity, Leave Encashment, etc., as per Rules of the Company. Salary is paid within the range approved by the Shareholders. Increments are effective annually, as recommended / approved by the NRC/ Board. 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 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 Company policy. The flexible component can be varied only once annually.

The actual pay-out of variable component of the remuneration will be a function of individual

performance as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

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

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

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 chose 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 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.

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 31st March, 2015.

Name of Employee	Designation	Gross Remuneration (subject to income-tax) (Rs. in Lacs)	Qualifications	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held, Designation and Organisation
Mr. Anuj Mehra	Managing Director	131.77	Bachelor in Economics P.G.D.M., I.I.M. (Ahmedabad)	31	54	1st March, 2009	Vice President -Marketing Mahindra Lifespace Developers Limited
Mr. Dharmesh Vakharia	Chief Financial Officer	77.41	Bachelor of Commerce, Chartered Accountant	16	42	1st August, 2011	Chief Manager Regional Accounts - Mahindra & Mahindra Financial Services Limited

Notes:

- Nature of employment is contractual, subject to termination on one month's notice on either side.
- Terms and conditions of employment are as per Company's Rules/contract.
- None of the employees mentioned above is related to any Director or Manager of the Company.
- 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.
- 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.
- Mr. Mehra has been granted stock options under the Employees' Stock Option Scheme of the holding Company, Mahindra & Mahindra Financial Services Limited.

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 31st March, 2015

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 31st March, 2015 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made there under (to the extent applicable).
- (ii) The Companies Act, 2013 and the Rules made there under.
- (iii) The National Housing Bank Act, 1987
- (iv) The Housing Finance Companies (NHB) Directions, 2010
- (v) The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014
- (vi) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.

The Company being an unlisted public company, Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 does not apply. Further the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made there under do not apply.

The compliance of Secretarial Standards does not arise as the same was not notified under Section 118 of the Companies Act, 2013 for being applicable during the period covered under the Audit.

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:

- i) The Securities and Exchange Board of India (Issue of Capital

and Disclosure Requirements) Regulations, 2009.

- ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

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

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting 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:

i) Members have enabled Borrowing Powers of the

company up to a limit of Rs.3,200 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 Seventh Annual General Meeting of the company held on 14th Day of July, 2014.

ii) 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

14th Day of July, 2014 at the said Annual General Meeting of the company held on even date.

iii) The Board of Directors vide their resolution dated 14th July, 2014 made calls @ Rs.5.00 per share with a premium of Rs.7.50 per share on the holders of 2,00,22,857 partly paid equity shares of Rs.10/- each paid-up to the extent of Rs.5.00 per share. Pursuant to the call, all the 2,00,22,857 partly-paid equity shares in the paid-up share capital of the company have been fully paid.

For **KSR & Co Company Secretaries LLP**

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

Place: Coimbatore
Date: 15/04/2015

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. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **KSR & Co Company Secretaries LLP**

Place: Coimbatore
Date: 15/04/2015

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

**ANNEXURE V TO THE DIRECTORS' REPORT
FORM NO. MGT-9**

Extract of Annual Return as on the financial year ended on 31st March, 2015
[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 :-	9th April, 2007
iii)	Name of the Company :-	Mahindra Rural Housing Finance Limited
iv)	Category / Sub-Category of the Company :-	Public Limited Company
v)	Address of the Registered Office and contact details :-	Mahindara Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018. Tel.: 91 22 6652 3500 Fax: 91 22 2497 2741 E-mail: customercare.mrhfl@mahfin.com Website: www.mahindrahomelfinance.com
vi)	Whether listed company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Unit : Mahindra Rural Housing Finance Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 008 Email : einward.ris@karvy.com Tel. No.: 040 67162222; Toll Free No.: 18003454001 Fax No. : 040 23001153

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
i.	Mahindra & Mahindra Limited	L65990MH1945PLC004558	Ultimate Holding company	0.00	2(46)
ii.	Mahindra & Mahindra Financial Services Limited	L65921MH1991PLC059642	Holding company	87.50	2(46)

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	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	5,75,20,003	5,75,20,003	87.50	5,75,19,991	12	5,75,20,003	87.50	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	-	5,75,20,003	5,75,20,003	87.50	5,75,19,991	12	5,75,20,003	87.50	0.00
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	5,75,20,003	5,75,20,003	87.50	5,75,19,991	12	5,75,20,003	87.50	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	82,17,134	82,17,134	12.50	82,17,134	-	82,17,134	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	-	82,17,134	12.50	0.00
2. Non-Institutions									
a) Bodies Corporate	-	-	-	-	-	-	-	-	-
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):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	82,17,134	82,17,134	12.50	82,17,134	-	82,17,134	12.50	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	65,737,137	65,737,137	100.00	6,57,37,125	12	65,737,137	100.00	0.00

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1.	Mahindra & Mahindra Financial Services Limited	5,75,19,991	87.50	Nil	5,75,19,991	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	2	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. Zhooben Bhiwandiwala	2	0.00	Nil	2	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
Total		5,75,20,003	87.50	Nil	5,75,20,003	87.50	Nil	0.00

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	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.)				No change*
	At the End of the year	5,75,20,003	87.50	5,75,20,003	87.50

* During the year, 1,75,20,003 partly paid equity shares held by the Mahindra & Mahindra Financial Services Limited and its joint holders were made fully paid up upon receipt of call money.

