Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Mahindra & Mahindra Financial Services Limited ("**Company**" or "**Issuer**") was originally incorporated at Mumbai, as "*Maxi Motors Financial Services Limited*" on January 1, 1991 as a public limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). Thereafter, our Company received its certificate of commencement of business from RoC on January 19, 1991. Subsequently, the name of our Company was changed to "*Mahindra & Mahindra Financial Services Limited*" and a fresh certificate of incorporation consequent upon change of name was granted to our Company by RoC on November 3, 1992. For details of changes in the address of our Registered Office, see "*History and Corporate Structure*" on page 108.

Registered Office: Gateway Building, Apollo Bunder, Mumbai 400001
Telephone: +91 22 2289 5500
Corporate Office: 4th Floor, A Wing, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018
Telephone: +91 22 6652 6000
Contact Person: Arnavaz M. Pardiwalla, Company Secretary & Compliance Officer
E-mail: investorhelpline_mmfsl@mahindra.com**; Website:** www.mahindrafinance.com
Corporate Identity Number: L65921MH1991PLC059642

OUR PROMOTER: MAHINDRA & MAHINDRA LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED ONLY

ISSUE OF 617,764,960* FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH OF OUR COMPANY ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 50 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 48 PER EQUITY SHARE) AGGREGATING TO ₹ 30,888,248,000* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF ONE EQUITY SHARE FOR EVERY ONE FULLY PAID-UP EQUITY SHARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, THAT IS, ON JULY 23, 2020 (THE "ISSUE"). FOR DETAILS, SEE "*TERMS OF THE ISSUE*" ON PAGE 338.

**Assuming full subscription.*

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are also advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and this Issue, including the risks involved. The Equity Shares have neither been recommended nor approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the Investors is invited to the section "*Risk Factors*" on page 20.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Equity Shares through their respective letters, each dated July 15, 2020. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements, as required under SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGERS TO THE ISSUE

kotak Investment Banking	AXIS CAPITAL	BNP PARIBAS The bank for a changing world	citi	HDFC BANK We understand your world
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. C-27 G Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Telephone: +91 (22) 4336 0000 E-mail: mmfsl.rights@kotak.com Investor Grievance E-mail: kmccredressal@kotak.com Contact Person: Ganesh Rane Website: www.investmentbank.kotak.com SEBI Registration No.: INM000008704	**Axis Capital Limited** 1st Floor, Axis House C-2 Wadia International Centre Pandurang Budhkar Marg Worli, Mumbai 400 025 Telephone: +91 (22) 4325 2183 E-mail: mmfsl.rights@axiscap.in Investor Grievance E-mail: complaints@axiscap.in Contact Person: Mayuri Arya Website: www.axiscapital.co.in SEBI Registration No.: INM000012029	**BNP Paribas** BNP Paribas House, 1-North Avenue Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051 Telephone: +91 (22) 3370 4000 E-mail: dl.rights.mmfs@asia.bnpparibas.com Investor Grievance E-mail: indiainvestors.care@asia.bnpparibas.com Contact Person: Mehul Golwala Website: www.bnpparibas.co.in SEBI Registration No.: INM000011534	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Center G-Block, C 54 & 55 Bandra Kurla Complex Bandra (East) , Mumbai 400 098 Maharashtra, India Telephone: +91 (22) 6175 9999 E-mail: mmfsl.rights@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Contact Person: Abhay Agrawal Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm SEBI Registration No.: INM000010718	**HDFC Bank Limited** Investment Banking Group Unit 401&402, 4th Floor, Tower B Peninsula Business Park, Lower Parel Mumbai 400 013 Maharashtra, India Telephone: +91 (22) 3395 8233 E-mail: mmfsl.rights@hdfcbank.com Investor Grievance E-mail: investor.redressal@hdfcbank.com Contact Person: Ravi Sharma/Harsh Thakkar Website: www.hdfcbank.com SEBI Registration No.: INM000011252

LEAD MANAGERS TO THE ISSUE				REGISTRAR TO THE ISSUE
HSBC	ICICI Securities	NOMURA	SBI Capital Markets Limited	KFINTECH
HSBC Securities and Capital Markets (India) Private Limited 52/60, Mahatma Gandhi Road, Fort Mumbai 400 001 Maharashtra, India Telephone: +91 (22) 2268 5555 E-mail: mmfsrights@hsbc.co.in Investor Grievance E-mail: investorgrievance@hsbc.co.in Contact Person: Ayush Jain/Sanjana Maniar Website: https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback SEBI Registration No.: INM000010353	**ICICI Securities Limited** ICICI Centre, H.T. Parekh Marg Churchgate Mumbai – 400 020 Maharashtra, India Telephone: +91 (22) 2288 2460 E mail: mmfsl.rights@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Contact Person: Rishi Tiwari/Nidhi Wangnoo Website: www.icicisecurities.com SEBI Registration No.: INM000011179	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11 Plot F, Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 Maharashtra, India Tel: +91 (22) 4037 4037 E-mail: mmfslrightsissue@nomura.com Investor grievance e-mail: investorgrievances-in@nomura.com Website: www.nomuraholdings.com/company/group/asia/india/index.html Contact Person: Vishal Kanjani/Prithvi Ghag SEBI Registration No: INM000011419	**SBI Capital Markets Limited** 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India Telephone: +91 (22) 2217 8300 E-mail: mmfsl.rights@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Contact Person: Sylvia Mendonca/Aditya Deshpande Website: www.sbicaps.com SEBI Registration No.: INM000003531	**KFin Technologies Private Limited** ***(formerly known as "Karvy Fintech Private Limited")*** Selenium, Tower B Plot No- 31 and 32, Financial District Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India Telephone: +91 (40) 6716 2222 Toll free numbers: 18004258998/18003454001 E-mail: mahindra.rights@kfintech.com Investor Grievance E-mail: einward.ris@kfintech.com Contact Person: M. Murali Krishna Website: www.kfintech.com SEBI Registration No.: INR000000221

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON#
Tuesday, July 28, 2020	Friday, August 7, 2020	Tuesday, August 11, 2020

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

\# *Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations as set forth below, which, unless the context otherwise indicates or implies, or is unless otherwise specified, shall have the meanings as set forth below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision, as applicable.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder, each as amended. Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits" and "Financial Statements" on pages 90 and 115 respectively, shall have the meaning given to such terms in such sections.

General terms

Term	Description
"Our Company", "the Company" or "the Issuer"	Mahindra & Mahindra Financial Services Limited, with its registered office at Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra.
"We", "us", "our" or "Group"	Unless the context otherwise indicates or implies or unless otherwise specified, our Company, together with our Subsidiaries, Joint Venture and Associate, on a consolidated basis.

Company related terms

Term	Description
"Articles of Association", "Articles" or "AoA"	The articles of association of our Company, as amended.
"Associate"	An entity which meets the definition of "associate" as per Ind AS 28, in this case being Mahindra Finance USA, LLC.
"Audited Consolidated Financial Statements"	The audited consolidated financial statements of our Company and its Subsidiaries, Associate and Joint Venture as at and for the year ended March 31, 2020 which comprises of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.
"Audited Standalone Financial Statements"	The audited standalone financial statements of our Company as at and for the year ended March 31, 2020 which comprises of the standalone balance sheet as at March 31, 2020, the standalone statement of profit and loss, including other comprehensive income, the standalone cash flow statement and the standalone statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
"Board of Directors" or "Board"	Board of directors of our Company or a duly constituted committee thereof.
"Chairman"	The Chairman of our Company.
"Consolidated Financial Statements"	Together, the Audited Consolidated Financial Statements and the Limited Review Consolidated Financial Results.
"Corporate Office"	Corporate office of our Company situated at 4th Floor, A wing, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai 400018.
"Director(s)"	Any or all the directors on our Board, as may be appointed from time to time.
"Equity Shareholder/Shareholder"	A holder of Equity Shares, from time to time.
"Equity Shares"	The equity shares of our Company of face value of ₹ 2 each.
"ESOS-2005"	The employee stock option plan of our Company, approved by our Shareholders in a general meeting held on October 24, 2005. Pursuant to a resolution of our Board, at their meeting held on March 27, 2019, ESOS-2005 has been closed.
"ESOS-2010"	The Mahindra & Mahindra Financial Services Limited-Employees Stock Option Scheme 2010.

Term	Description
"ESOS Trust"	Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust.
"Executive Directors"	Executive director(s) of our Company.
"Financial Statements"	Together, the Audited Consolidated Financial Statements, the Audited Standalone Financial Statements, the Limited Review Consolidated Financial Results and the Limited Review Standalone Financial Results. For details, see "*Financial Statements*" on page 115.
"Group Company"	Group companies of our Company, in terms of the SEBI ICDR Regulations, namely: (i) Mahindra Logistics Limited; (ii) New Democratic Electoral Trust; (iii) Smartshift Logistics Solutions Private Limited; (iv) Swaraj Engines Limited; (v) Tech Mahindra Limited; (vi) Mahindra Vehicle Manufacturers Limited; (vii) Mahindra Intertrade Limited; (viii) Mahindra Water Utilities Limited; (ix) Mahindra Holidays and Resorts India Limited; (x) Mahindra Defence Systems Limited; (xi) Mahindra First Choice Wheels Limited; (xii) Mahindra Engineering & Chemical Products Limited; (xiii) PSL Media & Communications Limited; (xiv) Bristlecone India Limited; (xv) NBS International Limited; (xvi) Mahindra Integrated Business Solutions Limited; (xvii) Mahindra Retail Private Limited; (xviii) Gromax Agri Equipment Limited; (xix) Mahindra U.S.A., Inc; (xx) Mahindra Construction Company Limited; (xxi) Mahindra First Choice Services Limited; (xxii) Mahindra Agri Solutions Limited; (xxiii) Mahindra Summit Agriscience Limited; (xxiv) Ideal Finance Limited; and (xxv) Mahindra Finance USA, LLC.
"Independent Director"	A non-executive and independent director of our Company as per the Companies Act, 2013 and the SEBI Listing Regulations.
"Joint Venture"	Ideal Finance Limited, a joint venture of our Company as per Ind AS 28.
"Limited Review Consolidated Financial Results"	Limited review unaudited consolidated financial results of our Company for the three months period ended June 30, 2020, including the notes thereto and the reports thereon.
"Limited Review Standalone Financial Results"	Limited review unaudited standalone financial results of our Company for the three months period ended June 30, 2020, including the notes thereto and the reports thereon.
"Materiality Policy"	The *'Policy for Determination of Materiality of Events or Information'* adopted by our Board, in accordance with Regulation 30 of the SEBI Listing Regulations.
"Material Subsidiary"	Mahindra Rural Housing Finance Limited, identified in accordance with the SEBI Listing Regulations.
"Memorandum of Association" or "Memorandum" or "MoA"	The memorandum of association of our Company, as amended.
"Non-Executive Director"	A Director, not being an Executive Director of our Company.
"Non-Executive Non-Independent Director"	A Non-Executive Director, not being an Independent Director of our Company, unless otherwise specified.
"Promoter Group"	The promoter group of our Company, in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.
"Promoter"	The promoter of our Company, namely, Mahindra & Mahindra Limited.
"Registered Office"	Registered office of our Company situated at Gateway Building, Apollo Bunder, Mumbai 400001
"Registrar of Companies" or "RoC"	Registrar of Companies, Maharashtra, located at Mumbai.
"Rights Issue Committee"	The committee of our Board constituted through the resolution dated June 1, 2020, for purposes of this Issue and incidental matters thereof, consisting of Ramesh Iyer (Vice-Chairman & Managing Director), V.S Parthasarathy (Non-Executive Non- Independent Director) and V. Ravi (Executive Director & Chief Financial Officer).
"Statutory Auditors/Auditors"	The current statutory auditors of our Company, namely, B S R & Co. LLP, Chartered Accountants.
"Subsidiaries"	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable accounting standard, in this case being Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Manulife Investment Management Private Limited* (formerly known as Mahindra Asset Management Company Private Limited), Mahindra Manulife Trustee Private Limited* (formerly known as Mahindra Trustee Company Private Limited) and Mahindra Finance CSR Foundation. * *Effective from April 2020, Mahindra Manulife Investment Management Private Limited and Mahindra Manulife Trustee Private Limited have been classified as joint ventures of our Company, for the purposes of the Financial Statements. For details, see "Financial Statements" on page 115.*

