

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Seventh Report together with the audited accounts of your Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

Particulars	Amount in Lacs	
	March 2014	March 2013
Income	21,252.10	14,040.02
Less: Finance Costs	8,898.96	5,555.86
Expenditure	8,529.71	5,635.36
Depreciation and Amortisation Expenses	143.22	108.26
Total Expenses	17,571.89	11,299.48
Profit Before Tax	3,680.21	2,740.54
Less: Provision for Tax		
Current Tax	1,309.67	870.34
Deferred Tax	(337.31)	(161.58)
Profit/(Loss) for the year	2,707.85	2,031.78
Profit/(Loss) brought forward from previous year	1,837.09	899.57
Amount available for Appropriation	4,544.94	2,931.35
Appropriations:		
Special Reserve	820.00	555.00
Additional Special Reserve (u/s 29C of NHB Act, 1987)	5.00	5.00
General Reserve	68.00	–
Proposed dividend on Equity Shares	612.98	457.14
Income-tax on proposed dividend	104.18	77.12
Surplus carried to Balance Sheet	2,934.78	1,837.09

OPERATIONS

During the year under review the total income was Rs. 212.52 crores as against Rs. 140.40 crores for the financial year 2012-13, registering a growth of 51% over the previous year. Profit before tax was 34% higher at Rs. 36.80 crores as compared to Rs. 27.41 crores for the previous year. Profit after tax was 33% higher at Rs. 27.08 crores as compared to Rs. 20.32 crores for the previous year.

Your Company has disbursed loans aggregating Rs. 630.56 crores (previous year Rs. 432.85 crores) achieving a growth of 45% over the previous year. The outstanding loan portfolio as at 31st March, 2014 stood at Rs. 1,354.97 crores.

Your Company continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 1.5 lakhs. During the year under review, around 57,000 households were given home loans (in addition to around 1,25,000 existing households as on 31st March, 2013).

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.

DIVIDEND

Your Directors recommend a dividend of Re. 1.10 per Equity Share on 6,57,37,137 Equity Shares of Rs.10 each, aggregating Rs. 6.13 crores (including proportionate dividend on 2,00,22,857 Equity Shares allotted during the year). 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. 7.17 crores (as against Rs. 5.35 crores (including tax) on account of dividend of Re. 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. 410.83 crores in respect of 55,680 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. 1,405.10 crores in respect of 1,78,038 dwelling units.

FINANCE

During the year under review, your Company has been sanctioned Refinance Assistance of Rs. 125 crores from National Housing Bank (NHB). As on 31st March, 2014 the outstanding borrowings from NHB cumulatively amounted to Rs. 297.64 crores.

During the year under review, your Company has been sanctioned Term loans of Rs. 200 crores from banks for tenures of three to five years. As on 31st March, 2014 the outstanding borrowings from Banks amounted to Rs. 737.52 crores.

SHARE CAPITAL

During the year under review, your Company has issued 2,00,22,857 Equity Shares of Rs. 10 each at a premium of Rs. 15 per share on rights basis envisaging capital infusion of Rs. 50.06 crores. 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 during the year out of the said rights issue.

CREDIT RATING

During the year under review, CRISIL has upgraded its rating on the long-term bank facilities of the Company to 'CRISIL AA-/Stable' from 'CRISIL A+/Stable' and reaffirmed the rating on short term debt programme (including commercial paper) of the Company at 'CRISIL A1+'.

OUTLOOK FOR THE FINANCIAL YEAR 2014-15

The business potential for the Housing Finance Industry in India is large. According to a World Bank report of 2008, Housing Loans outstanding, as a percentage of the country's GDP, were just 9% for India as compared to 88% in the U.K., 81% in the U.S.A. and 20% in China. According to the 2011 census, close to 69% of the Indian population lives in rural areas. Your Company's strategic decision to focus on Rural Housing Finance stems from the low overall penetration of the housing finance industry and the even lower penetration in rural India.

The Government of India has been taking steps directly and through the NHB to bridge the housing shortage and increase access to housing finance in rural areas. These steps will help the Company to boost its growth.

ACHIEVEMENTS

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

- Awarded Bronze for "Product Excellence" in the "Global CSR Summit & Awards 2013" in April 2013, held in Davao, Philippines.
- Won the Skoch 'Order of Merit' for qualifying amongst 'India's best – 2013' for corporate contribution to India's growth post liberalization in November 2013.
- Awarded the "Gold" award in the Housing category at the Skoch Awards for Corporate Leadership 2013.
- Awarded the 'Most Admired Service Provider in Financial Sector' by the Banking, Financial Services & Insurance Awards presented by ABP News on 14th February, 2014.

CAPITAL ADEQUACY

Consequent upon the allotment of Equity Shares issued on a Rights basis, the paid-up share capital of the Company

has increased to Rs. 55.73 crores as on 31st March, 2014 from Rs. 45.71 crores as on 31st March, 2013. The securities premium account has also been credited with Rs. 14.97 crores. As a result of the increased net worth, your Company was able to enhance the Capital to Risk Assets Ratio (CRAR) to 16.05 per cent as on 31st March, 2014 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 installments are overdue for more than 90 days and on other assets, as required.

NATIONAL HOUSING BANK GUIDELINES

Your Company has complied with all the applicable regulations of NHB. Your Company has scrupulously adhered to various Circulars, Guidelines and Notifications issued by NHB from time to time. The Circulars and the Notifications issued by NHB are also placed before the Board at regular intervals. NHB carries out inspections of various Housing Finance Companies at regular intervals. The Inspection Reports received by the Company from NHB are also placed before the Board.

INSURANCE PROTECTION TO BORROWERS

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

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 and training programmes conducted by NHB for building capabilities thereby upgrading the skill and knowledge of the employees in different operational areas. Constant endeavors 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 harrasment 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 Harrassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the year, the Company has received two complaints of sexual harassment which were duly resolved.

DIRECTORS

Mr. V. Ravi retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

AUDIT COMMITTEE

The Audit Committee of the Board presently comprises of Mr. Ramesh Iyer (Chairman of the Committee), Mr. Uday Y. Phadke and Mr. V. Ravi. The Audit Committee met twice during the year under review.