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	National Housing Bank				
	At the beginning of the year	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.)		No change*		
	At the end of the year	82,17,134	12.50	82,17,134	12.50

*During the year, 25,02,854 partly paid equity shares held by the National Housing Bank were made fully paid up upon receipt of call money.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Ramesh Iyer (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	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	2	0.00	2	0.00
2.	Mr. Uday Y. Phadke				
	At the beginning of the year	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	Nil	0.00	Nil	0.00
3.	Mr. V. Ravi (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	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	2	0.00	2	0.00

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	Mr. K. Chandrasekar				
	At the beginning of the year	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	Nil	0.00	Nil	0.00
5.	Mr. K. Chakravarthy (appointed as Nominee Director w.e.f. 12th March, 2015)				
	At the beginning of the year	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	Nil	0.00	Nil	0.00
6.	Mr. V. Rajan (ceased to be a Nominee Director w.e.f. 20th February, 2015)				
	At the beginning of the year	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	Nil	0.00	Nil	0.00
7.	Mr. Nityanath Ghanekar (appointed as Independent Director w.e.f. 30th March, 2015)				
	At the beginning of the year	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	Nil	0.00	Nil	0.00
8.	Ms. Anjali Raina (appointed as Independent Director w.e.f. 30th March, 2015)				
	At the beginning of the year	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	Nil	0.00	Nil	0.00

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9.	Mr. Anuj Mehra (jointly with Mahindra & Mahindra Financial Services Limited)				
	At the beginning of the year	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	2	0.00	2	0.00
10.	Mr. Dharmesh Vakharia				
	At the beginning of the year	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	Nil	0.00	Nil	0.00
11.	Ms. Harshada Pathak				
	At the beginning of the year	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	Nil	0.00	Nil	0.00

V. INDEBTEDNESS -

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	(Rs. in lacs)
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	103,515.56	5,848.88	NIL	109,364.44
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,043.44	252.67	NIL	1,296.11
Total (i+ii+iii)	104,559.00	6101.55	NIL	110,660.55
Change in Indebtedness during the financial year				
◆ Addition	116,558.23	140,412.63	NIL	256,970.86
◆ Reduction	58,847.60	136,452.05	NIL	195,299.65
◆ Net Change	57,710.63	3,960.58	NIL	61,671.21
Indebtedness at the end of the financial year				
i) Principal Amount	161,160.63	9,806.50	NIL	170,967.13
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
Total (i+ii+iii)	162,269.63	10,062.13	NIL	172,331.76

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	(Rs. in Lacs)	
		Name of MD/WTD/ Manager	Total Amount
		Mr. Anuj Mehra, Managing Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		95.32
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		36.04*
	(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 - others		-
5.	Others (medical reimbursement)		0.41
	Total (A)		131.77
	Ceiling as per the Act		5% of the Net Profits equivalent to Rs. 426.13 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:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Nityanath Ghanekar	Ms. Anjali Raina		
1.	Independent Directors				
	Fee for attending Board / Committee Meetings	0.30	NIL		0.30
	Commission	NIL	NIL		NIL
	Others	NIL	NIL		NIL
	Total (1)	0.30	NIL		0.30
2.	Other Non-Executive Directors				
	Fee for attending Board / Committee Meetings	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL
	Others	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B)=(1+2)				0.30
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to Rs. 85.23 Lacs with respect to the ceiling for the Company applicable for the financial year covered by this Report.			
	Total Managerial Remuneration (A+B)				132.07

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)	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.79	7.49	68.28
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	16.47*	NIL	16.47*
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission			
	- as % of profit	NIL	NIL	NIL
	- others	NIL	NIL	NIL
5.	Others (medical reimbursement)	0.15	NIL	0.15
	Total	77.41	7.49	84.90

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

@ secretarial function covered under cost sharing agreement.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty			NONE		
Punishment					
Compounding					
C. Other Officers In Default					
Penalty					
Punishment					
Compounding					

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.

Independent Auditors' 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, 2015, and the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, 2015, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such

checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. AS REQUIRED BY SECTION 143(3) OF THE ACT, WE REPORT THAT:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 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 and Co.**
Chartered Accountants
Firm Registration Number 105102W

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 15th April 2015

Annexure to the Auditors' Report

referred to in our report of even date:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.
- 2 The Company is in the business of providing housing finance and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the company.
- 3 The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under section 189 of the Act. Therefore, the provisions of clause (iii), (iii)(a), and (iii) (b) of the said Order are not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company is having an adequate internal control system commensurate with the size and the nature of its business, for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company.
- 6 On facts, the requirements of Para 3(vi) requiring maintenance of cost records are not applicable in case of the Company.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us and records of the Company

examined by us, there are no dues of income tax, sales tax, wealth tax, service -tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except as follows:

Name of the Statute	Nature of Dues	Amount (in Rs.)	Periods to which amounts relates	Forum where the dispute is pending
The Income tax Act, 1961	Income Tax	37,75,670/-	AY 2012-13	CIT(A)

- (c) There were no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
- 8 The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 9 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- 10 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- 11 In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- 12 During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

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

Naresh Kumar Kataria
Partner
Membership No. 37825

Place : Mumbai
Date : 15th April 2015

Balance Sheet

as at March 31, 2015

Rs. in Lacs

Particulars	Note No.	As at March 31	
		2015	2014
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share capital	1	6,573.71	5,572.57
b) Reserves and surplus	2	10,742.14	6,579.42
		17,315.85	12,151.99
2) Non-current liabilities			
a) Long-term borrowings	3	149,705.07	90,783.60
b) Long-term provisions	4	1,936.29	1,215.91
		151,641.36	91,999.51
3) Current liabilities			
a) Short-term borrowings	5	4,124.23	2,625.00
b) Trade payables	6	2,050.32	1,592.66
c) Other current liabilities	7	32,997.27	27,388.98
d) Short-term provisions	8	3,813.37	2,005.92
		42,985.19	33,612.56
Total		211,942.40	137,764.06
II. ASSETS			
1) Non-current assets			
a) Fixed assets	9		
i) Tangible assets		690.87	722.23
b) Deferred Tax Assets (Net)	10	95.60	663.42
c) Long Term Loans and Advances	11	158,217.57	103,445.96
		159,004.04	104,831.61
2) Current assets			
a) Cash and Cash Equivalents	12	990.24	653.21
b) Short Term Loans and Advances	13	51,948.12	32,279.24
		52,938.36	32,932.45
Total		211,942.40	137,764.06
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred in our report of even date.