Issue Related Terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
"Allot", "Allotment" or "Allotted"	Allotment of Equity Shares pursuant to this Issue.
"Allotment Account"	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date.
"Allotment Account Bank(s)"	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Account will be opened, in this case being, Axis Bank Limited.
"Allotment Date"	Date on which the Allotment shall be made pursuant to this Issue.
"Allottee(s)"	Person(s) who shall be Allotted Equity Shares pursuant to the Allotment.
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Equity Shares pursuant to this Issue in terms of this Letter of Offer.
"Application"	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Equity Shares at the Issue Price.
"Application Form"	Unless the context otherwise requires, an application form (including online application form available for submission of application through R-WAP facility or though the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Equity Shares in this Issue.
"Application Money"	The full amount of ₹ 50**,** payable at the time of Application, in respect of the Equity Shares applied for in this Issue.
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by Investors to make an Application and authorizing an SCSB to block the Bid Amount in the ASBA Account maintained with the SCSB.
"ASBA Account"	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.
"Basis of Allotment"	The basis on which the Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in "*Terms of the Issue*" on page 338.
"Banker to the Issue Agreement"	Agreement dated July 21, 2020, entered into by and among our Company, the Registrar to the Issue, the Lead Managers and the Banker(s) to the Issue, for receipt of Application Money in the Escrow Account from Applicants making an Application through R-WAP facility, including for the purposes of refunding the surplus funds remitted by such Applicants after Basis of Allotment, remitting funds to the Allotment Account from the Escrow Account and SCSBs (for ASBA Applications) in case of Allottees, release of funds from the Allotment Account to our Company and other persons, as applicable and providing such other facilities and services as specified in the agreement.
"Banker(s) to the Issue"	Collectively, the Escrow Collection Bank, the Allotment Account Bank(s) and the Refund Account Bank to the Issue, in this case being Axis Bank Limited.
"Controlling Branches" or "Controlling Branches of the SCSBs"	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time.
"Designated Branches"	Such branch/branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI or the Stock Exchange(s), from time to time.
"Designated Stock Exchange"	BSE Limited.
"Eligible Equity Shareholders"	Equity Shareholders of our Company on the Record Date.
"Escrow Account"	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility.
"Escrow Collection Bank"	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, Axis Bank Limited.

Term	Description
"Issue"	Issue of 617,764,960* Equity Shares of face value of ₹ 2 each of our Company for cash at a price of ₹ 50 per Equity Share (including a premium of ₹ 48 per Equity Share) aggregating to ₹ 30,888,248,000* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of one Equity Share for every one Equity Share held by the Eligible Equity Shareholders of our Company on the Record Date. **Assuming full subscription.*
"Issue Agreement"	Issue agreement dated July 21, 2020, between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to this Issue.
"Issue Closing Date"	Tuesday, August 11, 2020.
"Issue Opening Date"	Tuesday, July 28, 2020.
"Issue Period"	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
"Issue Price"	₹ 50 per Equity Share.
"Issue Proceeds" / "Gross Proceeds"	Gross proceeds of this Issue.
"Issue Size"	Amount aggregating to ₹ 30,888,248,000* **Assuming full subscription.*
"Lead Managers"	Kotak Mahindra Capital Company Limited, Axis Capital Limited, BNP Paribas, Citigroup Global Markets India Private Limited, HDFC Bank Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, Nomura Financial Advisory and Securities (India) Private Limited and SBI Capital Markets Limited.
"Letter of Offer"	This letter of offer dated July 21, 2020, filed with the Designated Stock Exchange, SEBI and NSE, for purposes of record keeping.
"MCA Circular"	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India.
"Monitoring Agency"	Axis Bank Limited.
"Monitoring Agency Agreement"	Agreement dated July 17, 2020 entered into between the Company and the Monitoring Agency in relation to monitoring of Net Proceeds.
"Net Proceeds"	Issue Proceeds less Issue related expenses. For details, see "*Objects of the Issue*" on page 84.
"On Market Renunciation"	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before Friday, August 7, 2020.
"Off Market Renunciation"	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
"Record Date"	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Equity Shares, being July 23, 2020.
"Refund Account Bank"	The Banker to the Issue with whom the refund account will be opened, in this case being Axis Bank Limited.
"Registrar to the Issue" or "Registrar"	KFin Technologies Private Limited.
"Registrar Agreement"	Agreement dated July 15, 2020 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility.
"Renouncee(s)"	Any person(s) who, not being the original recipient has/have acquired the Rights Entitlement, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars.
"Renunciation Period"	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Friday, August 7, 2020, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
"Rights Entitlements" / "REs"	The right to apply for the Equity Shares, being offered by way of this Issue, by an Investor, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, in this case being one Equity Share for every one Equity Share held by an Eligible Equity Shareholder, on the Record Date.

Term	Description
"Rights Entitlement Letter"	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and the link of which is available on the website of our Company.
"Equity Shareholders"	A holder of the Equity Shares, from time to time.
"R-WAP"	Registrar's web based application platform accessible at https://rights.kfintech.com/mahindra, instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/ submitting online Application Forms by resident Investors.
"SCSB(s)"	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time.
"Stock Exchanges"	Stock exchanges where our Equity Shares are presently listed, being BSE and NSE.
"Transfer Date"	The date on which Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
"Wilful Defaulter"	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI.
"Working Day(s)"	Working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Conventional terms or Abbreviations

Term /Abbreviation	Description / Full Form
"₹", "Rs.", "Rupees" or "INR"	Indian Rupee.
"AIF(s)"	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
"Arbitration Act"	Arbitration and Conciliation Act, 1996.
"ASBA Circulars"	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
"Average Net Worth/Shareholders' funds"	Average Net worth is computed as simple average of Net worth as at the beginning of the financial year and as at the closing of the financial year.
"BSE"	BSE Limited.
"CDSL"	Central Depository Services (India) Limited.
"Central Government" / "Government of India" / "GoI"	Central Government of India.
"CIN"	Corporate identity number.
"Companies Act, 1956"	Erstwhile Companies Act, 1956 along with the rules made thereunder.
"Companies Act, 2013" / "Companies Act"	Companies Act, 2013 along with the rules made thereunder.
"Depositories Act"	Depositories Act, 1996.
"Depository"	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
"DIN"	Director identification number.
"DIPP"	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
"DP" / "Depository Participant"	Depository participant as defined under the Depositories Act.
"DP ID"	Depository participant identification.
"DPIT"	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as Department of Industrial Policy and Promotion.
"EBITDA"	Profit for the year before exceptional items, finance costs, tax, depreciation, amortization and impairment .

Term /Abbreviation	Description / Full Form
“EPS”	Earnings per share.
“FCNR Account”	Foreign Currency Non-Resident Account.
“FDI”	Foreign direct investment.
“FDI Policy”	The consolidated foreign direct investment policy notified by the DIPP (now DPIT) vide circular no. D/o IPP F. No. 5(1)/2017- FC-1 dated August 28, 2017 effective from August 28, 2017.
“FEMA”	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
“FEMA Rules”	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
“Financial Year” / “FY” / “Fiscal”	Period of 12 months ended March 31 of that particular year.
“FIR”	First Information Report.
“FPI”	Foreign Portfolio Investor as defined under the SEBI FPI Regulations, registered with SEBI under applicable laws in India.
“Fugitive Economic Offender”	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
“FVCIs”	Foreign venture capital investors as defined in and registered with SEBI, under the SEBI FVCI Regulations.
“GDP”	Gross domestic product.
“Government”	Central Government and/or the State Government, as applicable.
“GST”	Goods and Services Tax.
“IEPF”	Investor Education and Protection Fund
“IFRS”	International Financial Reporting Standards.
“India”	Republic of India.
“Indian GAAP”	Generally Accepted Accounting Principles followed in India.
“Ind AS”	Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
“ISIN”	International securities identification number.
“Income-tax Act”	Income-tax Act, 1961.
“Listing Agreement”	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015.
“MCA”	The Ministry of Corporate Affairs, Government of India.
“Mutual Fund”	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
“N.A.” / “N/A”	Not applicable.
“NACH”	National Automated Clearing House.
“NCD”	Non-convertible debentures issued by our Company, from time to time.
“Net Asset Value (book value) per Equity Share”	Closing Net worth divided by the number of issued, subscribed and paid-up Equity Shares outstanding at the end of the financial year.
“Net Worth/Shareholders’ funds”	Net worth represents Equity attributable to owners of the Company, comprising of Equity share capital and other equity.
“NEFT”	National Electronic Fund Transfer.
“NR” / “NRs”	Non-resident(s) or person(s) resident outside India, as defined under the FEMA.
“NRE Account”	Non-resident external account.
“NRI”	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016.
“NRO Account”	Non-resident ordinary account.
“NSDL”	National Securities Depository Limited.
“NSE”	National Stock Exchange of India Limited.
“OCB” / “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
“p.a.”	*Per annum*.
“PAN”	Permanent Account Number.
“Return on net worth” (in %)	Total comprehensive income (aggregate of profit after tax and other comprehensive income for the year) as per statement of profit and loss attributable to Equity Shareholders, divided by Average Net worth.
“RBI”	Reserve Bank of India.
“Rule 144A”	Rule 144A under the US Securities Act.
“Regulation S”	Regulation S under the US Securities Act.
“REPO”	Repurchase Agreement.