NOMINATION AND REMUNERATION COMMITTEE

The Board at its Meeting held on 15th April, 2014 has extended the scope of terms of reference of Remuneration/Compensation Committee in accordance with the section 178 of the Companies Act, 2013 and renamed it as the 'Nomination and Remuneration Committee'. The Nomination and Remuneration Committee of the Board presently comprises of Mr. Ramesh Iyer, Mr. K. Chandrasekar and Mr. V. Ravi. The Committee met once during the year under review.

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 Company submits periodic reports to NHB on the management of the Company's risks and assets and liabilities.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted a Corporate Social Responsibility (CSR) Committee on 5th March, 2014 comprising Mr. Ramesh Iyer, Mr. K. Chandrasekar, Mr. V. Ravi and Mr. Anuj Mehra. The Committee met once during the year under review and 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 shall, inter alia, allocate the amount of expenditure to be incurred by the Company on CSR activities as enumerated in Schedule VII to the Act and monitor the CSR Policy of the Company periodically. The CSR Policy of the Company is displayed on the website of the Company.

During the year under review, your Company has spent Rs. 22 lacs towards CSR activities for promotion of education and improvement of health of the underprivileged section of the society.

AUDITORS

Messrs. B. K. Khare & Co., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting, and have 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 section 224(1B) of the Companies Act, 1956 and 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.

PUBLIC DEPOSITS AND LOANS/ADVANCES

The Company has not accepted deposits from the public or its employees during the year under review.

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

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to the energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure I to this Report.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES MADE THEREUNDER

As required under section 217(2A) of the Companies Act, 1956 and Rules thereunder, a statement containing particulars of the Company's employee who was in receipt of remuneration of not less than Rs.60,00,000 during the year ended 31st March, 2014 or not less than Rs.5,00,000 per month during any part of the said year is given in Annexure II to this 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.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 15th April, 2014

Registered Office:

Mahindara Towers,
P. K. Kurne Chowk, Worli,
Mumbai - 400018.

CIN: U65922MH2007PLC169791

Tel.: 91 22 6652 3500 Fax: 91 22 2497 2741

E-mail: customercare.mrhfl@mahfin.com

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ANNEXURE I TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

A. Conservation of Energy

- a) Energy Conservation measures taken: The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil
- c) Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: These measures are expected to reduce the energy consumption.
- d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable

B. Technology Absorption

Research & Development (R & D)

- 1. Areas in which R & D is carried out : None
- 2. Benefits derived as a result of the above efforts : Not applicable
- 3. Future plan of action : None
- 4. Expenditure on R & D : Nil
- 5. Technology absorption, adaptation and innovation : None
- 6. Imported Technology for the last 5 years : None

C. Foreign Exchange Earnings And Outgo

The Information on Foreign Exchange Outgo is furnished in Notes to Accounts. There were no foreign exchange earnings during the year under review.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 15th April, 2014

ANNEXURE II TO THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014.

Name of Employee	Designation/ Nature of Duties	Gross Remuneration (subject to income-tax) (Rs. Lacs)	Qualifications	Experience (Years)	Age (Years)	Date of Commencement of Employment	Last Employment held, Designation and Organisation
Mr. Anuj Mehra	Managing Director	120.64	Bachelor in Economics P.G.D.M., I.I.M. (Ahmedabad)	30	53	1 st March, 2009	Vice President – Marketing Mahindra Lifespace Developers Limited

Notes:

1. Nature of employment is contractual, subject to termination on one month's notice on either side.
2. The above employee is not a relative of any Director of the Company.
3. The above employee does not hold by himself or along with his spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and conditions of employment are as per Company's Rules/contract.
5. Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, car perquisites value/allowances applicable, employer's contribution to Provident Fund, Superannuation scheme and Gratuity Fund including group insurance premium, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits as applicable.

For and on behalf of the Board

Ramesh Iyer
Chairman

Mumbai, 15th April, 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mahindra Rural Housing Finance Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Rural Housing Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2014**;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 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 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - (a) we have 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 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 Balance Sheet, the Statements of Profit and Loss and Cash Flow dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Devdatta Mainkar
Partner
Membership No. 109795

Mumbai: Dated 15th April 2014

ANNEXURE TO THE AUDITOR'S 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. These assets were physically verified by the Management during the year at reasonable intervals and no discrepancies were noticed on such verification.
- (b) None of the fixed assets have been revalued during the year.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect going concern status of the Company.
2. Clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
3. (a) Based on the records examined by us and according to the information and explanations given to us, the Company has:
 - (i) Not granted any loans to parties covered in the Register maintained under section 301 of the Companies Act, 1956.
 - (ii) Not taken any loans from parties covered in the Register maintained under section 301 of the Companies Act, 1956.
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. According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. 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.
7. In our opinion and according to the information and explanations provided to us, the Company has an internal audit system, which is commensurate with its size and the nature of its business.
8. According to the information and explanation given to us, the requirements of Para 4 (viii) requiring maintenance of cost records are not applicable in case of the Company.
9. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and Service tax, cess and other applicable statutory dues with the appropriate authorities.
- (b) According to the records of the company and information and explanations given to us there are no disputed dues which have not been deposited with the relevant authority.
10. The Company does not have accumulated losses as at the end of the current year. The Company has not incurred cash losses in such financial year and in the immediately preceding financial year.
11. 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.
12. Based on the records examined by us and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures, or other securities.
13. The provisions of any applicable statute to Chit Fund, Nidhi or Mutual Benefit Fund/Society are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments.
15. 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.
16. Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were taken.
17. On the basis of overall examination of the financial statements and other financial information furnished, we report that the company has not used short term funds for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. On the basis of our examination of books of account and documents and according to the information and explanations given to us, the Company has not issued any secured debentures during the year.
20. The Company has not made any public issue of its shares during the year.
21. 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, no fraud by the Company and no material fraud on the Company were noticed or reported during the year, nor have we been informed of any such instances during the year.