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

Ramesh Iyer
Chairman

Uday Y. Phadke
Director

Nityanath Ghanekar
Director

Anjali Raina
Director

Naresh Kumar Kataria
Partner
Membership No. 37825

Anuj Mehra
Managing Director

K. Chakravarthy
Director

V Ravi
Director

K Chandrasekar
Director

Harshada Pathak
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

Place : Mumbai
Date : 15th April, 2015

Statement of Profit and Loss

for the year ended March 31, 2015

Particulars	Note No.	Rs. in Lacs	
		As at March 31	
		2015	2014
I. Revenue from Operations	15	32,830.44	21,243.53
II. Other Income	16	14.03	8.57
III. Total Revenue (I + II)		32,844.47	21,252.10
IV. Expenses:			
Employee Benefits Expense	17	6,528.93	3,501.89
Finance Costs	18	14,112.07	8,898.96
Depreciation and Amortization Expense	19	275.01	143.22
Loan Provisions and Write Offs	20	1,829.51	1,066.40
Other Expenses	21	3,367.15	3,961.42
Total Expenses		26,112.67	17,571.89
V. Profit Before Tax (III - IV)		6,731.80	3,680.21
VI. Tax expense:			
(1) Current Tax		2,394.00	1,309.67
(2) Deferred Tax		(138.26)	(337.31)
(3) Short Provision for Income Tax - earlier years		58.72	-
		2,314.46	972.36
VII. Profit / (Loss) for the year (V - VI)		4,417.34	2,707.85
VIII. Earnings per Equity Share (Rupees) : (Face value - Rs. 10/- per share)			
(1) Basic		7.15	4.95
(2) Diluted		7.15	4.95
Summary of significant accounting policies and notes to the financial statements	I & II		

The notes referred to above form an integral part of the Statement of Profit & Loss.

This is the Statement of Profit & Loss referred in our report of even date.

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

Ramesh Iyer
Chairman

Uday Y. Phadke
Director

Nityanath Ghanekar
Director

Anjali Raina
Director

Naresh Kumar Kataria
Partner

Anuj Mehra
Managing Director

K. Chakravarthy
Director

V Ravi
Director

K Chandrasekar
Director

Membership No. 37825

Harshada Pathak
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

Place : Mumbai

Date : 15th April, 2015

Cash Flow Statement

as at March 31, 2015

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes and contingencies and exceptional items	6,731.81	3,680.21
Add/(Less) :		
Non Cash Expenses :		
Depreciation and amortisation expenses	275.01	143.22
Loss/ (profit) on sale of fixed assets	5.48	-
Interest expense	14,007.36	8,825.28
Provision for Non Performing Assets (net)	1,379.41	837.15
General Provision on Standard Assets	273.83	174.13
Operating profit before working capital changes	22,672.90	13,659.99
Add/(Less) :		
Increase / (decrease) in trade payables	457.66	346.91
Increase / (decrease) in long-term provisions	5.14	23.10
Increase / (decrease) in short-term provisions	404.83	115.38
Increase / (decrease) in other current liabilities	4,357.78	2,572.68
Decrease / (increase) in long-term loans and advances	(54,751.61)	(35,822.06)
Decrease / (increase) in short-term loans and advances	(19,668.88)	(11,738.28)
Cash generated from / (used in) operations	(46,522.17)	(30,842.28)
Advance taxes paid	(2,299.52)	(1,309.66)
Net Cash Generated from / (used in) Operating Activities (A)	(48,821.69)	(32,151.94)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets / Software	(303.49)	(368.15)
Sale of fixed assets	12.67	1.04
Net Cash Generated from / (used in) Investing Activities (B)	(290.82)	(367.11)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares (net of issue expenses)	2,502.86	2,497.85
Increase / (Decrease) in long-term borrowings (net)	58,921.47	33,918.85
Increase / (Decrease) in short-term borrowings (net)	1,499.23	(900.00)
Increase / (Decrease) in current maturities of long term loans (net)	1,181.99	6,022.55
Interest paid	(13,938.84)	(8,349.44)
Dividend paid on equity shares	(612.98)	(457.14)
Tax on equity dividend paid	(104.18)	(77.69)
Net Cash Generated from/ (Used In) Financing Activities (C)	49,449.54	32,654.97
Net Increase / (Decrease) in Cash and Cash Equivalent (A+B+C)	337.03	135.93
Cash and cash equivalents at the beginning of the year	653.21	517.28
Cash and cash equivalents at the end of the year (Refer Note no. 12)	990.24	653.21

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

Ramesh Iyer
 Chairman

Uday Y. Phadke
 Director

Nityanath Ghanekar
 Director

Anjali Raina
 Director

Naresh Kumar Kataria
 Partner
 Membership No. 37825

Anuj Mehra
 Managing Director

K. Chakravarthy
 Director

V Ravi
 Director

K Chandrasekar
 Director

Harshada Pathak
 Company Secretary

Dharmesh Vakharia
 Chief Financial Officer

Place : Mumbai

Date : 15th April, 2015

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE I

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 – non current classification of assets and liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing Assets as well as contingency provision for Standard Assets as prescribed by The 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:

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, service charges and fee based income which on

account of uncertainty of ultimate collection are accounted on receipt basis.

Further, in accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing Assets, is recognized on receipt basis. Unrealised interest recognized as income in the previous period is reversed in the month in which the loan is classified as Non-performing.

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 and documentation charges and other fees on loan transactions are recognized at the commencement of the contract.

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.5,000/- are fully depreciated in the period of purchase.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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 unmaturing 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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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.