Term /Abbreviation	Description / Full Form
“RTGS”	Real Time Gross Settlement.
“SAT”	Securities Appellate Tribunal.
“SCRA”	Securities Contracts (Regulation) Act, 1956.
“SCRR”	Securities Contracts (Regulation) Rules, 1957.
“SEBI”	Securities and Exchange Board of India.
“SEBI Act”	Securities and Exchange Board of India Act, 1992.
“SEBI AIF Regulations”	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
“SEBI FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
“SEBI FVCI Regulations”	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
“SEBI Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
“SEBI Rights Issue Circulars”	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020.
“SEBI SBEB Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
“SEBI Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
“SEBI VCF Regulations”	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.
“State Government”	Government of a state of India.
“U.S.” / “USA” / “United States”	United States of America, including the territories or possessions thereof.
“U.S. QIB”	“Qualified institutional buyer”, as defined in Rule 144 of the US Securities Act.
“US$” / “USD” / “$” / “U.S. dollars”	United States Dollar.
“US SEC”	U.S. Securities and Exchange Commission.
“US Securities Act”	U.S. Securities Act of 1933, as amended.
“VCFs”	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be.

Industry Related Terms

Term	Description
“Average assets”	Average assets is computed as simple average of total assets as per balance sheet as at the beginning of the financial year and as at the closing of the financial year.
“Average borrowings”	Average borrowings is computed as simple average of total borrowings as at the beginning of the financial year and as at the closing of the financial year.
"Cost to Income Ratio”	Percentage of overheads to total income net of finance costs
“Debt to Equity ratio”	Percentage of closing total borrowings to closing total equity
“ECBs”	External Commercial Borrowing.
“FCNR”	Foreign Currency Non-Resident.
“Gross spread”	Percentage of total income to Average assets reduced by percentage of interest or finance costs to Average assets
“ISO”	International Organization for Standardization.
“Loan secured by tangible assets (# for consolidated)”	Loans secured by tangible assets include loans and advances (including overdue loans) under retail vehicle finance, housing finance and SME finance businesses before deduction of impairment loss allowances
“Loan secured by tangible assets (# for standalone)”	Loans secured by tangible assets include loans and advances (including overdue loans) under retail vehicle finance, SME finance businesses before deduction of impairment loss allowances
“LTV”	Loan to value ratio
“MICR”	Magnetic Ink Character Recognition.
“Net Spread”	PBT before exceptional item divided by Average assets; or percentage of Gross spread less aggregate of percentage of Overheads / Average Assets and percentage of Write offs & NPA or impairment provisions on financial assets / Average assets
"Net Spread after Tax (Return on assets)”	Profit after tax for the year divided by Average assets
“NPAs”	Non-Performing Assets.

Term	Description
“Overheads”	Aggregate of employee benefits expenses, depreciation, amortization and impairment, fees and commission expense and other expenses
"Overheads / Average Assets”	Aggregate overheads comprising of Employee benefits expenses, Depreciation, amortization and impairment, Fees and commission expense and Other expenses divided by Average assets
“Write offs & NPA or impairment provisions on financial assets/ Average assets'”	Impairment on financial instruments as per statement of profit and loss for the year divided by Average assets

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlements and the Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come, are required to inform themselves about and observe such restrictions. For details, see "*Restrictions on Purchases and Resales*" on page 376.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis, whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions.

Further, this Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, by the Registrar on behalf of our Company or the Lead Managers, in each case who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Managers, and the Stock Exchanges, and on R-WAP.

Our Company, the Lead Managers and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter and any other offering materials or advertisements in connection with this Issue may not be distributed, in whole or in part, in or into any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

This Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter must be treated as sent for information only and should not be acted upon for subscription to Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject the Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Application Form or Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter.

Neither the Company nor the Lead Managers are making any representation to any person regarding the legality of an investment in the Rights Entitlements or the Equity Shares by such person under any investment or any other laws or regulations. No information in this Letter of Offer should be considered to be business, financial, legal, tax or investment advice.

Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Equity Shares in accordance with the legal requirements applicable in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers and its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Restrictions on Purchases and Resales*" on page 376.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) outside India and the United States and is a foreign corporate or institutional shareholder eligible to subscribe for the Equity Shares under applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

Neither the delivery of this Letter of Offer nor any sale of Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Equity Shares or Rights Entitlements. As a result, each Investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Managers nor its affiliates is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD (I) IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT ("**REGULATION S**") TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS AND (II) IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT) ("**U.S. QIB**") PURSUANT TO SECTION 4(a)(2) OF THE US SECURITIES ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBs. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME (OTHER THAN TO U.S. QIBs).

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs). No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States (in each case, other than from persons in the United States who are U.S. QIBs) or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions.

Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States; or (ii) it is a U.S. QIB in the United States, and in each case is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) outside India and the United States and is a foreign corporate or institutional shareholder eligible to subscribe for the Equity Shares under applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

All offers and sales in the United States of the Rights Entitlements and the Equity Shares have been, or will be, made solely by our Company. The Lead Managers are not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Equity Shares or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**US SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited company under the laws of India and a majority of the Directors and all executive officers are residents of India. It may not be possible or may be difficult for investors to effect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- the judgment has not been pronounced by a court of competent jurisdiction;
- the judgment has not been given on the merits of the case;
- the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- the proceedings in which the judgment was obtained are opposed to natural justice;
- the judgment has been obtained by fraud; and/or
- the judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable. In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

Financial Data

Unless stated otherwise or unless the context requires otherwise, the financial data in this Letter of Offer is derived from the Consolidated Financial Statements. The Audited Consolidated Financial Statements, Audited Standalone Financial Statements, Limited Review Consolidated Financial Results and Limited Review Standalone Financial Results which have been prepared in accordance with Indian Accounting Standards ('**Ind AS**'), notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and the other accounting principles generally accepted in India and guidance notes specified by the Institute of Chartered Accountants of India, which have been included in this Letter of Offer.

Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. Our Fiscal commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "Financial Year" or "FY" are to the 12 months period ended on March 31 of that year. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated or expressed otherwise, throughout this Letter of Offer, all figures have been expressed in ₹ millions. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Letter of Offer.

For details, see "*Financial Statements*" on page 115.

Currency of Presentation

Unless otherwise specified or the context otherwise requires, all references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India; and
- 'US$', 'USD', '$' and 'U.S. Dollars' are to the legal currency of the United States of America.

The following table sets forth, for the dates indicated, information with respect to the exchange rate between the Rupee and the respective foreign currencies:

Sr. No.	Name of the Currency	Exchange rates as on		
		June 30, 2020	March 31, 2020 (in ₹)	March 31, 2019 (in ₹)
1.	1 United States Dollar ("**USD**")	75.53	75.39	69.17

Source: www.fbil.org.in for June 30, 2020, March 31, 2020 and March 31, 2019.

Note:

- *In the event that any of the abovementioned dates of any of the respective financial years is a public holiday, the previous calendar day not being a public holiday has been considered.*

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees (₹) at any particular rate, the rates stated above or at all.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology including 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target' or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- Impact of COVID-19 on our business, financial condition and results of operations;
- Any disruption in our sources of funding;
- Any adverse developments in the industries we operate in, including the new and pre-owned vehicle financing industry;
- Inability to compete in an increasingly competitive industry; and
- Risk of non-payment or default by borrowers.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section "*Risk Factors*" on page 20.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer and neither our Company nor the Lead Managers undertakes any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including the sections, "*Objects of the Issue*", *"Outstanding Litigation and Defaults", "Our Business"* and "*Risk Factors*" on pages 84, 326**,** 96 and 20 respectively.

Summary of our Primary Business

We are one of the leading deposit taking non-banking finance companies with customers primarily in the rural and semi-urban markets of India. We are primarily engaged in providing financing for new and pre-owned auto and utility vehicles (including three wheelers), tractors, cars and commercial vehicles.

Objects of the Issue

The Net Proceeds are proposed to be utilised by our Company in accordance with the details set forth below:

Particulars#	**Amount (In ₹ millions)**
Repayment/ prepayment of all or a portion of certain borrowings availed by our Company	16,000.00
Augmenting the long-term capital and resources for meeting funding requirements for our Company's business activities	8,000.00
General corporate purposes*	6,790.75
Total Net Proceeds**	30,790.75

**The amount to be utilised for general corporate purposes shall not exceed 25% of the Net Proceeds.*
***Assuming full subscription and Allotment in the Issue. Subject to finalisation of the Basis of Allotment and the Allotment of the Equity Shares.*
#In the event of undersubscription in the Issue, our Company will proportionately deploy the Net Proceeds towards the stated objects of the Issue and towards general corporate purposes, in accordance with applicable laws.

For details, see "*Objects of the Issue*" on page 84.

Subscription to the Issue by our Promoter and Promoter Group

Our Promoter, pursuant to a letter dated July 18, 2020**,** has confirmed that it intends to (i) subscribe to the full extent of its Rights Entitlements and (ii) subscribe to additional Equity Shares in the Issue and any undersubscribed portion in the Issue, over and above its Rights Entitlements for ensuring full subscription in the Issue, subject to compliance with applicable laws.

To the extent required by applicable law, any participation by the Promoter, over and above its Rights Entitlement, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law. As on the date of this Letter of Offer, members of our Promoter Group (other than our Promoter), do not hold any Equity Shares in the Company.

Summary of Financial Information

A summary of selected financial information of our Company for the Fiscals 2020, 2019 and 2018 and for the three months period ended June 30, 2020, derived from the Consolidated Financial Statements, is set out below.

(*In ₹ millions, unless otherwise specified*)

Particulars	**As at June 30, 2020**	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2018**
Equity share capital	1,231.27	1,230.70	1,229.75	1,228.95
Net worth^	124,155.26	119,690.05	112,690.18	98,550.04
Total income	30,686.84	119,964.56	104,308.55	79,121.75
Profit for the period/ year	4,321.19	10,858.18	18,672.82	12,162.87
Basic earnings per Equity Share* (in ₹)	7.01	17.48	29.73	20.40
Diluted earnings per Equity Share* (in ₹)	7.00	17.44	29.67	20.37
Net asset value per Equity Share (in ₹)	200.97	194.51	183.27	160.38

Particulars	As at June 30, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Total borrowings (sum of borrowings under all types of instruments)	697,651.74	656,342.40	588,016.21	449,861.53

**Not annualised.*

^Net worth represents Equity attributable to owners of the Company comprising of Equity share capital and other equity.