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

Devdatta Mainkar
Partner
Membership No. 109795

Mumbai: Dated 15th April 2014

BALANCE SHEET AS AT MARCH 31ST, 2014

Particulars	Note No.	Rs. in Lacs March 2014	Rs. in Lacs March 2013
I. EQUITY & LIABILITIES			
1) Shareholders' funds			
a) Share Capital.....	<u>1</u>	5,572.57	4,571.43
b) Reserves and Surplus.....	<u>2</u>	6,579.42	3,092.02
		<u>12,151.99</u>	<u>7,663.45</u>
2) Non-Current Liabilities			
a) Long Term Borrowings.....	<u>3</u>	90,783.60	56,864.75
b) Long Term Provisions	<u>4</u>	1,215.91	604.64
		<u>91,999.51</u>	<u>57,469.39</u>
3) Current Liabilities			
a) Short Term Borrowings	<u>5</u>	2,625.00	3,525.00
b) Trade Payables.....	<u>6</u>	1,592.66	1,245.75
c) Other Current Liabilities	<u>7</u>	27,388.98	18,317.91
d) Short Term Provisions.....	<u>8</u>	2,005.92	1,285.10
		<u>33,612.56</u>	<u>24,373.76</u>
TOTAL.....		<u>137,764.06</u>	<u>89,506.60</u>
II. ASSETS			
1) Non-Current Assets			
a) Fixed Assets	<u>9</u>		
i) Tangible Assets.....		722.23	477.14
ii) Capital work-in-progress.....		-	17.94
b) Deferred Tax Assets (Net).....	<u>10</u>	663.42	326.11
c) Long Term Loans and Advances	<u>11</u>	103,445.96	67,627.17
		<u>104,831.61</u>	<u>68,448.36</u>
2) Current Assets			
a) Cash and Cash Equivalents	<u>12</u>	653.21	517.28
b) Short Term Loans and Advances.....	<u>13</u>	32,279.24	20,540.96
		<u>32,932.45</u>	<u>21,058.24</u>
TOTAL.....		<u>137,764.06</u>	<u>89,506.60</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 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 & Co.

Chartered Accountants
(FRN: 105102W)

Devdatta Mainkar

Partner
Membership No. 109795

Ramesh Iyer

Chairman

Anuj Mehra

Managing Director

Uday Y. Phadke**V. Ravi****V. Rajan****K. Chandrasekar**

} Director

Dharmesh Vakharia
Chief Financial Officer

Harshada Pathak
Company Secretary

Mumbai, 15th April 2014

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31ST, 2014

Particulars	Note No.	Rs. in Lacs	Rs. in Lacs
		March 2014	March 2013
I. Revenue from Operations	<u>15</u>	21,243.53	14,036.37
II. Other Income	<u>16</u>	8.57	3.65
III. Total Revenue (I + II)		21,252.10	14,040.02
IV. Expenses:			
Employee Benefit Expenses	<u>17</u>	3,501.89	2,438.45
Finance Costs	<u>18</u>	8,898.96	5,555.86
Depreciation and Amortization Expense	<u>19</u>	143.22	108.26
Provisions & Write Offs.....	<u>20</u>	1,066.40	478.63
Other Expenses	<u>21</u>	3,961.42	2,718.28
Total Expenses		17,571.89	11,299.48
V. Profit Before Tax (III - IV)		3,680.21	2,740.54
VI. Tax expense:			
(1) Current Tax		1,309.67	870.34
(2) Deferred Tax		(337.31)	(161.58)
VII. Profit/(Loss) for the period from Continuing Operations (V - VI)		2,707.85	2,031.78
VIII. Profit/(Loss) for the period		2,707.85	2,031.78
IX. Earnings per Equity Share (Rupees):			
(1) Basic		4.95	4.44
(2) Diluted.....		4.95	4.44
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	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 & Co.

Chartered Accountants
(FRN: 105102W)

Devdatta Mainkar

Partner
Membership No. 109795

Ramesh Iyer

Chairman

Anuj Mehra

Managing Director

Uday Y. Phadke**V. Ravi****V. Rajan****K. Chandrasekar**

} Director

Dharmesh Vakharia
Chief Financial Officer

Harshada Pathak
Company Secretary

Mumbai, 15th April 2014

CASH FLOW STATEMENT AS AT MARCH 31ST, 2014

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Cash flow from operating activities		
Profit before tax from continuing operations	3,680.21	2,740.54
Profit before tax	3,680.21	2,740.54
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	143.22	108.26
Loss on Termination	55.12	19.33
Loss/(profit) on sale of fixed assets	–	0.72
Interest expense	8,825.28	5,501.68
Provision for Non Performing Assets	837.15	325.90
General Provision on Standard Assets	174.13	133.40
Operating profit before working capital changes	13,715.11	8,829.83
Movements in working capital:		
Increase/(decrease) in trade payables	346.91	442.65
Increase/(decrease) in long-term provisions	23.09	0.44
Increase/(decrease) in short-term provisions	115.38	79.93
Increase/(decrease) in other current liabilities	2,572.68	6,706.56
Decrease/(increase) in long-term loans and advances	(35,822.05)	(24,943.43)
Decrease/(increase) in short-term loans and advances	(11,793.40)	(9,636.87)
Cash generated from/(used in) operations	(30,842.28)	(18,520.91)
Direct taxes paid (net of refunds)	(1,309.66)	(808.23)
Net cash flow from/(used in) operating activities (A)	(32,151.94)	(19,329.14)
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(368.15)	(328.29)
Proceeds from sale of fixed assets	1.04	3.52
Net cash flow from/(used in) investing activities (B)	(367.11)	(324.77)
Cash flows from financing activities		
Proceeds from issuance of equity share capital including premium	2,497.85	–
Increase/(Decrease) in long-term borrowings (net)	33,918.85	21,728.47
Increase/(Decrease) in short-term borrowings (net)	(900.00)	325.00
Increase/(Decrease) in current maturities of long term loans (net)	6,022.55	2,412.66
Interest paid	(8,349.44)	(5,267.38)
Dividend paid on equity shares	(457.14)	(320.00)
Tax on equity dividend paid	(77.69)	(51.91)
Net cash flow from/(used in) in financing activities (C)	32,654.98	18,826.83

CASH FLOW STATEMENT AS AT MARCH 31ST, 2014 (CONTD.)

Particulars	Rs. in Lacs	Rs. in Lacs
	March 2014	March 2013
Net increase/(decrease) in cash and cash equivalents (A + B + C)	135.92	(827.08)
Cash and cash equivalents at the beginning of the year	517.28	1,344.36
Cash and cash equivalents at the end of the year	653.21	517.28
Components of cash and cash equivalents		
Cash on hand	315.38	108.97
With banks – on cash credit account	1.78	3.29
With banks – on current account	336.05	405.02
Total cash and cash equivalents (note 12)	653.21	517.28

For B K Khare & Co.