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 1 SHARE CAPITAL		
Authorised capital :		
100,000,000 Equity shares of Rs. 10/- each	10,000.00	10,000.00
Issued capital :		
65,737,137 Equity shares of Rs. 10/- each	6,573.71	6,573.71
Subscribed and paid-up capital :		
65,737,137 Equity shares of Rs. 10/- each fully paid up (Previous year 45,714,280 Equity shares of Rs. 10/- each fully paid up 20,022,857 Equity Shares of Rs. 10/- each and Rs. 5/- called & paid up)	6,573.71	5,572.57
Total	6,573.71	5,572.57

Other quantitative information :

Particulars	As at March 31	
	2015	2014
a) Reconciliation of number of equity shares :		
Balance at the beginning of the year	65,737,137	45,714,280
1) Issue of Rights Shares	-	20,022,857
Balance at the end of the year	65,737,137	65,737,137
b) Reconciliation of Equity Shares - in Value (Rs. in Lacs)		
Balance at the beginning of the year	5,572.57	4,571.43
Add : Issue of Right Shares	1,001.14	1,001.14
Call made for partly paid up shares Rs. 5 per Equity Share (Previous Year Rs. 5 Per Equity Share)		
Balance at the end of the year	6,573.71	5,572.57
c) Number of Equity Shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates -		
Holding Company: Mahindra & Mahindra Financial Services Limited (including 6 shares held jointly with nominees)	57,520,003	57,520,003
Percentage of Holding (%)	87.50%	87.50%
d) Shareholders Holding more than 5 % Shares :		
Mahindra & Mahindra Financial Services Limited	57,520,003	57,520,003
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	8,217,134	8,217,134
Percentage of holding (%)	12.50%	12.50%

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 2 RESERVES AND SURPLUS		
Securities Premium Reserve:		
Balance as at the beginning of the year	1,496.71	-
Add : Received during the year on account of calls made on partly paid up shares	1,501.71	1,501.71
Less : Deduction during the year in respect of shares issue expenses	-	5.00
Net balance as at the end of the year	2,998.42	1,496.71
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	2,079.93	1,254.93
Add : Transfer from surplus in the Statement of Profit and Loss	1,475.00	825.00
Less: Deduction during the year	-	-
Balances as at the end of the year	3,554.93	2,079.93
General Reserve :		
Balance as at the beginning of the year	68.00	-
Add : Transfer from surplus in the Statement of Profit and Loss	222.00	68.00
Less: Deduction during the year	-	-
Balances as at the end of the year	290.00	68.00
Surplus in Statement of Profit and Loss :		
Balance as at the beginning of the year	2,934.78	1,837.09
Add : Profit for the current year transferred from Statement of Profit and Loss	4,417.34	2,707.85
	7,352.12	4,544.94
Less : Appropriations :		
General Reserve	222.00	68.00
Special Reserve	1,450.00	820.00
Additional Special Reserve	25.00	5.00
Proposed Dividend On Equity Shares	854.58	612.98
Corporate Dividend Tax on Equity Shares	173.99	104.18
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	-
	3,453.33	1,610.16
Balances as at the end of the year	3,898.79	2,934.78
Total	10,742.14	6,579.42

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 3 LONG-TERM BORROWINGS		
a) Secured -		
Term Loans :		
- from banks {refer note no 23 (i)}	120,666.08	66,389.47
- from National Housing Bank {refer note no 23 (ii)}	21,682.49	23,544.13
Total	142,348.57	89,933.60
b) Unsecured -		
Non-Convertible Debentures		
Unsecured bonds (Subordinate Debt) {refer note no 24 (i)}	700.00	700.00
Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	6,656.50	150.00
Total	7,356.50	850.00
Total (a+b)	149,705.07	90,783.60

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 4 LONG-TERM PROVISIONS		
Provision for employee benefits {refer note no 2.13}	72.47	67.33
Provision for Non performing assets	1,255.03	748.37
Contingent provision for Standard assets	608.79	400.21
Total	1,936.29	1,215.91

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 5 SHORT- TERM BORROWINGS		
a) Secured -		
Loans from banks { refer note 25}	2,900.00	1,500.00
Cash Credit facilities with banks { refer note 25}	649.23	-
Total	3,549.23	1,500.00
b) Unsecured -		
Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	575.00	1,125.00
Total	575.00	1,125.00
Total (a+b)	4,124.23	2,625.00

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 6 TRADE PAYABLES		
Finance	1,111.21	912.03
Expenses and Others	939.11	680.63
Total	2,050.32	1,592.66

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 7 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt		
a) Secured -		
Term Loans :		
- From banks {refer note no 23 (i)}	8,223.39	5,862.28
- From National Housing Bank {refer note no 23 (ii)}	7,039.44	6,219.68
	15,262.83	12,081.96
b) Unsecured -		
Loans and Advances from related parties (ICDs) {refer note no 24 (ii)}	1,875.00	3,873.88
	1,875.00	3,873.88
Interest Accrued but not due on Borrowings	1,364.63	1,296.11
Credit balances in Current Accounts with banks as per books	14,338.03	10,021.76
Statutory & Other Liabilities	156.78	115.27
Total	32,997.27	27,388.98

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 8 SHORT-TERM PROVISIONS		
Provision for Employee Benefits {refer note no 2.13}	855.08	450.24
Others		
Provision for Non Performing Assets	1,531.35	658.61
Contingent Provisions against Standard Assets	182.86	117.61
Proposed Dividend on equity shares*	854.58	612.98
Corporate Dividend Tax	173.99	104.18
Provision for Taxation (net of taxes paid)	215.51	62.30
Total	3,813.37	2,005.92

* The Board of Directors have recommended a dividend of Rs. 1.30 per share on 6,57,37,137 Equity Share of Rs. 10/- each for the current financial year. The dividend payout will absorb a sum of Rs.1,028.57 Lacs (including dividend distribution tax).

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 9 FIXED ASSETS

Asset description	Gross Block at Cost				Depreciation & Amortisation				Net Block		
	As at April 01, 2014	Additions	Deductions / adjustments	As at March 31, 2015	As at April 01, 2014	Transitional depreciation#	Additions	Deductions / adjustments	As at March 31, 2015	As at April 01, 2014	As at March 31, 2015
	Rs. in Lacs										
i) Tangible assets :											
Computers	257.61	77.94	4.21	331.34	72.05	21.50	111.61	3.02	202.14	185.56	129.20
	161.81	96.05	0.25	257.61	38.07	-	34.06	0.08	72.05	123.74	185.56
Furniture and Fixtures	109.76	39.07	-	148.83	52.32	-	17.34	-	69.66	57.44	79.17
	83.80	26.96	1.00	109.76	39.79	-	12.66	0.13	52.32	44.01	57.44
Vehicles	314.22	31.32	48.34	297.20	95.59	-	49.68	35.86	109.41	218.63	187.79
	183.75	130.48	-	314.22	47.41	-	48.18	-	95.59	136.34	218.63
Office Equipment	353.55	135.16	17.65	471.06	92.95	0.18	96.38	13.16	176.35	260.60	294.71
	217.68	135.86	-	353.55	44.63	-	48.32	-	92.95	173.05	260.60
Total (i)	1,035.14	283.49	70.20	1,248.43	312.91	21.68	275.01	52.05	557.56	722.23	690.87
	647.04	389.35	1.25	1,035.14	169.90	-	143.22	0.21	312.91	477.14	722.23