Qualifications of the Auditors

There are no Auditors' qualifications which have not been given effect to in the Financial Statements.

Summary of Outstanding Litigation and Material Developments

A summary of material outstanding legal proceedings involving our Company and our Subsidiaries, as on the date of this Letter of Offer, is set out below.

(in ₹ millions, unless otherwise specified)

Sr. No.	Type of Proceedings	Number of cases	Amount (to the extent quantifiable)
I.	**Litigation involving our Company**		
A.	Proceedings involving issues of moral turpitude or criminal liability on part our Company	190	Not quantifiable
B.	Proceedings involving material violations of statutory regulations by our Company	Nil	Not applicable
C.	Matters involving economic offences where proceedings have been initiated against our Company	Nil	Not applicable
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	Not applicable
	Total	**190**	**-**
II.	**Litigation involving our Subsidiaries**		
A.	Proceedings involving issues of moral turpitude or criminal liability on part of our Subsidiaries	16	Not quantifiable
B.	Proceedings involving material violations of statutory regulations by our Subsidiaries	Nil	Not applicable
C.	Matters involving economic offences where proceedings have been initiated against our Subsidiaries	Nil	Not applicable
D.	Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	Nil	Not applicable
	Total	**16**	**-**

For further details, see "*Outstanding Litigation and Defaults*" on page 326.

Risk Factors

See *"Risk Factors"* on page 20.

Contingent Liabilities and commitments of our Company

Contingent liabilities and commitments of our Company as of March 31, 2020, as per Ind AS 37, derived from the Consolidated Financial Statements, is set out below:

(*In ₹ millions*)

Particulars	As at March 31, 2020
Contingent liabilities	12,643.37
Commitments	6,750.32
Total	**19,393.69**

For details of contingent liabilities and commitments as per Ind AS 37 *"Provisions, Contingent Liabilities and Contingent Assets"*, see "*Financial Statements*" on page 275.

Related Party Transactions

For details of related party transactions, see "*Financial Statements*" on page 300.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, directors of our Promoter, members of our Promoter Group, Directors or their relatives have financed the purchase by any other person of securities of our Company, during the period of six months immediately preceding the date of this Letter of Offer.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Letter of Offer.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. This section should be read together with our Financial Statements and other financial information included elsewhere in this Letter of Offer.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section, such as those relating to non-payment or default by borrowers, our levels of indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness. In making an investment decision with respect to this Issue, you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In this section, unless the context otherwise indicates or implies, "we", "us" and "our" refer to our Company together with our Subsidiaries and Joint Venture.

INTERNAL RISKS

1. The Coronavirus disease (COVID-19) has had an adverse effect on our business and operations and the extent to which it may continue to do so in the future, is uncertain and cannot be predicted.

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts for calendar year 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, including in India where our operations are primarily based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown beginning on March 25, 2020. The lockdown remains in force in many cities, with limited and progressive relaxations being granted for movement of goods and people in other places and cautious re-opening of businesses and offices. However, lockdowns may be re-introduced or extended in the future. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- it led to a closure of our branch offices and halted our field operations from the last week of March 2020 and we were only able to resume operations in a gradual manner from the second week of May 2020. A surge in the number of COVID-19 cases in the future could result in a complete or partial closure of, or other operational issues at our offices resulting from government action;

- COVID-19 has caused a material decline in general business activity and demand for auto and utility vehicles, tractors, cars and commercial vehicles and their financing; we experienced a substantial reduction in new business during the months of April, May and June 2020 and we expect demand for our products to remain low over the next few months;

- in accordance with our Board approved moratorium policy read with the RBI guidelines, our Company has granted moratorium up to six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. In order to cover the contingencies that may arise due to the COVID-19 pandemic, we have incorporated management overlays in the measurement of impairment loss allowance and recognized additional provision of ₹ 7,285.30 million in our consolidated statement of profit and loss for the quarter and year ended March 31, 2020 and ₹ 6,644.59 million in our consolidated statement of profit and loss for the quarter ended June 30, 2020. However, our impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates. Approximately 75% of our customers opted for the moratorium on their monthly installments, which adversely affected our daily cash flow and liquidity position. This also resulted in a change in our asset-liability maturity profile wherein the collections that were expected to be received during the period of moratorium were deferred, while we continue to repay our loans as they become due. We cannot assure you that RBI will not permit a further extension of the moratorium period, which may require us to make higher provisions and impact our overall profitability and growth.

- our customers who primarily reside in rural and semi-urban markets have less financial wherewithal than other borrowers and may default on their loan payments or additional interest payment obligations, in case the customers opt for the moratorium. We expect a further delay in repayments from customers who have purchased heavy commercial vehicles as well as vehicles used as aggregator taxis;

- our inability to access debt and equity capital on acceptable terms, or at all, and a further disruption and instability in the global financial markets or deteriorations in credit and financing conditions or downgrade of our or India's credit rating that may affect our access to capital and other sources of funding necessary to fund our operations or address maturing liabilities on a timely basis;

- the effects of the COVID-19 pandemic on our future results of operations, cash flows and financial condition could adversely impact our ability to service our debt obligations and comply with the covenants in our credit facilities and other financing agreements and could result in events of default and the acceleration of indebtedness, which could negatively impact our financial condition, results of operations and our ability to make additional borrowings;

- our ability to meet our ongoing disclosure obligations to the relevant stock exchanges might be adversely affected, despite our best efforts;

- inherent productivity, connectivity, and oversight challenges due to an increase in number of individuals working from home;

- increased vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of individuals working from home;

- an increase in operational costs as a result of additional cleaning of premises required or hiring of additional support staff for carrying out our operations;

- uncertainty as to what conditions must be satisfied before government authorities completely lift "stay-at-home" orders; and

- the potential negative impact on the health of our personnel, particularly if a significant number of them are afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on us and our customers at this time. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, financial condition and results of operations.

Further, our statutory auditors have included an emphasis of matter in their audit report for the financial year 2020 and as stated in the emphasis of matter, in respect of accounts overdue but standard as on February 29, 2020 where moratorium benefit has been granted, the staging of those accounts as on March 31, 2020 is based on the days past due status as on February 29, 2020 in accordance with the COVID-19 Regulatory Package announced by the RBI vide notifications dated March 27, 2020, April 17, 2020. In addition, our statutory auditors have stated in the emphasis of matter that the extent to which COVID-19 will impact our financial performance is dependent on future developments, which are highly uncertain. Our statutory auditors have also included an emphasis of matter in their report on our unaudited consolidated financial results for the quarter ended June 30, 2020 that in respect of accounts where moratorium benefit has been granted, the staging of those accounts as at June 30, 2020 is based on the days past due status as on the date when the moratorium benefit was granted and is in accordance with the COVID-19 Regulatory Package announced by the RBI vide notifications dated March 27, 2020, April 17, 2020 and May 23, 2020. Further, the extent to which the COVID-19 pandemic will impact our financial performance is dependent on future developments, which are highly uncertain.

The extent to which the COVID-19 pandemic will impact our financial performance is dependent on future developments, which are highly uncertain and therefore, our prior financial results are not necessarily indicative of results to be expected for future periods. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section.

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

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including equity funding, secured and unsecured loans, including rupee-denominated term loans and cash credit facilities from banks and financial institutions, external commercial borrowings, securitization and assignment of receivables, secured and unsecured non-convertible debentures, subordinated bonds, commercial paper, fixed deposits and inter-corporate deposits. Our business thus depends and will continue to depend on our ability to access a variety of funding sources. Our ability to raise funds on acceptable terms and at competitive rates depends on various factors including global and local macroeconomic conditions and the effect of events such as the COVID-19 pandemic, our current and future results of operations and financial condition, our risk management policies, the shareholding of our Promoter in our Company, our credit ratings, India's sovereign credit rating, our brand equity and the regulatory environment and policy initiatives in India. Changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

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

We are primarily engaged in providing financing for new auto and utility vehicles (including three wheelers), tractors, cars, commercial vehicles, construction equipment and pre-owned vehicles to customers in rural and semi-urban markets. For the financial years 2020 and 2019, the estimated total value of assets financed by our Company was ₹ 423,881.92 million and ₹ 462,103.17 million, respectively, our Company's revenue from operations was ₹ 100,978.52 million and ₹ 87,229.09 million, respectively and total profit after tax for the year was ₹ 9,064.04 million and ₹ 15,570.64 million, respectively. Our subsidiaries MRHFL, MIBL and MMIMPL operate in the housing finance, insurance distribution and asset management industries, respectively. Our asset portfolios include, and will likely continue to include, a high concentration of financing arrangements for vehicles in rural and semi-urban markets. The success of our business thus depends on various factors that affect demand for such vehicles, including the demand for transportation services in India, the housing and the insurance market in India, changes in Indian regulations and policies affecting utility vehicles, tractors, commercial vehicles and cars, natural disasters, calamities, pandemics such as COVID-19 which has shut down large parts of Indian economy and may have adverse impact on rural economy in the short and mid-term, fuel prices and other macroeconomic conditions in India and globally.

Moreover, demand for such vehicles from our customers who are individuals or small enterprises that typically have less financial wherewithal than corporate borrowers or fleet owners, or demand for rural housing, is more likely to be adversely affected by these factors. This may result in a decline in the sales or value of new and pre-owned vehicles. In addition, COVID-19 has caused a significant decline in the demand for heavy commercial vehicles as well as light commercial vehicles utilized by medium and small fleet operators. Such factors may also affect the business of our customers, which in turn will affect their ability to perform their obligations under the existing financing agreements. Any decline in sales of, or in demand for financing for, utility vehicles, tractors, cars or commercial vehicles or non-performance of the existing financing agreements could adversely affect our business and results of operations.

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

We provide loans primarily to customers residing in rural and semi-urban markets. Our primary competitors have been private unorganized lenders who typically operate in rural and semi-urban markets. However, as banks, other NBFCs and housing finance companies continue to expand their operations in rural and semi-urban markets, we face competition from such entities, some of which may have superior technology platforms, more resources, access to cheaper funding, expanded their reach to rural and semi-urban markets and may have a better understanding of and relationships with customers in these markets. This may make it easier for competitors to expand and to achieve economies of scale to a greater extent. In addition, our competitors may be able to rely on the reach of the retail presence of their affiliated group companies or banks. Competition has also increased as a result of interest rate deregulation and other liberalization measures affecting the vehicle financing and housing finance sectors and we expect competition to intensify in the future. We also face increasing competition in our insurance broking, mutual fund and SME financing businesses.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost capital, and charge optimum interest rates at which we lend to our customers. Consequently, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business.