Chartered Accountants
(FRN: 105102W)

Devdatta Mainkar

Partner
Membership No. 109795

Ramesh Iyer

Chairman

Anuj Mehra

Managing Director

Uday Y. Phadke

V. Ravi

V. Rajan

K. Chandrasekar

} Director

Dharmesh Vakharia
Chief Financial Officer

Harshada Pathak
Company Secretary

Mumbai, 15th April 2014

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31ST, 2014.

Note I

SIGNIFICANT ACCOUNTING POLICIES (SAP):

1.1 BASIS FOR PREPARATION OF ACCOUNTS:

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards notified under the said Act. Read with the General Circular 15/2013 dated September 13, 2013 of Ministry of Corporate Affairs in respect of section 133 of The Companies Act 2013.

All assets & liabilities have been classified as current & non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets & liabilities.

Further, the Company follows prudential norms for Income Recognition, Assets classification and provisioning for Non-performing 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 year. 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 years.

1.3 INFLATION

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

1.4 REVENUE RECOGNITION

a. Interest and other income from Housing Loans:

The Company follows the accrual method of accounting for its income and expenditure except delayed payment charges, service charges and fee based income which on account of uncertainty of ultimate collection are accounted on receipt basis. In accordance with the guidelines issued by The National Housing Bank for Housing Finance Companies, income on business assets classified as Non-Performing Assets, is recognized on receipt basis.

b. 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.

1.5 TANGIBLE & INTANGIBLE ASSETS

a. Tangible Assets:

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

b. Intangible Assets:

Computer software is initially measured at cost and amortized so as to reflect the pattern in which the asset's economic benefits are consumed.

1.6 INVESTMENTS

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

Depreciation on fixed assets is charged using Straight Line Method at rates specified in Schedule XIV to The Companies Act, 1956 except for:

- a. Office Equipment on which depreciation is charged at the rate of 16.21% instead of 4.75% as prescribed in Schedule XIV.
- b. Assets costing less than Rs. 5,000/- are fully depreciated in the year of purchase and
- c. Vehicles used by employees are depreciated over the maximum period of 48 months based on the useful life of vehicle for the Company.
- d. Computer software is amortized over the estimated useful life. The maximum period of such amortization is 36 months.

1.8 LOAN AGAINST ASSETS

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

1.9 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.

1.10 LEASE

Payments under operating lease arrangements are recognized as per the terms of the lease.

1.11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Equity Share holders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earning per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all years 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 share holders and the weighted average number of shares outstanding during the period is adjusted for the effect of all dilutive potential equity shares.

1.12 TAX ON INCOME

The accounting treatment for Income-tax in respect of the Company's income is based on Accounting Standard 22 (AS-22) "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006. The provision made for Income-tax made in the accounts shall comprise of Tax on current income and Deferred Tax. Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods. Deferred Tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized 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 realized. The major components of the respective balances of Deferred Tax assets and liabilities are disclosed in the accounts.

1.13 MISCELLANEOUS EXPENDITURE

Preliminary Expenses: Preliminary and pre-operative expenses are charged to Statement of Profit and Loss in the year of incurrence.

1.14 EMPLOYEE BENEFITS

a. Defined Contribution Plans –

Company's contribution paid/payable during the year to Provident Fund and Labour Welfare Fund are recognized in the Statement of Profit and Loss.

b. Defined Benefit Plan –

Company's liabilities towards gratuity is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

c. Liability on account of encashment of Privilege Leave & Sick Leave to employees is considered as short term & long term compensated expense provided as unfunded benefit and recognized on the basis of actuarial valuation using Projected Unit Credit Method determined by appointed actuary.

1.15 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. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings. On early repayment of borrowings, any unamortized expenditure is fully written off in that year.

1.16 IMPAIRMENT OF ASSETS

Management periodically assesses using external and internal sources where there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

1.17 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.

1.18 PROVISIONS & CONTINGENT LIABILITIES

Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

Note 1

Share Capital:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Authorised Capital:		
100,000,000 Equity shares of Rs. 10/- each (Previous year 100,000,000 shares of Rs. 10/- each)	10,000.00	10,000.00
Issued Capital:		
65,737,137 Equity shares of Rs. 10/- each (Previous year 45,714,280 shares of Rs. 10/- each)	6,573.71	4,571.43
Subscribed and Paid-up Capital:		
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 (Previous year 45,714,280 shares of Rs. 10/- each fully paid up)	5,572.57	4,571.43
Total	5,572.57	4,571.43

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Other quantitative information:		
a) Reconciliation of Number of Equity Shares -		
Number of equity shares outstanding at the beginning of the period	45,714,280	45,714,280
Add: Fresh allotment of shares during the year:		
1) Issue of Rights Shares	20,022,857	–
	65,737,137	45,714,280
Less: Shares bought back during the year	–	–
Number of equity shares outstanding at the end of the period	65,737,137	45,714,280
b) Reconciliation of Equity Shares – in Value		
Amount of equity shares outstanding at the beginning of the period	4,571.43	4,571.43
Add: Fresh allotment of shares during the period:		
Call made for partly paid up shares (Rs. 5 Per Equity Share)	1,001.14	–
Amount of equity shares outstanding at the end of the period	5,572.57	4,571.43
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 (Equity Shares of Rs. 10/- each) (including 6 shares held jointly with nominees)	57,520,003	40,000,000
Percentage of Holding (%)	87.50%	87.50%
d) Shareholders Holding more than 5% Shares:		
Mahindra & Mahindra Financial Services Limited	57,520,003	40,000,000
Percentage of holding (%)	87.50%	87.50%
National Housing Bank	8,217,134	5,714,280
Percentage of holding (%)	12.50%	12.50%

Note 2

Reserves and Surplus:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Securities Premium Reserve:		
Opening Balance as per last Balance Sheet		
Add: Additions during the year	1,501.72	–
Less: Shares issue expenses	5.01	–
Closing Balance	1,496.71	–
Statutory Reserve		
(As per Section 29C of the National Housing Bank Act, 1987) {refer note no 22}		
Opening Balance as per last Balance Sheet	1,254.93	694.93
Add: Addition during the Year	825.00	560.00
Less: Appropriation during the year	–	–
Closing Balance	2,079.93	1,254.93