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)

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 10 DEFERRED TAX ASSETS (NET)		
a) Deferred tax assets		
Provision for Non Performing Assets	964.31	478.23
Provision on Standard Assets	273.97	176.01
Difference between written down value of books of account and Income Tax Act, 1961	26.66	-
Other Disallowances	37.47	22.17
	(a) 1,302.41	676.41
b) Deferred tax liabilities		
Difference between written down value of books of account and Income Tax Act, 1961	-	12.99
Special Reserve	1,206.81	-
	(b) 1,206.81	12.99
Deferred Tax Assets (Net)	95.60	663.42

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 11 LONG-TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated :		
Capital Advances	20.56	0.56
Deposits for Office Premises / Others	75.69	49.72
Other Loans and Advances		
- Employee Loans & Advances	7.03	4.62
- Prepaid Expenses	6.08	6.47
Loans against Assets - Housing Loans (Secured)		
- Loans against Assets - Housing Loans (Secured - Considered good)	151,932.21	99,856.98
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	6,176.00	3,527.61
Total	158,217.57	103,445.96

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 12 CASH AND BANK BALANCE		
Cash and Cash Equivalents :		
Balance with Banks in Current Accounts	684.50	336.05
Balance with Bank in Cash Credit Accounts	-	1.78
Cash on Hand	305.74	315.38
Total	990.24	653.21

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 13 SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated :		
Loans against Assets - Housing Loans (Secured)		
- Loans against Assets - Housing Loans (Secured - Considered good)	45,634.14	29,343.73
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	6,089.29	2,768.44
Other Loans and Advances		
- Employee Loans & Advances	28.47	18.64
- Prepaid Expenses	185.38	134.70
Deposits for Office Premises / Others	10.84	13.73
Total	51,948.12	32,279.24

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 14 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
i) Contingent liabilities		
a) Legal suits filed by customers in Consumer Forums and civil courts claiming compensation from the company	15.18	29.07
b) Demand against the company not acknowledged as debts - Income Tax	37.76	-
Total	52.94	29.07
ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account	51.78	7.69
Total	51.78	7.69

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 15 REVENUE FROM OPERATIONS		
a) Interest income		
Income from Loans	29,740.41	19,334.22
Others (Employee Loans, etc)	1.06	1.26
	29,741.47	19,335.48
b) Other financial services		
Service Charges and Other Fees on loan transactions	3,088.97	1,908.05
	3,088.97	1,908.05
Total (a+b)	32,830.44	21,243.53

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 16 OTHER INCOME		
Other non-operating income	14.03	8.57
Total	14.03	8.57

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 17 EMPLOYEE BENEFITS EXPENSE		
Salary, Bonus and Incentives	5,893.72	3,141.17
Company's Contribution to Provident Funds and other funds	427.38	247.09
Employee Stock Compensation Costs	76.99	21.57
Staff welfare expenses	130.84	92.06
Total	6,528.93	3,501.89

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 18 FINANCE COSTS		
Interest expense	14,007.36	8,825.28
Other borrowing costs	104.71	73.68
Total	14,112.07	8,898.96

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 19 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on Tangible Assets {refer note no 2.7}	275.01	143.22
Total	275.01	143.22

Particulars	Rs. in Lacs	
	As at March 31	
	2015	2014
NOTE 20 LOAN PROVISIONS AND WRITE OFFS		
Provision for Non Performing Assets (net)	1,379.41	837.15
General Provision on Standard Assets	273.83	174.13
Bad Debts and Write Offs	176.27	55.12
Total	1,829.51	1,066.40

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 21 OTHER EXPENSES		
Electricity charges	26.60	21.23
Rent	139.63	103.58
Repairs and maintenance		
- Buildings	11.49	14.06
- Others	3.71	2.22
Insurance	150.29	116.08
Rates and Taxes	16.40	13.73
Directors' sitting fees and commission	0.30	-
Legal & Professional Charges {refer note no 2.14}	308.99	1,836.52
Travelling and Conveyance Expenses	1,212.98	631.35
Administration Support Charges	381.87	372.31
Loss on Sale / Disposal of Owned Assets	5.48	-
Payments to the Auditor -		
(a) as auditor	5.04	5.04
(b) for other services	6.48	4.73
(c) for reimbursement of expenses	0.07	0.69
CSR Expenditure (including donations) {refer note no 2.10}	66.85	24.45
General and administrative expenses	1,030.97	815.43
Total	3,367.15	3,961.42

Rs. in Lacs

Particulars	As at March 31	
	2015	2014
NOTE 22 MOVEMENT OF STATUTORY RESERVE (As per Section 29C of the National Housing Bank Act, 1987)		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	10.00	5.00
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	2,069.93	1,249.93
Total	2,079.93	1,254.93
Addition/Appropriation/Withdrawal during the year		
Add: a) Amount Transferred u/s 29C of the NHB Act, 1987	25.00	5.00
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	1,450.00	820.00
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 year		
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
Total	3,554.93	2,079.93