We believe that the strong recognition of the "Mahindra" brand provides a significant competitive advantage to us and ensures a steady inflow of business. In the event Mahindra group is unable to maintain the quality of its services or its goodwill deteriorates for any reason whatsoever, our business and results of operations may be adversely affected. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive industry. Increasing competition may adversely affect our net interest margins, income and market share.

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

Our customers are primarily in the rural and semi-urban markets of India and without formal credit histories. Such customers typically have less financial wherewithal and may be particularly susceptible to adverse macro-economic conditions, particularly on account of events such as COVID-19. As of March 31, 2020, our Company's total gross loans and advances were ₹ 680,761.99 million and we expect that the size of our gross loans and advances will grow as a result of our expansion strategy in existing as well as new products, which will expose us to an increased risk of defaults. This, as well as any deterioration in the financial condition of our borrowers, particularly on account of COVID-19 in recent months may result in an increase in our NPAs. Any such increase may adversely affect our credit ratings and increase our borrowing costs, which in turn may affect our interest margins, business and results of operations.

Our Company classifies NPAs in accordance with applicable Ind AS rules and the RBI guidelines on COVID-19 – Regulatory Package. Defaults by our customers for a period of more than 90 days result in such loans being classified as 'non-performing'. Our Company's Gross NPAs (Stage 3 assets) were ₹ 57,467.39 million, or 8.4% of our gross business assets as of March 31, 2020. Our Company's provision for NPA (Stage-3 assets) was ₹ 17,802.64 million as of March 31, 2020.

MRHFL classifies NPAs in accordance with applicable Ind AS rules and the RBI guidelines on COVID-19 – Regulatory Package. Defaults by the customers of MRHFL for a period of more than 90 days result in such loans being classified as 'non-performing'. MRHFL's Gross NPAs (Stage 3 assets) were ₹ 12,772.12 million, or 15.1% of MRHFL's gross business assets as of March 31, 2020. MRHFL's provision for NPA (Stage - 3 assets) was ₹ 4,145.12 million as of March 31, 2020.

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

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

Although we follow certain procedures to evaluate the credit profiles of our customers at the time of sanctioning a loan, we typically rely on a system of referrals from the local community and the value of the vehicle provided as underlying collateral rather than focusing solely on the credit profile of our customers. Further, due to the COVID-19 pandemic and a complete or partial closure of our offices, we may be unable to obtain adequate information about our customers for evaluating their credit profiles. Further, our Company had unsecured loans outstanding aggregating to ₹ 27,441.03 million, as of March 31, 2020. Consequently, non-payment or default by borrowers could adversely affect business, results of operations and financial condition.

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

A significant component of our total income is the interest and fee income we receive from the secured and unsecured loans we disburse, which comprised 96.1% and 96.4% of our total income for the financial years 2020 and 2019, respectively. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates.

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

Further, pursuant to our loan agreements with customers, we primarily lend money on fixed interest rate basis, typically without including a provision that interest rates due under our loan agreements will increase if interest rates in the market increase. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

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

For each vehicle financing arrangement, we sanction an amount of credit that is less than the value of the vehicle which we take as collateral. We regulate this amount through our restrictions on the loan to value

("**LTV**") ratio of each financing. We take other collateral such as houses as collateral against the credit that we extend in our housing finance business. The value of the collateral, however, may decline during the term of the loan for a variety of reasons, including depreciation and deterioration. In addition, an overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default. As a result, if our customers default, we may receive less money from liquidating collateral than is owed under the relevant financing facility, and, in turn, incur losses, even where we successfully repossess and liquidate the collateral. While we require borrowers to secure a guarantee on the basis of their profile, we may not be able to enforce or collect the amount owed under such guarantee, if at all. Further, as our unsecured loan portfolio is not supported by any collateral, in the event of non-payment by borrowers under these loans, we may be unable to collect the outstanding amount.

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

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

Pursuant to the Reserve Bank of India (Priority Sector Lending–Targets and Classification) Directions, 2016 dated July 7, 2016, as updated, scheduled commercial banks operating in India are required to maintain 40% of their adjusted net bank credit or credit equivalent of their off balance sheet exposure, whichever is higher, as priority sector advances. These include loans to the agriculture, micro and small enterprises, low-income housing projects, off-grid renewable energy, exports and similar sectors where the Government seeks to encourage the flow of credit to stimulate economic development in India. Commercial banks in the past have relied on specialized institutions, including microfinance institutions and other financing companies including NBFCs, to provide them with access to qualifying advances through lending programs and loan assignments, which may lead to more competition for us and may adversely affect our business and results of operations.

Any such changes in priority sector guidelines by RBI may adversely affect our business and operations. While scheduled commercial banks may still choose to lend to NBFCs, they may charge higher rates to do so because these loans no longer count towards their priority sector lending requirements. This may lead to an increase in the rates at which such loans have historically been offered to us, thus increasing our borrowing costs and adversely affecting our financial condition and results of operation.

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

9. ***We may be unsuccessful in expanding into new lines of business and implement our new business strategies, which could adversely affect our business and prospects.***

We continue to pursue opportunities to expand into new lines of business. For example, we have recently started offering small ticket size consumer durable and personal loans. We also incorporated an asset management company and during the financial year 2016, we obtained a certificate of registration as a registered mutual fund from SEBI. However, our growth strategies may require new regulatory approvals and strain our resources. Moreover, neither we, nor our Promoter have significant operational experience in the mutual fund sector. In addition, we commenced our leasing business through the leasing of electric vehicles in certain geographies in 2017. We further expanded our leasing business to other product segments such as passenger cars, commercial vehicles and construction equipment. We may also pursue new business strategies in the future such as opening new offices, increasing our presence in rural centres and introduce new products and services. Pursuing such business opportunities will require significant capital, which we may not be able to raise in a timely manner, or at all. We cannot assure you that we will be successful in expanding these new lines of business, which could adversely affect our business, operations and profitability.

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

For the financial years 2020 and 2019, 39.9% and 41.2% of our estimated total value of assets financed were provided to purchasers of M&M vehicles, including tractors, respectively. However, there has been a significant decline in the sale of such vehicles on account of the COVID-19 pandemic and the lockdown that has been enforced in India. We also finance the purchase of construction equipment manufactured by M&M. Consequently, our business depends on the success of the distribution and marketing network and brand equity of M&M, particularly in rural and semi-urban markets. Customers may also delay or default on their payments due to us on account of technical failures of their vehicles or equipment because they associate these failures with M&M and, in turn, with us. M&M's inability to maintain and expand its own distribution network or increase its sales; continue to anticipate and respond effectively to challenges posed by the Indian vehicle industry, particularly in rural and semi-urban markets, or any decline in sale of rural models in M&M portfolio could adversely affect our business and results of operations.

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

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

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

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

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

While we have implemented technology that tracks our cash collections, taken insurance policies, including fidelity coverage and coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections. A penalty may be imposed on us under section 269ST of the Income Tax Act, 1961 for cash collections exceeding ₹ 200,000 in a single transaction.

Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same vehicle and unauthorized collection of instalments on behalf of our Company. Given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that are difficult to detect or rectify.

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

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may relate to the nature of our business and may be outside of our control. For example, our credit ratings may depend on the financial performance and business prospects of M&M and its majority shareholding in our Company. Our Company's long-term and subordinated debt is presently rated IND AAA, IND PP-MLD AAA emr, CARE AAA and CRISIL AA+ by India Ratings & Research Private Limited, Credit Analysis & Research Limited and CRISIL, respectively, and our long term subordinated debt is presently rated BWR AAA by Brickwork Ratings India Private Limited. India Ratings & Research Private Limited and CRISIL has rated our Company's short-term debt as IND A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments, and CRISIL has rated our Company's fixed deposit program FAAA.

Any downgrade in our credit ratings or the credit ratings of India, could increase our borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, business and results of operations. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations, financial condition.

14. ***Changes in environmental or other laws may lead to a decline in the sale of vehicles, which could adversely affect our business, results of operations and prospects.***

Our Company is primarily engaged in vehicle financing across various states in India. Any regulation passed by either the central Government or any of the state Governments, or any orders of judiciary to ban the sale of certain vehicles that do not comply with specific emission standards or impose additional taxes on any particular segment of vehicles, could lead to a decline in the sales of such vehicles. Further, any regulation passed by either the central Government or any of the state Governments to only permit the production of vehicles that meet a specified standard, could increase costs to produce such vehicles and lead to a decline in the sales of other vehicles. For example, only 10% of the inventory of vehicles not complying with Bharat Emission Standards IV were permitted to be sold beyond March 31, 2020 (except in Delhi and NCR region) and vehicles complying with Bharat Emission Standards VI were permitted to be sold with effect from April, 2020. Such regulatory amendments or orders of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations and prospects.

15. ***Our Company and Subsidiaries are involved in certain legal and other proceedings and there can be no assurance that our Company and / or Subsidiaries will be successful in any of these legal actions. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.***

Our Company and our Subsidiaries are impleaded in a number of legal and regulatory proceedings that, if determined against our Company or our Subsidiaries could have an adverse effect on our business, results of operations, cash flows and financial conditions. For further details, see "*Outstanding Litigation and Defaults*" on page 326 and for a summary of such outstanding legal proceedings involving our Company and our Subsidiaries, as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, see "*Summary of this Letter of Offer*" on page 17.

Any adverse decision in any of these cases may adversely affect our business and financial condition. We cannot assure you that the outcome of these legal proceedings will be favourable. Such litigation could consume our financial resources in their defence or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected.