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013	Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
General Reserve:			Note 5		
Opening balance as per last Balance Sheet	-	-	Short Term Borrowings:		
Add: Transfer during the year	68.00	-	a) Secured -		
Closing Balance	68.00	-	Loans from Bank {refer note 25}	1,500.00	1,500.00
			Total	1,500.00	1,500.00
Surplus:			b) Unsecured -		
Balance Profit (for earlier years) as per last Balance Sheet	1,837.09	899.57	Loans and Advances from Related Parties (ICDs) {refer note no 24 (ii)}	1,125.00	2,025.00
Add: Profit for the current year transferred from Statement of Profit & Loss	2,707.85	2,031.78	Total	1,125.00	2,025.00
	4,544.94	2,931.35	Total	2,625.00	3,525.00
Less: Allocations & Appropriations:			Note 6		
General Reserve	68.00	-	Trade Payables:		
Special Reserve	820.00	555.00		Rs. in Lacs	Rs. in Lacs
Additional Special Reserve	5.00	5.00	Particulars	March 2014	March 2013
Proposed Dividend On Equity Shares	612.98	457.14	Trade Payables for Finance	912.03	782.15
Corporate Dividend Tax on Equity Shares	104.18	77.69	Trade Payables for Expenses & Others	680.63	463.60
Excess Provision for Dividend Tax on Equity shares for previous years	-	(0.57)	Total	1,592.66	1,245.75
	1,610.16	1,094.26	Note 7		
Balance Profit carried to Balance Sheet	2,934.78	1,837.09	Other Current Liabilities:		
			Current Maturities of Long Term Debt		
Total	6,579.42	3,092.02		Rs. in Lacs	Rs. in Lacs
			Particulars	March 2014	March 2013
Note 3			a) Secured -		
Long Term Borrowings:			Loans Repayable		
	Rs. in Lacs	Rs. in Lacs	- Term Loan from Banks {refer note no 23 (i)}	5,862.28	5,445.61
Particulars	March 2014	March 2013	- National Housing Bank {refer note no 23 (ii)}	6,219.68	4,487.68
a) Secured -				12,081.96	9,933.29
- Term Loan from Banks {refer note no 23 (i)}	66,389.47	37,251.75	b) Unsecured -		
- National Housing Bank {refer note no 23 (ii)}	23,544.13	18,774.49	Loans and Advances from Related Parties (ICDs) {refer note no 24 (ii)}	3,873.88	-
Total	89,933.60	56,026.24		3,873.88	-
			Interest Accrued but not Due on Borrowings	1,296.11	820.28
b) Unsecured -			Credit balances in Current Accounts with Banks	10,021.76	7,475.89
Unsecured Bonds (Subordinate Debt) {refer note no 24 (i)}	700.00	700.00	Statutory & Other Liabilities	115.27	88.45
Loans and Advances from Related Parties (ICDs) {refer note no 24 (ii)}	150.00	138.51	Total	27,388.98	18,317.91
Total	850.00	838.51	Note 8		
Total (a+b)	90,783.60	56,864.75	Short-term provisions:		
				Rs. in Lacs	Rs. in Lacs
Note 4			Particulars	March 2014	March 2013
Long Term Provisions:			Provision for Employee Benefits	450.24	334.86
	Rs. in Lacs	Rs. in Lacs	Provision for Non Performing Assets	658.61	274.39
Particulars	March 2014	March 2013	Provisions against Standard Assets	117.61	78.73
Provision for employee benefits	67.33	44.24	Proposed Dividend*	612.98	457.14
Provision for Non Performing Assets	748.37	295.44	Corporate Dividend Tax	104.18	77.69
Provision for Standard Assets	400.21	264.96	Provision for Taxation (net of taxes paid)	62.30	62.29
Total	1,215.91	604.64	Total	2,005.92	1,285.10

* The Board of Directors have recommended a dividend of Rs. 1.10 per share on 6,57,37,137 Equity Share of Rs. 10/- each for the current financial year (including proportionate dividend on 2,00,22,857 equity Shares). The dividend payout will absorb a sum of Rs. 717.16 Lacs (including dividend distribution tax).

Note 9

Fixed Assets:

Rs. in Lacs

Asset Description	GROSS BLOCK AT COST					DEPRECIATION & AMORTISATION				NET BLOCK	
	Balance as at 1/04/2013	Additions for purchase/transfer	Sub Total	Deductions for Sale/transfer	Balance as at 31/03/2014	Balance as at 1/04/2013	Depreciation for the year/transfer	Deductions for Sale/transfer	Balance as at 31/03/2014	Balance as at 1/04/2013	Balance as at 31/03/2014
i) Tangible Assets:											
Computers	161.81	96.05	257.86	0.25	257.61	38.07	34.06	0.08	72.05	123.74	185.56
Furniture and Fixtures	83.80	26.96	110.76	1.00	109.76	39.79	12.66	0.13	52.32	44.01	57.44
Vehicles	183.75	130.48	314.22	-	314.22	47.41	48.18	-	95.59	136.34	218.63
Office Equipment	217.68	135.86	353.55	-	353.55	44.63	48.32	-	92.95	173.05	260.60
Total	647.04	389.35	1,036.39	1.25	1,035.14	169.90	143.22	0.21	312.91	477.14	722.23
As on 31-03-2013	282.89	373.94	656.83	9.79	647.04	67.19	108.26	5.55	169.90	215.69	477.14

Note 10

Deferred Tax Assets:

Deferred Tax Assets/(Liabilities) recognised in the current accounting year in view of certainty of profits and accounted for in accordance with Accounting Standard on "Accounting for Taxes on Income" (AS-22).