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

NOTE 23 SECURED LONG-TERM BORROWINGS

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

Rs. in Lacs

Particulars	As on 31st March, 2015			Total
	Rate range	(a) Non-current	(b) Current	
1) Repayable on maturity:				
a) Maturity beyond 3 years	10.25%	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	-	-	-	-
Total repayable on maturity		75,000.00	-	75,000.00
2) Repayable in installments:				
i) Quarterly :				
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%	4,932.74	-	4,932.74
c) Maturing within 1 year	10.00% - 10.80%	-	3,690.06	3,690.06
Total		6,599.41	3,690.06	10,289.47
ii) Half-yearly :				
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
Total		18,066.67	4,533.33	22,600.00
iii) Yearly :				
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	-	-	-	-
Total		21,000.00	-	21,000.00
Total for repayable in installments		45,666.08	8,223.39	53,889.47
Total (1+2)		120,666.08	8,223.39	128,889.47

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	Rate range	As on 31st March, 2014		Total
		(a) Non-current	(b) Current	
1) Repayable on maturity:				
a) Maturity beyond 3 years	10.20% - 10.50%	48,500.00	-	48,500.00
b) Maturing between 1 year to 3 years	-	-	-	-
c) Maturing within 1 year	-	-	-	-
Total repayable on maturity		48,500.00	-	48,500.00
2) Repayable in installments:				
i) Quarterly :				
a) Maturity beyond 3 years	10.00% - 10.80%	131.58	-	131.58
b) Maturing between 1 year to 3 years	10.00% - 10.80%	5,157.89	-	5,157.89
c) Maturing within 1 year	10.00% - 10.80%	-	4,662.28	4,662.28
Total		5,289.47	4,662.28	9,951.75
ii) Half-yearly :				
a) Maturity beyond 3 years	10.25%	3,333.33	-	3,333.33
b) Maturing between 1 year to 3 years	10.25%	9,266.67	-	9,266.67
c) Maturing within 1 year	10.25%	-	1,200.00	1,200.00
Total		12,600.00	1,200.00	13,800.00
iii) Yearly :				
a) Maturity beyond 3 years	-	-	-	-
b) Maturing between 1 year to 3 years	-	-	-	-
c) Maturing within 1 year	-	-	-	-
Total		-	-	-
Total for repayable in installments		17,889.47	5,862.28	23,751.75
Total (1+2)		66,389.47	5,862.28	72,251.75

NOTE 23

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

Rs. in Lacs

Particulars	Rate range	As at March 31 2015		Total
		(a) Non-current	(b) Current	
1) Repayable in installments :				
i) Quarterly :				
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
Total		21,682.49	7,039.44	28,721.93

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Rs. in Lacs

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current	
1) Repayable in installments :				
i) Quarterly :				
a) Maturity beyond 3 years	6.00%-10.30%	12,134.47	-	12,134.47
b) Maturing between 1 year to 3 years	6.00%-10.30%	11,409.66	-	11,409.66
c) Maturing within 1 year	6.00%-10.30%	-	6,219.68	6,219.68
Total		23,544.13	6,219.68	29,763.81

UNSECURED BORROWINGS

NOTE 24(i)

i) Subordinated Debts (Long Term)

Rs. in Lacs

Particulars	As at March 31 2015				Total
	Rate range	(a) Non-current	(b) Current	(c) Current Maturity	
1) Repayable on maturity :					
a) Maturity beyond 3 years	11.00%	700.00	-	-	700.00
b) Maturing between 1 year to 3 years	-	-	-	-	-
c) Maturing within 1 year	-	-	-	-	-
Total repayable on maturity		700.00	-	-	700.00

Rs. in Lacs

Particulars	As at March 31 2014				Total
	Rate range	(a) Non-current	(b) Current	(c) Current Maturity	
1) Repayable on maturity :					
a) Maturity beyond 3 years	11.00%	700.00	-	-	700.00
b) Maturing between 1 year to 3 years	-	-	-	-	-
c) Maturing within 1 year	-	-	-	-	-
Total repayable on maturity		700.00	-	-	700.00

NOTE 24

ii) Inter - Corporate Deposits (ICD)

Rs. in Lacs

Particulars	As at March 31 2015				Total
	Rate range	(a) Non-current	(b) Current	(c) Current Maturity	
1) Repayable on maturity :					
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
Total repayable on maturity		6,656.50	575.00	1,875.00	9,106.50

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Particulars	As at March 31 2014				Total
	Rate range	(a) Non-current	(b) Current	(c) Current Maturity	
Rs. in Lacs					
1) Repayable on maturity :					
a) Maturity beyond 3 years	-	-	-	-	-
b) Maturing between 1 year to 3 years	9.50% - 11.00%	150.00	-	-	150.00
c) Maturing within 1 year	8.90% - 10.50%	-	1,125.00	3,873.88	4,998.88
Total repayable on maturity		150.00	1,125.00	3,873.88	5,148.88

NOTE 25

Secured Short Term Loans

Particulars	As at March 31 2015			Total
	Rate range	(a) Non-current	(b) Current	
Rs. in Lacs				
1) Repayable on maturity :				
a) Maturing within 1 year	10.20% - 10.50%	-	3,549.23	3,549.23
Total		-	3,549.23	3,549.23

Particulars	As at March 31 2014			Total
	Rate range	(a) Non-current	(b) Current	
Rs. in Lacs				
1) Repayable on maturity :				
a) Maturing within 1 year	10.75%	-	1,500.00	1,500.00
Total		-	1,500.00	1,500.00

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

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:

Particulars	Standard Assets	Sub Standard Assets	Bad and Doubtful Assets	Rs. In Lacs
				Total
As at March 31, 2015				
Housing Loans	197,566.35	8,274.60	3,990.68	209,831.63
Other Loans and Advances	313.50	-	-	313.50
Percentage to Total Loans	94.16%	3.94%	1.90%	100.00%
As at March 31, 2014				
Housing Loans	129,200.71	4,923.87	1,372.19	135,496.76
Other Loans	227.88	-	-	227.88
Percentage to Total Loans	95.36%	3.63%	1.01%	100.00%

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 31st March 2015 is Rs. 283.57 Lacs (March 2014: Rs. 140.91 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.