16. ***Developments in the regulations concerning securitization and assignment transactions with respect to receivables of our loan assets could adversely affect the viability of funding from such transactions, our results of operations and financial condition.***

We have in the past securitized/assigned a portion of the receivables from our loan assets to banks. During the financial years 2020 and 2019, our Company has entered into securitization transactions amounting to ₹ 77,215.98 million and ₹ 43,891.97 million, respectively. Any change in statutory or regulatory requirements in relation to securitization or assignments by financial institutions, including the requirements prescribed by RBI, could have an adverse impact on our assignment or securitization transactions. The commercial viability of assignment and securitization transactions may get affected by changes and developments relating to regulation governing such transactions. Such changes include:

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

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

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

Our future success depends substantially on the continued service and performance of members of our management team and employees and also upon our ability to manage key issues relating to human resource such as selecting and retaining key managerial personnel, developing managerial experience, addressing emerging challenges and ensuring a high standard of client service. There is intense competition for experienced senior management and other qualified personnel, particularly office managers, field executives and employees with local knowledge in client procurement, loan disbursement and installment collections. If we cannot hire additional or retain existing management personnel and employees, our ability to expand our business will be impacted and our revenue could be adversely affected. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, divert management resources, adversely affect our origination and collection rates, increase our exposure to high-risk credit and impose significant costs on us. Our attrition rates may also increase should there be any reduction in employee salaries on account of the COVID-19 pandemic. While we have an incentive based remuneration structure, employee stock option scheme and training and development programs designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance. Our future success also depends on our ability to replace retiring members of our senior management team with suitable personnel. For example, V. Ravi, our Company's Executive Director and Chief Financial Officer, will retire with effect from July 25, 2020. We have appointed Vivek Karve as the Chief Financial Officer of our Company with effect from September 14, 2020. However, there cannot be any assurance that we will be able to hire suitable replacements for retiring members of our senior management team in a timely manner, which may adversely affect our business and results of operations may be adversely affected.

As of March 31, 2020, our Company employed 21,862 employees and our Subsidiaries employed 10,820 employees. Though we believe that we maintain good relationship with our employees, we cannot assure you that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and result operations.

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

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

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

19. *A decline in our Company's capital adequacy ratio could restrict our future business growth.*

Our Company is subject to the capital adequacy requirements prescribed by RBI, pursuant to which our Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, cannot exceed 100% of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to our Company, consisting of Tier I and Tier II capital, cannot be less than 15% with Tier I not being below 10% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. Our Company's capital adequacy ratio was 19.6% as of March 31, 2020, with Tier I capital comprising 15.4%. If we continue to grow our loan assets and asset base, we will be required to raise additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business.

20. *Cyber attacks or any failure, inadequacy and security breach in our information technology systems may adversely affect our business.*

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

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, servers, software, including software licensed from vendors and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft including customer data, employee data and propriety business data, for which we could potentially be liable. In addition, due to the recent social distancing measures and the lockdown imposed by the government, there has been a recent increase in electronic transactions as well as instances of people working from home which increases the risk of cyber-attacks. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business.

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

Our business strategy involves a high level of ongoing interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross-selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of operating costs and also requires a relatively higher gross spread, or margin, on the finance products we offer in order to maintain profitability. We cannot assure you that we will be able to maintain our current levels of profitability if the gross spreads on our finance products were to reduce substantially, which could adversely affect our results of operations.

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

We face potential liquidity risks because our assets and liabilities mature over different periods. As is typical for NBFCs, we meet a portion of our funding requirements through short-term funding sources, such as by issuing commercial paper, short-term loans from banks, fixed deposits and unsecured debentures. The majority of our loan assets, however, mature over the medium term. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities in a timely and cost-effective manner, or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and profitability. On account of the COVID-19 pandemic and subsequent moratorium announced by RBI, approximately 75% of our customers opted for the moratorium on their monthly installments, which adversely affected our daily cash flow and liquidity position. This also resulted in a change in our asset-liability maturity profile.

All non-deposit taking NBFCs with asset size of ₹ 100,000 million and above, and all deposit taking NBFCs, irrespective of their asset size, are required to maintain a liquidity buffer in terms of liquidity coverage ratio ("**LCR**") by ensuring that they have sufficient high quality liquid asset ("**HQLA**") to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by such NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days. The LCR requirement shall be binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024. All non-deposit taking NBFCs with asset size of ₹ 50,000 million and above but less than ₹ 100,000 million shall also maintain the required level of LCR starting December 1, 2020 with the minimum LCR to be held being 30%, progressively reaching up to the required level of 100% by December 1, 2024. If we are unable to meet the new and revised requirements, our business and future financial performance could be adversely affected.

23. ***Non-compliance with the RBI's and/ or NHB's observations, as applicable, made during its periodic inspections could lead to penalties and restrictions.***

As an NBFC, our Company is subject to periodic inspection by RBI under the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which RBI inspects our Company's books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to RBI. Similarly, the Material Subsidiary is subject to periodic inspection by NHB under the Housing Finance Directions (NHB) Direction, 2010.

In its past inspection reports, RBI has, among other things, identified deficiencies in our Company's operations such as (i) our Company having high net NPA and inability to reduce the same below prescribed thresholds; (ii) rate of interest, based on gradation of risk and rational for charging different rate of interest to different categories of borrowers, were not disclosed to the borrowers; (iii) non observation / violation of the fair practice code by our Company; (iv) our Company had not documented a standard operating procedure for dealing with customer complaints; and (v) method adopted for renewing the deposit.

Further, in the past, NHB in its inspection reports, has, among other things, identified deficiencies in the Material Subsidiary's operations such as the Material Subsidiary having high NPA and certain other observations relating to system and controls.

While we have responded to the RBI and NHB observations and show cause notices, if any and have complied with some of them and are in the process of complying with the rest of the observations and have provided relevant information and explanation, as applicable, we cannot assure you that the RBI and NHB will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies to the RBI and NHB's satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI and NHB, we could be subject to penalties, monetary or otherwise and restrictions on operations of the Company or Material Subsidiary including payment of dividend, which may be imposed by the RBI and/or NHB. The imposition of any penalty or adverse findings by the RBI and/or NHB during their inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

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

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

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

25. If we are unable to sustain our growth, our business, results of operations and financial condition may be adversely affected.

Our current growth strategy includes increasing the number of loans we extend, diversifying our product portfolio and expanding our customer base. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further or diversify our product portfolio. Our growth is also dependent on the changes in product mix by the original equipment manufacturers ("**OEMs**") and changes in composition of cash and credit sales by OEMs. If we increase the number of loans we extend too quickly or fail to properly assess credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which may adversely affect the quality of our assets and our results of operations and financial condition.

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

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

26. ***Any failure by us to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully could adversely affect our business and results of operations.***

As part of our business strategy, we may acquire complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further expand our business. In order to pursue this strategy successfully, we must identify suitable candidates for and successfully complete such transactions, some of which may be large and complex, and manage the integration of acquired companies or employees. For instance, we intend to increase our shareholding in our Joint Venture to 58.26% during the current financial year, subsequent to which our Joint Venture will qualify as a subsidiary of our Company in terms of the Companies Act, 2013 and the applicable accounting standards. We may not fully realize all of the anticipated benefits of any such transaction within our anticipated timeframe, or at all. Any increased or unexpected costs, unanticipated delays or failure to achieve contractual obligations could make such transactions less profitable or unprofitable. Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations and may result in significant costs and expenses.

27. ***Fluctuations in the market values of our investments and other asset portfolio could adversely affect our result of operations and financial condition.***

We maintain a portfolio of investments, which includes government securities, certificates of deposits and various mutual fund units. Any financial turmoil in the financial markets, such as that caused by the COVID-19 pandemic, has the ability to adversely impact the economic activity in India and globally. Continued deterioration of the credit and capital markets could result in volatility of our investment earnings and impairments to our investment and asset portfolio, which could adversely affect our reported income and financial condition.

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

Our Company follows the fair value method for the accounting of employee compensation cost on options granted, pursuant to which the fair value of options on the date of grant is recognized in our profit and loss statement equal to the product of the number of Equity Shares granted and the fair value as at the date of grant on a straight line basis over the graded vesting period of options, being five years from the date of grant of options.

Our Company established the ESOP Scheme 2010 in October 2010. As on the date of this Letter of Offer, we have granted a total of 5,720,786 options under the ESOP Scheme 2010. For further details, see "*Capital Structure*" on page 74. As a result of future grants of options under ESOP Scheme 2010, we will have to charge compensation cost based on the fair value as at grant date to our profit and loss statement, which may have an adverse impact on our net income. This will be amortized over the vesting period of the options, being five years from the date of grant of the options. For the financial years 2020 and 2019, the employee stock compensation cost on account of ESOPs was ₹ 294.18 million and ₹ 225.50 million, respectively.

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

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

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

In addition, our various offices, meeting centers and customer care centers are required to be registered under the relevant shops and establishments laws of the states and also require a trade license in certain states.

Further, we may need to apply for additional approvals, including the renewal of approvals which may expire from time to time and approvals required for our operations, in the ordinary course of business. We cannot assure you that we will be able to timely apply for, whether fresh or renewal, all approvals, consents, permits, registrations and clearances required for undertaking our business from time to time. For instance, as on the date of this Letter of Offer, there are certain pending registrations to be made by our Company under the relevant shops and establishments legislations, applicable to the states in which we operate. There can be no assurance that the relevant authorities will issue such approvals in the time-frame anticipated by us or at all. There is no assurance that the Government may not implement new regulations which will require us to obtain approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Our Company's obligation to obtain and renew such approvals arises periodically in the ordinary course of business and applications for such approvals are made at the appropriate stage under applicable laws.

We may also be unable to fulfil the terms and conditions to which such approvals, licenses, registrations, consents and permits are granted. Furthermore, we cannot assure you that the approvals, licenses, registrations, consents and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, and we may be subject to penalty and other statutory and regulatory actions, which may have a material adverse effect on our business and operations, financial condition, cash flows and results of operations.

If we are unable to obtain or retain such approvals, licenses, permits and registrations, or renewals thereof, in a timely manner or at all, our business and growth strategy may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with the terms and conditions to which such licenses, approvals, permits or registrations are subject, such license, approval, permit or registration may be suspended or cancelled and it may result in cost and time overrun, imposition of penalties, interruption of our operations and may have an adverse effect on our business, cash flows financial condition and results of operations. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

30. ***We are subject to supervision and regulation by RBI as a systemically important deposit-taking NBFC and our Material Subsidiary is subject to supervision and regulation by RBI as a housing finance company, and changes in RBI's regulations governing us could adversely affect our business.***

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

RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. Pursuant to two notifications dated December 6, 2006, (Notifications No. DNBS. 189 / CGM (PK)-2006 and DNBS.190 / CGM (PK)-2006), RBI amended the NBFC Acceptance of Public Deposits Directions, 1998, reclassifying deposit taking NBFCs, such as us. We are also subject to the requirements of the Master Direction –Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, as amended. Mahindra Rural Housing Finance Limited, being our Material Subsidiary, is regulated principally by RBI (with effect from August 9, 2019) and is subject to various laws relating to housing finance companies including the Housing Finance (NHB) Directions, 2010 and various RBI's directions. Further, on June 17, 2020, RBI has released proposed changes in regulations applicable to Housing Finance Companies (HFCs) for public comments. Further, our Subsidiary, Mahindra Insurance Brokers Limited is subject to and is governed by a stringent regulatory framework monitored by the Insurance Regulatory and Development Authority of India.