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Provision for Non Performing Assets	478.22	193.68
Provision on Standard Assets	176.01	116.82
Depreciation	(12.99)	(9.59)
Other Disallowances	22.18	25.20
Total	663.42	326.11

Note 11

Long Term Loans and Advances:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Capital Advances	0.56	3.82
Deposits for Office Premises & Others	49.72	29.89
Loans against Assets - Housing Loans (Secured)		
- Loans against Assets - Housing Loans (Secured - Considered good)	99,856.98	66,230.91
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	3,527.61	1,349.59
Other Loans and Advances		
- Employee Loans & Advances	4.63	6.11
- Prepaid Expenses	6.46	6.85
Total	103,445.96	67,627.17

Note 12

Cash and Cash Equivalents:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Balance with Scheduled Banks in Current Accounts	336.05	405.02
Balance with Scheduled Bank in Cash Credit Accounts	1.78	-
Cheques, drafts on hand	-	3.29
Cash on Hand	315.38	108.97
Total	653.21	517.28

Particulars

Rs. in Lacs

March 2014

Rs. in Lacs

March 2013

Note 13

Short Term Loans & Advances:

Loans against Assets - Housing Loans (Secured)

- Loans against Assets - Housing Loans (Secured - Considered good)	29,343.73	19,664.49
- Loans against Assets - Housing Loans (Secured - Non Performing Assets)	2,768.44	701.59
Deposits for Office Premises & Others	13.73	31.95
Other Loans and Advances		
- Employee Loans & Advances	18.64	15.74
- Prepaid Expenses	134.70	127.19
Total	32,279.24	20,540.96

Note 14

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

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
I Contingent Liabilities:		
(a) Legal suits filed by customers in Consumer Forums and Civil courts claiming compensation from the company	29.07	4.52
Total	29.07	4.52
II Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account	7.69	13.35
Total	7.69	13.35

Note 15

Revenue from Operations:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
a) Interest		
Income from Loans	19,334.22	12,543.99
Interest on Term Deposits & Advances	-	27.70
Others (Employee Loans, etc)	1.26	1.82
	19,335.48	12,573.51
b) Other Financial Services		
Service Charges & Other Fees	1,908.05	1,462.86
	1,908.05	1,462.86
Total (a + b)	21,243.53	14,036.37

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Note 16		
Other Income:		
Other non-operating income	8.57	3.65
Total	8.57	3.65

Note 17

Employee Benefit Expenses:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Salary, Bonus & Incentives	3,141.17	2,166.23
Company's Contribution to Provident Funds & other funds	247.09	175.43
Employee Compensation Expense on account of ESOPs	21.57	29.44
Staff Welfare Expenses	92.06	67.35
Total	3,501.89	2,438.45

Note 18

Finance Cost:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Interest Expense	8,825.28	5,501.68
Other Borrowing Costs	73.68	54.18
Total	8,898.96	5,555.86

Note 19

Depreciation and Amortization Expense:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Depreciation on Tangible Assets	143.22	108.26
Total	143.22	108.26

Note 20

Provision and Write Offs:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Provision for Non Performing Assets	837.15	325.90
General Provision on Standard Assets	174.13	133.40
Bad Debts & Write Offs	55.12	19.33
Total	1,066.40	478.63

Note 21

Other Expenses:

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Electricity Charges	21.23	10.32
Rent	103.58	67.65
Repairs & Maintenance -		
- Buildings	16.28	10.91
- Others	-	1.84
Insurance	116.08	119.38
Rates & Taxes	13.73	8.32
Legal & Professional Charges	1,836.52	1,113.29
Travelling & Conveyance Expenses	631.35	453.40
Administration Support Charges	372.31	375.88
Loss on Sale/Disposal of Owned Assets	-	0.72

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Payments to the Auditor -		
(a) as auditor	5.04	2.12
(b) for other services	4.73	4.74
(c) for reimbursement of expenses	0.69	0.10
Donations	24.20	18.14
General & Administrative Expenses	815.68	531.47
Total	3,961.42	2,718.28

Note 22

Movement of Statutory Reserve

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

Particulars	Rs. in Lacs March 2014	Rs. in Lacs March 2013
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	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	1,249.93	694.93
(c) Total	1,254.93	694.93

Addition/Appropriation/Withdrawal during the year

Add: (a) Amount Transferred u/s 29C of the NHB Act, 1987	5.00	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	820.00	555.00
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	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
(c) Total	2,079.93	1,254.93

Note: 23 (i)

SECURED - LONG TERM BORROWINGS

Secured Term Loans from Banks (Secured against Loan receivable & Book debts)

As on 31st March, 2014

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	Total
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 repayable on installments		17,889.47	5,862.28	23,751.75
Total (1+2)		66,389.47	5,862.28	72,251.75

As on 31st March, 2013

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable on maturity:				
a) Maturity beyond 3 years	10.20% - 10.25%	21,500.00	-	21,500.00
b) Maturing between 1 year to 3 years	10.20% - 10.25%	-	-	-
c) Maturing within 1 year	-	-	-	-
Total repayable on maturity		21,500.00	-	21,500.00
2) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	9.70% - 10.45%	2,710.52	-	2,710.52
b) Maturing between 1 year to 3 years	9.70% - 10.45%	7,241.23	-	7,241.23
c) Maturing within 1 year	9.70% - 10.45%	-	4,245.61	4,245.61
Total		9,951.75	4,245.61	14,197.36

As on 31st March, 2013

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	Total
ii) Half-Yearly:				
a) Maturity beyond 3 years	10.25%	2,733.33	-	2,733.33
b) Maturing between 1 year to 3 years	10.25%	3,066.67	-	3,066.67
c) Maturing within 1 year	-	-	1,200.00	1,200.00
Total		5,800.00	1,200.00	7,000.00
iii) Yearly:				
a) Maturity beyond 3 years	-	-	-	-
b) Maturing between 1 year to 3 years	-	-	-	-
c) Maturing within 1 year	-	-	-	-
Total		-	-	-
Total repayable on installments		15,751.75	5,445.61	21,197.36
Total (1+2)		37,251.75	5,445.61	42,697.36

Note: 23 (ii)

Secured Term Loans from NHB (Secured against Loan receivable and Book debts)

As on 31st March, 2014

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	Total
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

As on 31st March, 2013

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	Total
1) Repayable in installments:				
i) Quarterly:				
a) Maturity beyond 3 years	6.00% - 10.30%	9,881.26	-	9,881.26
b) Maturing between 1 year to 3 years	6.00% - 10.30%	8,893.23	-	8,893.23
c) Maturing within 1 year	6.00% - 10.30%	-	4,487.68	4,487.68
Total		18,774.49	4,487.68	23,262.17

UNSECURED BORROWINGS

Note: 24 (i)

i) Subordinated Debts (Long Term)

As on 31st March, 2014

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
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

As on 31st March, 2013

Rs. in Lacs

Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
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)

ii) Inter - Corporate Deposits (ICD)

As on 31st March, 2014					Rs. in Lacs
Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
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