Particulars	Standard	Sub Standard	Doubtful	Rs. In Lacs
				Loss
Provisions made :				
As at March 31, 2015				
Housing Loans	790.30	1,438.36	1,267.68	80.34
Other Loans	1.35	-	-	-
As at March 31, 2014				
Housing Loans	516.90	857.61	397.04	152.33
Other Loans	0.92	-	-	-

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 provision for the period ending March 31st, 2015:

Particulars	March 2014	Additional Provision	Utilizations / Reversals	Rs. In Lacs
				March 2015
Provision on Standard Assets	517.82	273.83	-	791.65
Provision for Non Performing Assets	1,406.98	1,644.47	265.07	2,786.38

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

2.4 Loan receivable includes Rs. 5,025.67 Lacs outstanding towards financing of insurance as of March 31st, 2015 and Rs. 3,525.77 Lacs as of March 31st, 2014.

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 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 has 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 Profit and Loss as on April 1, 2014.

Company has charged to its Statement of Profit and Loss for the year ended March 31st, 2015

with the deferred tax liability of Rs. 500.73 Lacs on amount appropriated towards Special Reserve out of current year's profits.

2.7 Consequent to the enactment of The Companies Act, 2013, the Company has charged depreciation on its fixed assets as per the useful life mentioned 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 year is increased by Rs. 102 Lacs. Further additional depreciation of Rs. 21.68 Lacs, on the fixed assets in respect of which useful life is fully exhausted as at 1st April 2014, is adjusted against the opening balance of 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. 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. 22.78 Lacs (March 2014 Rs. 8.07 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.

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.

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

2.13 Employee Benefits:

Defined Benefit Plans - As per Actuarial valuation.

	Rs. in Lacs					
	Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
I. Expense recognised in the Statement of Profit and Loss Account for the period ending 31st March						
1 Current service cost	90.89	54.68	16.22	8.88	145.66	85.45
2 Interest cost	6.02	3.83	0.84	0.48	6.14	6.99
3 Expected return on plan assets	(6.33)	(3.66)	-	-	-	-
4 Actuarial (Gains)/Losses	(60.09)	(35.94)	(12.73)	(6.41)	(106.98)	(74.42)
5 Adjustment due to change in opening balance of plan assets	1.16	-	-	-	-	-
6 Fund amount to be transferred from MBCSPL Gratuity Fund*	(13.82)	-	-	-	-	-
7 Total expenses	17.84	18.92	4.33	2.95	44.82	18.02
II. Net asset/(liability) recognised in the Balance Sheet as at 31st March						
1 Present Value of Defined Benefit obligation as at 31st March	91.92	60.14	12.60	8.27	92.52	55.26
2 Fair value of plan assets as at 31st March	90.86	48.93	-	-	-	-
3 Funded status (surplus/(deficit))	1.06	11.21	(12.60)	(8.27)	(92.52)	(55.26)
4 Net asset/(liability) as at 31st March	1.06	11.21	(12.60)	(8.27)	(92.52)	(55.26)
III. Change in the obligations during the period ending 31st March						
1 Present Value of Defined Benefit obligation at the beginning of the year	60.14	39.61	8.27	5.32	55.26	41.20
2 Transfer of Projected benefit obligation from MBCSPL	0.30	-	-	-	-	-
3 Current service cost	90.89	54.68	16.22	8.88	145.66	85.45
4 Interest cost	6.02	3.83	0.84	0.48	6.14	6.99
5 Actuarial (Gains)/Losses	(60.09)	(35.94)	(12.73)	(6.41)	(106.98)	(74.42)
6 Benefits paid	(5.34)	-	-	-	(7.55)	(3.96)
7 Present Value of Defined Benefit obligation at the end of the period	91.92	60.14	12.60	8.27	92.52	55.26
IV. Change in the fair value of plan assets during the period ending 31st March						
1 Fair value of plan assets at the beginning of the year	48.93	35.88	-	-	-	-
2 Expected return on plan assets	5.16	3.66	-	-	-	-
3 Contributions by employer	28.29	11.43	-	-	-	-
4 Actuarial (Gains)/Losses	-	-	-	-	-	-
5 Actual Benefits paid	(5.34)	(2.04)	-	-	-	-
6 Fund amount to be transferred from MBCSPL Gratuity Fund	13.82	-	-	-	-	-
7 Fair value of plan assets at the end of the period	90.86	48.93	-	-	-	-

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

	Rs. in Lacs					
	Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
V. Major category of plan assets as a percentage of total plan						
Funded with LIC	100%	100%				
VI. Actuarial Assumptions						
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:

	Rs. in Lacs					
	Year Ended 31st March					
	2010	2011	2012	2013	2014	2015
1 Defined benefit obligations at end of the period	7.36	12.95	22.85	39.61	60.14	91.92
2 Plan assets at the end of period	6.47	14.59	32.34	35.88	48.93	90.86
3 Funded Status Surplus/ (Deficit)	(0.89)	1.64	9.48	(3.72)	(11.21)	(1.06)
4 Experience adjustments on plan liabilities (gain)/loss	1.42	(3.70)	(6.03)	(6.77)	(10.35)	(20.08)
5 Experience adjustments on plan assets gain/(loss)	-	-	-	-	-	-

2.14 During the year certain employees of Mahindra Business and Consulting Services Private Limited (MBCSPL) were transferred to the payroll of the company.

Legal and Professional Charges includes fees for manpower services provided by MBCSPL of Rs. 73.07 Lacs (previous year Rs. 1,674.88 Lacs)

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

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

2.16 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

Particulars	As at March 31	
	2015	2014
Net Profit after tax (Rs. In Lacs)	4,417.34	2,707.85
Weighted Average Number of Equity Shares of Rs. 10/- each – Basic (in Lacs)	618.15	546.83
Weighted Average Number of Equity Shares of Rs. 10/- each – Diluted(in Lacs)	618.15	546.83
Basic Earnings Per Share (Rs.)	7.15	4.95
Diluted Earnings Per Share (Rs.)	7.15	4.95

2.17 The company has incurred a cost of Rs. 76.99 Lacs (previous period Rs. 21.57 Lacs) towards ESOP granted to its employees by Mahindra and Mahindra Financial Services Limited (MMFSL).