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

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

Additionally, we are required to make various filings with RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and compounding proceedings.

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

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

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues and/or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any category of NBFCs;

- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and

- banks from executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. The Master Circular also requires that guarantees not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs.

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

32. Our insurance coverage may not adequately protect us against losses.

We maintain insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances, such as the COVID-19 pandemic and are subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us, or that such coverage will continue to be available on reasonable terms, or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, results of operations and financial condition.

33. We have entered into, and will continue to enter into, related party transactions and we cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties.

We have entered into transactions with several related parties, including our Promoter, Directors and companies in the Mahindra Group. We cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with parties that were not related parties. Further, it is likely that we will enter into related party transactions in the future. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. For more information, see "*Financial Statements*".

34. The "Mahindra Finance" wordmark and logo are not owned by us and thus we enjoy limited legal protection and our ability to use the wordmark and logo may be impaired.

Our logo is not owned by our Company. We use trademarks such as "Mahindra Finance", "Mahindra Home Finance "Ghar Ki Baat Hai" in the course of our business operations. However, these trademarks are owned by M&M. Thus, we enjoy limited legal protection and ability for use of these trademarks. We may not be able to use aforementioned trademarks in the event of termination of trademark license agreement. Pursuant to the trademark license agreement, M&M has a right to terminate the agreement upon (i) our Company ceasing to be a subsidiary of M&M, (ii) any material breach of the trademark license agreement by our Company (without any prior notice to our Company) as determined by M&M, (iii) any other breaches of the trademark license agreement by our Company after giving a 30 day notice to cure the breaches occurred. Further, the trademark license agreement stands automatically terminated without any prior notice to our Company if, *inter alia*, (i) our Company goes into liquidation or winding-up order is made against our Company, (ii) our Company's management or undertaking or any part thereof is taken over, acquired or nationalized by the government or third party (as the case may be) or if there is a sale or transfer of substantially all of our Company's assets (without prior written approval of M&M), (iii) our Company ceases to render the products / services bearing the trademarked licensed under the trademark license agreement. As of June 30, 2020, our Promoter held 316,207,660 Equity Shares, constituting 51.19% of the issued and paid-up capital of our Company. Our inability to use of these trademarks and any unauthorized usage could result in the dilution of the trademarks recognized with our Company and loss of reputation, which may result in adverse effects to our business and results of operations.

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

As of March 31, 2020, 1,319 of our Company's 1,322 offices are housed on leased premises (which expire and are typically renewed from time to time). Our Company currently does not have an agreement with M&M for the use of the premises of the Registered Office, which is owned by M&M. We had entered into an occupancy agreement with M&M for the occupancy of our Corporate Office, which expired on March 31, 2020. The occupancy of the Corporate Office by us has been extended by a further period of 12 months pursuant to a mutual understanding between M&M and us. However, due to the COVID-19 pandemic, the renewal of the occupancy agreement is pending execution.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. Further, there can be no assurance that we will be able to find alternate locations for the existing offices on similar terms favourable to us, or at all. In the event we fail to find suitable premises for relocation of existing offices, if required, or in relation to new or proposed offices, in time or at all, this may cause a disruption of our operations or increased costs, or both and this may adversely impact our business and financial condition. In addition, lease agreements are required to be duly registered and adequately stamped under Indian law and if one of our lease agreements is not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India or attract penalties prescribed under applicable Indian law.

36. ***Our Company has incurred significant indebtedness and may incur additional debt. The conditions and restrictions imposed by our financing agreements could adversely impede our flexibility in conducting our business.***

As of March 31, 2020, our Company had total borrowings of ₹ 594,623.06 million. Our level of indebtedness has important consequences to us, such as:

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

Most of our financing arrangements are secured by our movable and immovable assets. Further, our financing arrangements also contain other restrictive covenants, including, but not limited to:

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

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

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

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

38. ***Our inability to assess, monitor and manage risks inherent in our business may have an adverse effect on our business and results of operations.***

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

39. ***Our inability to detect money-laundering and other illegal activities fully and on a timely basis may expose us to additional liability and adversely affect our business and reputation.***

We are required to comply with applicable anti-money-laundering ("**AML**") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed Know Your Customer ("**KYC**") procedures, fraud and money laundering by dishonest customers. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, we cannot assure you that we will be able to fully control instances of any potential or attempted violation. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation.

40. Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. We cannot assure you that we will be able to pay dividends in the future. Also see "- *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares and Rights Entitlements."* on page 41.

41. U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.

A foreign corporation will be treated as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (based on the average of the fair market values of the assets determined at the end of each quarterly period) are "passive assets," which generally means that they produce passive income or are held for the production of passive income.

We cannot assure you that our Company will or will not be considered a PFIC in the current or future years. The determination whether or not our Company is a PFIC is a factual determination that is made annually based on the types of income we earn and the value of our assets. Assuming our Company is considered a PFIC, U.S. holders of the Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the U.S. Internal Revenue Code of 1986, as amended.

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

As of March 31, 2020, we had certain contingent liabilities not provided for, amounting to ₹ 12,643.37 million determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. Further, the contingent liability of amounts disclosed in our audited financial statements represents estimates and assumptions of our management. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For further information on such contingent liabilities, see "*Summary of this Letter of Offer – Contingent Liabilities*" and "*Financial Statements*" and on pages 18 and 275, respectively.

43. Our Audited Consolidated Financial Statements have not yet been placed before our Shareholders in a general meeting.

Pursuant to a resolution dated May 15, 2020, our Board approved the Audited Consolidated Financial Statements for the quarter and year ended March 31, 2020. In terms of Section 134(3) of the Companies Act, 2013, as amended, read with Rule 8 of Companies (Accounts) Rules, 2014, as amended, a board report on the reporting period which shall be placed before our Shareholders in a general meeting. Our Company, in due course will hold its annual general meeting for the year ended March 31, 2020 and place our Audited Consolidated Financial Statements for the Fiscal ended March 31, 2020, before our Shareholders. Such financial statements, which include the Audited Consolidated Financial Statements included in this Letter of Offer, shall remain subject to adoption, remarks and observations of our Shareholders, if any.

44. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other external agency. Further, in the absence of such external appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see "*Objects of the Issue*" on page 84.

45. The Bankruptcy Code in India may affect our rights to recover loans from borrowers.

The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation.

In case insolvency proceedings are initiated against a debtor, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor in accordance with the Bankruptcy Code is given a voting share proportionate to the debts owed to it as a financial creditor. A decision of the committee of creditors to approve a resolution plan must be taken by a vote of not less than 66% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the central and state governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of our borrowers, it may affect our ability to recover our loans from the borrowers and enforcement of our rights will be subject to the Bankruptcy Code.

46. Compliance with data privacy norms may require us to incur expenditure, which may adversely impact its financial condition and cash flows.

We are subject to data privacy laws, rules and regulations that regulate the use of customer data. Compliance with these laws, rules and regulations may restrict our business activities, require us to incur expense and devote considerable time to compliance efforts. The existing data privacy regulations limit the extent to which we can use personal identifiable information and limit our ability to use third-party firms in connection with customer data. Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain. Data privacy laws, rules and regulations are also subject to change and may become more restrictive in the future. For instance, the Personal Data Protection Bill, 2018 ("**PDP Bill**"), applies to processing of personal data, which has been collected, disclosed, shared or processed within India. It imposes restrictions and obligations on data fiduciaries, resulting from dealing with personal data and further, provides for levy of penalties for breach of obligations prescribed under the PDP Bill. Changes or further restrictions in data privacy laws, rules and regulations could have an adverse effect on our business, results of operations and financial performance. The cost and operational consequences of implementing further data protection measures could be significant and this may have an adverse effect on our business, results of operations and financial performance.

47. A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from certain lenders of our Company, which are affiliates of certain Lead Managers.

We propose to repay certain loans obtained from HDFC Bank Limited, HSBC Bank Limited, Axis Bank Limited and State Bank of India ("**Lenders**"), from the Net Proceeds as disclosed in *"Objects of the Issue"* on page 84. The Lenders are affiliates of some of the Lead Managers, namely HDFC Bank Limited, Axis Capital Limited, SBI Capital Markets Limited and HSBC Securities and Capital Markets (India). For further details, see *"Objects of the Issue"* on page 84.

EXTERNAL RISKS

Risks Relating to India

48. Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service.

Our Company is incorporated in India, and the majority of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- adverse geo-political conditions, political instability, terrorism or military conflict in India or in countries in the region or globally, including with India's neighbouring countries;
- timing of monsoon and agricultural yield;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks including pandemics such as the COVID-19 pandemic or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance and the price of the Equity Shares.

In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy.

Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. The loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could influence the Indian economy and could adversely impact our business and financial performance and the price of the Equity Shares.

49. ***It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.***

We are incorporated under the laws of India and majority our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to effect service of process outside of India upon us and such other persons or entities; or enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. For further details, see "*Notice to Investors - Enforcement of Civil Liabilities*" on page 13.

50. ***A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

Risks Relating to Our Equity Shares and this Issue

51. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

Applicants are required to make an application against the Rights Entitlements lying to the credit in their demat accounts. The Rights Entitlements for which the application is not submitted prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders/Renouncees will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through Off-Market Renunciation in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On-Market Renunciation (the last day for which is Friday, August 7, 2020), such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

52. ***We will not distribute this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter to certain categories of overseas shareholders.***

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and the MCA Circular, our Company will send/ dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions..

Further, this Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, by the Registrar on behalf of our Company or the Lead Managers, in each case who make a request in this regard. However, the Companies Act, 2013 requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. However, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

53. Any future issuance of Equity Shares by us or any sale, pledge, encumbrance of our Equity Shares by our Promoters in the future may affect your shareholding and adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. The disposal of Equity Shares by our Promoter, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter will not dispose of, pledge or encumber its Equity Shares in the future.

54. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares and Rights Entitlements.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realised on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long-term capital gains tax in India if securities transaction tax ("**STT**") was paid on the sale transaction. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares Rights Entitlements.

Further, the Finance Act, 2019, which has been notified with effect from April 1, 2019, stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have been notified on December 10, 2019, however these amendments will come into effect from July 1, 2020.