As on 31st March, 2013					Rs. in Lacs
Particulars	Rate Range	(a) Non-Current	(b) Current	(c) Current Maturity	Total
1) Repayable on maturity:					
a) Maturity beyond 3 years	-	-	-	-	-
b) Maturing between 1 year to 3 years	9.50% - 10.75%	138.51	-	-	138.51
c) Maturing within 1 year	9.35% - 9.60%	-	2,025.00	-	2,025.00
Total repayable on maturity		138.51	2,025.00	-	2,163.51

Note II

NOTES TO THE ACCOUNTS:

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

Classification of loans are given below:

Rs. in Lacs				
Particulars	Standard Assets	Sub Standard Assets	Bad & Doubtful Assets	Total
As at March 31, 2014				
Housing Loans	129,200.71	4,923.87	1,372.19	135,496.77
Other Loans & Advances	227.74	-	-	227.74
Percentage to Total Loans	95.36%	3.63%	1.01%	100.00%
As at March 31, 2013				
Housing Loans	85,895.40	1,368.94	682.24	87,946.58
Other Loans	21.85	-	-	21.85
Percentage to Total Loans	97.66%	1.56%	0.78%	100.00%

2.2 The company has made adequate provision on Non Performing Assets as prescribed under Housing Finance Companies (NHB) Directions, 2010. The company also makes additional provision on prudential basis. The cumulative additional provision made by the company as on 31st March 2014 is Rs. 140.91 Lacs (previous year Rs. 33.94 Lacs).

In line with notification no. NHB.HFC.DIR.3/CMD/2011 issue by National housing Bank, the company has made a provision @ 0.40% on outstanding Standard Assets.

Rs. in Lacs				
Particulars	Standard	Sub Standard	Doubtful	Loss
Provisions made:				
As at March 31, 2014				
Housing Loans	516.90	857.61	397.04	152.33
Other Loans	0.92	-	-	-
As at March 31, 2013				
Housing Loans	343.60	230.89	135.40	203.54
Other Loans	0.09	-	-	-

SHORT TERM BORROWINGS

Note: 25

Secured Short Term Loans

As on 31st March, 2014					Rs. in Lacs
Particulars	Rate Range	(a) Non-Current	(b) Current	Total	
1) Repayable on maturity:					
a) Maturing within 1 year	10.50% - 11.25%	-	1,500.00	1,500.00	
Total		-	1,500.00	1,500.00	

As on 31st March, 2013					Rs. in Lacs
Particulars	Rate Range	(a) Non-Current	(b) Current	Total	
1) Repayable on maturity:					
a) Maturing within 1 year	10.25%	-	1,500.00	1,500.00	
Total		-	1,500.00	1,500.00	

2.3 In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities & Contingent Assets", the following are the details of the movement in provisions for the year ending March 31st, 2014:

Rs. in Lacs				
Particulars	As at April 1st, 2013	Additional Provision	Utilizations/ Reversals	As at March 31st, 2014
Provision on Standard Assets	343.69	174.13	-	517.82
Provision for Non Performing Assets	569.83	947.09	109.94	1,406.98

2.4 Loan receivable includes Rs. 3,525.77/- Lacs outstanding towards financing of insurance as of March 31st, 2014 and Rs. 2,342.35/- Lacs as of March 31st, 2013.

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 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 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.

2.7 The company has not granted any loans or advances against collateral of gold jewellery.

2.8 Bad Debts & Write offs includes loss on termination of Rs. 8.07 Lacs (Previous year Rs. 19.33 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.

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

2.10 Employee Benefits:

Defined Benefit Plans - As per Actuarial valuation on 31st March, 2014

Rs. in Lacs

		Rs. in Lacs					
		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	Privilege leave (Non-funded)
		Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
I.	Expense recognised in the Statement of Profit & Loss Account for the quarter ending 31st March						
1	Current service cost	54.68	38.89	8.88	7.66	85.45	17.78
2	Interest cost	3.83	2.39	0.48	0.38	6.99	-
3	Expected return on plan assets	(3.66)	(2.79)	-	-	-	-
4	Actuarial (Gains)/ Losses	(35.94)	(23.18)	(6.41)	(7.40)	(74.42)	24.68
5	Total expenses	18.91	15.31	2.95	0.64	18.02	42.46
II.	Net asset/(liability) recognised in the Balance Sheet as at March 31st, 2014						
1	Present Value of Defined Benefit obligation as at 31st March	60.14	39.61	8.27	5.32	55.26	41.20
2	Fair value of plan assets as at 31st March	48.93	35.88	-	-	-	-
3	Funded status (surplus/(deficit))	11.21	3.72	(8.27)	(5.32)	(55.26)	(41.20)
4	Net asset/(liability) as at 30th September	11.21	3.72	(8.27)	(5.32)	(55.26)	(41.20)
III.	Change in the obligations during the year ended 31st March						
1	Present Value of Defined Benefit obligation at the beginning of the year	39.61	22.85	5.32	4.69	41.20	-
2	Current service cost	54.68	38.89	8.88	7.66	85.45	17.78
3	Interest cost	3.83	2.39	0.48	0.38	6.99	-
4	Actuarial (Gains)/ Losses	(35.94)	(23.18)	(6.41)	(7.40)	(74.42)	24.68
5	Benefits paid	(2.04)	(1.34)	-	-	(3.96)	(1.26)
6	Present Value of Defined Benefit obligation at the end of the year	60.14	39.61	8.27	5.33	55.26	41.20

		Gratuity (Funded)		Sick leave (Non-funded)		Privilege leave (Non-funded)	Privilege leave (Non-funded)
		Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
IV.	Change in the fair value of plan assets during the year ended 31st March						
1	Fair value of plan assets at the beginning of the year	35.88	32.34	-	-	-	-
2	Expected return on plan assets	3.66	2.79	-	-	-	-
3	Contributions by employer	11.43	2.09	-	-	-	-
4	Actuarial (Gains)/ Losses	-	-	-	-	-	-
5	Actual Benefits paid	(2.04)	(1.34)	-	-	-	-
6	Fair value of plan assets at the end of the year	48.93	35.88	-	-	-	-
V.	Major category of plan assets as a percentage of total plan						
	Funded with LIC	100%	100%	-	-	-	-
	Others	-	-	-	-	-	-
VI.	Actuarial Assumptions						
1	Discount Rate	8.00% 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 Ending				
		31-03-10	31-03-11	31-03-12	31-03-13	31-03-14
1	Defined Benefit obligation at end of the period	7.36	12.95	22.85	39.61	60.14
2	Plan assets at the end of period	6.47	14.59	32.34	35.88	48.93
3	Funded Status Surplus/(Deficit)	(0.89)	1.64	9.48	(3.72)	(11.21)
4	Experience adjustments on plan liabilities (gain)/loss	1.42	(3.70)	(6.03)	(6.77)	(10.35)
5	Experience adjustments on plan assets gain/(loss)	-----	-----	-----	-----	-----

2.11 The Company has operations in only one business segment viz. Housing Finance business – Financial Services for the purpose of Accounting Standard 17 (AS-17) “Segment Reporting” and all other activities are incidental to the main business activity.