2.18 The company has incurred an expenditure in Foreign Currency towards:

- ◆ Foreign Travel Expenses Rs. 0.74 Lacs (previous period Rs. 1.99 Lacs)
- ◆ Conference Registration Charges Rs. NIL (previous period Rs. 1.33 Lacs)

2.19 Related Party Disclosure as per Accounting Standard 18:

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

Ultimate Holding Company	: Mahindra and Mahindra Limited
Holding Company	: Mahindra and Mahindra Financial Services Limited
Fellow subsidiary Companies	: Mahindra Insurance Brokers Limited Mahindra Business and Consulting Services Pvt. Ltd. Mahindra First Choice Services Ltd. NBS International Limited
Key Management Personnel	: Mr. Anuj Mehra (Managing Director)

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Related Parties transactions are as under:

Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Rs. In Lacs	
					Key Management Personnel	
1	Expenses					
	Interest	Mahindra & Mahindra Financial Services Limited	602.73 (366.01)	- -	- -	- -
		Mahindra Insurance Brokers Limited	- -	402.67 (381.65)	- -	- -
	Other Expenses	Mahindra & Mahindra Limited	13.81 (12.72)	- -	- -	- -
		Mahindra & Mahindra Financial Services Limited	517.99 (442.47)	- -	- -	- -
		Mahindra Business & Consulting Services Private Limited*	- -	- (1,674.88)	- -	- -
		Mahindra First Choice Services Limited	- -	1.49 (1.22)	- -	- -
		NBS International Limited	- -	0.03 (0.06)	- -	- -
	Employee Remuneration	Mahindra & Mahindra Financial Services Limited	76.99 (21.57)	- -	- -	- -
		Mr. Anuj Mehra	- -	- -	- -	131.77 (134.32)
2	Issue of equity shares (Call money including Premium received)	Mahindra & Mahindra Financial Services Limited	2,190.00 (2,190.00)	- -	- -	- -
3	Purchase of Fixed Assets (including CWIP & Capital Advance)	Mahindra & Mahindra Limited	- (103.48)	- -	- -	- -
		NBS International Limited	- -	- (3.66)	- -	- -
4	Dividend paid – for previous year (FY13-14)	Mahindra & Mahindra Financial Services Limited	536.36 (400.00)	- -	- -	- -
	Proposed Dividend for the current year	Mahindra & Mahindra Financial Services Limited	747.76 (536.36)	- -	- -	- -
5	Unsecured Subordinate Debts placed (including interest accrued)	Mahindra & Mahindra Financial Services Limited	700.38 (700.76)	- -	- -	- -
6	Inter Corporate Deposits Outstanding (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	4,747.90 (552.83)	- -	- -	- -
		Mahindra Insurance Brokers Limited	- -	4,613.84 (4,847.97)	- -	- -
7	Inter Corporate Deposits taken (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	69,107.00 (46,298.00)	- -	- -	- -
		Mahindra Insurance Brokers Limited	- -	1,550.00 (2,800.00)	- -	- -

Significant Accounting Policies and Notes

to the financial statements for the year ended March 31, 2015

Sr. No.	Nature of transactions		Rs. In Lacs		
			Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
8	Inter Corporate Deposits repaid (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	64,974.38 (45,812.63)	- -	- -
		Mahindra Insurance Brokers Limited	- -	1,725.00 (300.00)	- -
9	Payables	Mahindra & Mahindra Limited	9.26 (4.97)	- -	- -
		Mahindra & Mahindra Financial Services Limited	59.41 (35.78)	- -	- -
		Mahindra Insurance Brokers Limited	- -	4.33 (22.66)	- -
		Mahindra Business & Consulting Services Private Limited	- -	- (64.21)	- -
		Mahindra First Choice Services Limited	- -	- (0.15)	- -
		-	-	-	-

Notes:

i) Figures in bracket represent corresponding figure of previous year.

ii) *Mahindra Business & Consulting Services Private Limited is merged with Mahindra & Mahindra financial Services Limited (holding company) during the current year w.e.f 01 April, 2014. However, transactions in the form of employee expenses of the previous year amounting to Rs. 1,674.88 Lacs and balance payable as at March 31st, 2014 amounting to Rs. 64.21 Lacs is disclosed in the column pertaining to fellow subsidiary companies.

2.20 The Company has sent letters to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the company during/for the period to these 'suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the company for this purpose.

2.21 Previous year's figures have been regrouped/ reclassified wherever found necessary.

Signatures to Notes 1 to 25

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

Ramesh Iyer
Chairman

Uday Y. Phadke
Director

Nityanath Ghanekar
Director

Anjali Raina
Director

Naresh Kumar Kataria
Partner

Anuj Mehra
Managing Director

K. Chakravarthy
Director

V Ravi
Director

K Chandrasekar
Director

Membership No. 37825

Harshada Pathak
Company Secretary

Dharmesh Vakharia
Chief Financial Officer

Place : Mumbai

Date : 15th April, 2015

Disclosure in the Balance Sheet

(as on : 31st March 2015)

I. CAPITAL TO RISK ASSETS RATIO (CRAR)

Particulars	Current Year	Previous Year
i) CRAR (%)	15.3%	16.0%
ii) CRAR - Tier I capital (%)	14.3%	14.7%
iii) CRAR - Tier II Capital (%)	1.0%	1.3%

II. EXPOSURE TO REAL ESTATE SECTOR

Category	Current Year	Previous Year
Rs. in Lacs		
a) Direct exposure		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	209,832	135,497
Of the above Individual housing loan upto Rs.15 lakh	208,510	134,994
(ii) Commercial Real Estate –		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

III. ASSET LIABILITY MANAGEMENT

Maturity pattern of certain items of assets and liabilities

	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
(Rs in Lacs)											
Liabilities											
Borrowings from banks	4,945	-	659	4,970	7,589	82,572	58,120	2,306	-	-	161,161
Market Borrowings	-	975	275	275	925	6,656	700	-	-	-	9,806
Assets											
Advances	4,913	3,509	3,626	12,348	23,344	79,832	56,409	15,900	4,041	6,244	210,166
Investments	-	-	-	-	-	-	-	-	-	-	-