2.12 In accordance with Accounting Standard 20 (AS-20) “Earnings per Share”, the EPS is calculated as follows:

Particulars	March 2014	March 2013
Net Profit/(Loss) attributable to Equity Share Holders (Rs. Lacs)	2707.85	2,031.78
Weighted Average Number of Shares (Basic) (in Lacs)	546.83	457.14
Weighted Average Number of Shares (Diluted) (in Lacs)	546.83	457.14
EPS – (Basic) (Rs.)	4.95	4.44
EPS – (Diluted) (Rs.)	4.95	4.44

2.13 The company has incurred a cost of Rs. 21.57/- Lacs (previous year Rs. 29.41/- Lacs) towards ESOP granted to its employees by Mahindra & Mahindra Financial Services Limited (MMFSL) and Rs. NIL/- (previous year Rs. 0.03/-Lacs) towards ESOP granted to its employees by Mahindra & Mahindra Limited.

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

- Foreign Travel Expenses Rs. 1.99/- Lacs (previous year Rs. 0.59/- Lacs)
- Conference Registration Charges Rs. 1.33/- (previous year Rs. 1.56/- Lacs)

2.15 Related Party Disclosure as per Accounting Standard 18:

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

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

* Mahindra Rural Housing Finance Limited is a Subsidiary of Mahindra & Mahindra Financial Services Limited, which in turn is a Subsidiary of Mahindra & Mahindra Limited.

Related Parties transactions are as under:						In Rupees Lacs		
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel			
1	Income							
	Interest	Mahindra & Mahindra Financial Services Limited	-	-	-	(3.04)		
2	Expenses							
	Interest	Mahindra & Mahindra Financial Services Limited	366.01	-	-	(808.71)		
		Mahindra Insurance Brokers Limited	-	381.65	-	(279.75)		

Related Parties transactions are as under:						In Rupees Lacs			
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel				
3	Other Expenses	Mahindra & Mahindra Limited	12.72	-	-	(7.00)			
		Mahindra & Mahindra Financial Services Limited	442.47	-	-	(449.84)			
		Mahindra Business & Consulting Services Private Limited	-	1,674.88	-	(1,015.41)			
		Mahindra First Choice Services Limited	-	1.22	-				
		NBS International Limited	-	0.06	-				
	Employee Cost	Mahindra & Mahindra Financial Services Limited	21.57	-	-	(29.44)			
		Mr. Anuj Mehra	-	-	-		120.64	(80.70)	
	Issue of equity shares (Call money including Premium recd)	Mahindra & Mahindra Financial Services Limited	2,190.00	-	-				
	4	Finance	Mahindra & Mahindra Financial Services Limited	700.76	-	-	(700.76)		
Dividend paid – for previous year (FY12-13)		Mahindra & Mahindra Financial Services Limited	400.00	-	-	(280.00)			
Proposed Dividend for the current year		Mahindra & Mahindra Financial Services Limited	536.36	-	-	(400.00)			
	Inter Corporate Deposits outstanding (including interest accrued but not due)	Mahindra & Mahindra Financial Services Limited	552.83	-	-	(38.55)			
		Mahindra Insurance Brokers Limited	-	4,847.97	-	(2,188.66)			

Related Parties transactions are as under:			In Rupees Lacs		
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
5	Purchase of Fixed Assets (including CWIP & Capital Advance)	Mahindra & Mahindra Limited	103.48 (39.64)	– –	– –
		NBS International Limited	– –	3.66 –	– –
6	Sale of Fixed Assets	Mahindra & Mahindra Financial Services Limited	– (3.29)	– –	– –
7	Outstandings				
	Payables	Mahindra & Mahindra Limited	4.97 (1.48)	– –	– –
		Mahindra & Mahindra Financial Services Limited	35.78 (30.01)	– –	– –

Related Parties transactions are as under:			In Rupees Lacs		
Sr. No.	Nature of transactions		Holding Companies	Fellow Subsidiary Companies	Key Management Personnel
		Mahindra Insurance Brokers Limited	– –	22.66 (30.53)	– –
		Mahindra Business & Consulting Services Private Limited	– –	64.21 (107.18)	– –
		Mahindra First Choice Services Limited	– –	0.15 –	– –

2.16 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 year 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.

2.17 Previous year's figures have been regrouped/reclassified wherever necessary to conform to current year's classification.

Signatures to Notes 1 to 25

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

Devdatta Mainkar
Partner
Membership No. 109795

Dharmesh Vakharia
Chief Financial Officer

Harshada Pathak
Company Secretary

Ramesh Iyer Chairman
Anuj Mehra Managing Director

Uday Y. Phadke
V. Ravi
V. Rajan
K. Chandrasekar } Director

Mumbai, 15th April 2014

Disclosure in the Balance Sheet

(as on: 31st March 2014)

I. Capital to Risk Assets Ratio (CRAR)

	Items	Current Year	Previous Year
i)	CRAR (%)	16.0%	16.0%
ii)	CRAR – Tier I capital (%)	14.7%	14.0%
iii)	CRAR – Tier II Capital (%)	1.4%	2.0%

II. Exposure to Real Estate Sector

(Rs. in Lacs)

	Category	Current Year	Previous Year
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 Of the above Individual housing loan upto Rs. 15 lakh	135,496.76 134,993.57	87,946.58 87,854.12
	(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

(Rs. in Lacs)

	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
Liabilities											
Borrowings from banks	3,735	0	382	3,216	6,249	25,832	60,520	3,580	0	0	103,514
Market Borrowings	1,525	0	275	375	2,824	150	700	0	0	0	5,849
Assets											
Advances	3,281	2,131	2,216	7,691	14,946	53,140	37,615	10,639	1,734	2,333	135,725
Investments	0	0	0	0	0	0	0	0	0	0	0