The Finance Act, 2020 has also provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

55. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. We cannot assure you, however, that adverse changes in international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. The occurrence of any such events after the Issue Closing Date could also affect the market price of our Equity Shares. Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

56. ***You may not receive the Equity Shares that you subscribe in this Issue until 15 days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you may be Allotted in this Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. We cannot assure you that the Equity Shares allocated to you will be credited to your demat account, or that trading in such Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

57. ***The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.***

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, a separate web based application platform, i.e., the R-WAP facility (accessible at https://rights.kfintech.com/mahindra), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account. For details, see "*Terms of the Issue – Procedure for Application through the R-WAP*" on page 350. Such payment gateways and mechanisms are faced with risks such as:

- scaling up technology infrastructure to meet growing volumes;
- applying risk management policies effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of the COVID-19 pandemic. We cannot assure you that R-WAP facility will not face any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your application may not be completed, or may be rejected. These risks are indicative in nature and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since the application process through R-WAP is different from the ASBA process, we cannot assure you that investors will not face difficulties in accessing and using the R-WAP facility.

58. ***SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "*Terms of the Issue*" on page 338.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders, which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares under dispute, including any court proceedings, as applicable.

59. Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Equity Shares until they provide details of their demat account and Equity Shares are transferred to such demat account from the demat suspense account thereafter.

The Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, among others, details of their demat accounts to our Company or the Registrar within 6 (six) months from the Allotment Date. Unless and until such Eligible Equity Shareholders provide details of their demat account and the Equity Shares are transferred from demat suspense account to such demat accounts thereafter, they will have no voting rights in respect of Equity Shares. For details, see "*Terms of the Issue*" on page 338.

Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. In case of non-receipt of such details of demat account, our Company shall conduct a sale of such Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. Proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) may be higher or lower than the Application Money paid by such Eligible Equity Shareholders. We cannot assure you that such proceeds by way of sale of such Equity Shares will be higher than the Application Money paid by you, and that you shall not suffer a loss in this regard.

Further, in case bank accounts of the aforesaid Eligible Equity Shareholders cannot be identified due to any reason or bounce back from such bank accounts, our Company may use payment mechanisms such as cheques, demand drafts etc. to remit the proceeds of sale of the Equity Shares to such Eligible Equity Shareholders. If such bank account from which Application Money was received is closed or non-operational, the sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

60. The Rights Entitlements and Equity Shares cannot be freely resold in the United States.

The offering and acquisition of the Rights Entitlements and Equity Shares in the United States by persons who are U.S. QIBs, is being made pursuant to the private placement exemption set out in Section 4(a)(2) of the US Securities Act. None of the Rights Entitlements or Equity Shares has been, or will be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors who are U.S. QIBs, and who are acquiring the Rights Entitlements and/or Equity Shares in the Issue pursuant to an exemption from the registration requirements of the US Securities Act, should note that the Rights Entitlements and Equity Shares may not be freely resold or transferred in the United States. The Rights Entitlements and Equity Shares may not be resold, renounced, pledged, or otherwise transferred or delivered except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

61. Holders of our Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

62. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions and requirements) if they comply with the requirements specified by RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will be subject to the requirements specified under the foreign exchange regulations. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from RBI or any other government agency can be obtained on any particular terms or at all.

SECTION III: INTRODUCTION

THE ISSUE

This Issue has been authorised by way of a resolution dated June 1, 2020, passed by our Board pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.The Issue Size was approved by way of a resolution dated July 18, 2020, passed by our Board.

The following is a summary of the Issue and should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section "*Terms of the Issue*" on page 338.

Equity Shares being offered by our Company	617,764,960 Equity Shares
Rights Entitlements*	One Equity Share for every one Equity Share held on the Record Date
Record Date	July 23, 2020
Issue Price	₹ 50 per Equity Share (including a premium of ₹ 48 per Equity Share)
Face Value per Equity Share	₹2
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders, as per applicable law.
Issue Size	Aggregating to ₹ 30,888,248,000* **Assuming full subscription*
Equity Shares outstanding prior to the Issue	61,77,64,960 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Equity Shares in the Issue)	1,235,529,920 Equity Shares
Security Code/Symbol for our Equity Shares and Rights Entitlements	ISIN: INE774D01024 BSE: 532720 NSE: M&MFIN ISIN for Rights Entitlements: INE774D20016
Terms of the Issue	See "*Terms of the Issue*" on page 338
Terms of Payment	The full amount of the Issue Price is payable on Application
Use of Issue Proceeds	See "*Objects of the Issue*" on page 84

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Financial Statements. Our summary financial information should be read in conjunction with the financial statements and the notes thereto included in the section, "*Financial Information*" on page 115.

Summary of Standalone Statement of Profit and Loss

(₹. in millions)

		Particulars	Year ended 31 March 2020	Year ended 31 March 2019
		Revenue from operations		
	i)	Interest income	99,417.12	86,145.58
	ii)	Dividend income	242.51	138.80
	iii)	Rental income	87.49	7.14
	iv)	Fees and commission Income	969.89	869.18
	v)	Net gain on fair value changes	261.51	68.39
I		**Total revenue from operations**	**1,00,978.52**	**87,229.09**
II		Other income	1,472.86	869.03
III		**Total income (I+II)**	**1,02,451.38**	**88,098.12**
		Expenses		
	i)	Finance costs	48,287.49	39,445.62
	ii)	Fees and commission expense	409.42	304.78
	iii)	Impairment on financial instruments	20,544.71	6,352.08
	iv)	Employee benefits expenses	11,484.45	10,901.19
	v)	Depreciation, amortization and impairment	1,182.94	602.25
	vi)	Others expenses	7,104.75	6,667.78
IV		**Total expenses (IV)**	**89,013.76**	**64,273.70**
V		**Profit before tax (III-IV)**	**13,437.62**	**23,824.42**
VI		**Tax expense :**		
		(i) Current tax	5,569.39	5,741.17
		(ii) Deferred tax	(1,195.80)	2,485.17
		(iii) (Excess) / Short Provision for Income Tax - earlier years	-	27.44
			4,373.59	**8,253.78**
VII		**Profit for the year (V-VI)**	**9,064.03**	**15,570.64**
VIII		**Other Comprehensive Income (OCI)**		
		(A) (i) Items that will not be reclassified to profit or loss		
		- Remeasurement gain / (loss) on defined benefit plans	(113.42)	(132.46)
		- Net gain / (loss) on equity instruments through OCI	26.87	45.46
		(ii) Income tax impact thereon	(5.19)	30.40
		Subtotal (A)	**(91.74)**	**(56.60)**
		(B) (i) Items that will be reclassified to profit or loss		
		- Net gain / (loss) on debt instruments through OCI	76.71	78.85
		(ii) Income tax impact thereon	(11.60)	**(27.55)**
		Subtotal (B)	65.11	**51.30**
		Other Comprehensive Income (A+B)	**(26.63)**	**(5.29)**
IX		**Total Comprehensive Income for the year (VII+VIII)**	**9,037.40**	**15,565.34**
X		**Earnings per equity share (face value Rs. 2/- per equity share)**		
		Basic (Rupees)	14.74	25.33
		Diluted (Rupees)	14.71	25.28

Summary of Standalone Balance sheet

(₹. in millions)

	Particulars	As at 31 March 2020	As at 31 March 2019
	ASSETS		
	Financial Assets		
a)	Cash and cash equivalents	6,767.90	5,016.77
b)	Bank balance other than (a) above	7,489.94	4,568.14
c)	Derivative financial instruments	929.28	100.64
d)	Receivables		
	i) Trade receivables	85.87	51.92

	ii) Other receivables	-	-
e)	Loans	6,49,934.70	6,12,496.28
f)	Investments	59,109.66	37,917.04
g)	Other financial assets	4,766.54	1,689.52
		7,29,083.89	**6,61,840.31**
	Non-financial Assets		
a)	Current tax assets (Net)	2,399.60	3,021.00
b)	Deferred tax assets (Net)	4,896.27	3,717.25
c)	Property, plant and equipment	3,379.47	1,325.00
d)	Intangible assets	255.53	305.62
e)	Other non-financial assets	697.37	570.68
		11,628.24	**8,939.55**
	Total Assets	**7,40,712.13**	**6,70,779.86**
	LIABILITIES AND EQUITY		
	LIABILITIES		
	Financial Liabilities		
a)	Derivative financial instruments	401.61	770.25
b)	Payables		
	I) Trade payables		
	i) total outstanding dues of micro enterprises and small enterprises	-	-
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6,063.34	9,794.72
	II) Other payables		
	i) total outstanding dues of micro enterprises and small enterprises	1.74	25.33
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	292.40	316.45
c)	Debt securities	1,77,448.77	2,23,193.79
d)	Borrowings (Other than debt securities)	2,94,873.43	2,13,015.30
e)	Deposits	88,121.40	56,671.84
f)	Subordinated liabilities	34,179.45	35,588.38
g)	Other financial liabilities	23,139.60	19,266.31
		6,24,521.74	**5,58,642.37**
	Non-Financial Liabilities		
a)	Current tax liabilities (net)	139.21	139.21
b)	Provisions	1,432.28	2,065.27
c)	Other non-financial liabilities	980.35	852.78
		2,551.84	**3,057.26**
	EQUITY		
a)	Equity share capital	1,230.70	1,229.75
b)	Other equity	1,12,407.85	1,07,850.48
	Total Equity	**1,13,638.55**	**1,09,080.23**
	Total Liabilities and Equity	**7,40,712.13**	**6,70,779.86**

Summary of Standalone Cash Flow Statement

(₹. in millions)

	Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items and taxes	**13,437.62**	**23,824.42**
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	1,182.94	602.25
	Impairment on financial instruments	12,171.06	(11,285.59)
	Bad debts and write offs	8,373.65	17,637.67
	Net loss in fair value of derivative financial instruments	(1,197.29)	269.36

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	Unrealized foreign exchange gain/loss	1,917.32	82.63
	Share based payments to employees	294.18	225.50
		22,741.85	**7,531.83**
	Less: Income considered separately		
	Net gain on fair value changes	(261.51)	(68.39)
	Income from investing activities	(995.29)	(1,602.08)
	Dividend income	(546.27)	(339.52)
	Net gain on derecognition of property, plant and equipment	(7.01)	(8.04)
	Net gain on sale of investments	(457.41)	11.99
		(2,267.49)	**(2,006.04)**
	Operating profit before working capital changes	**33,912.00**	**29,350.20**
	Changes in -		
	Loans	(58,009.05)	(1,33,562.64)
	Trade receivables	(39.17)	(14.97)
	Interest accrued on other deposits	(366.67)	30.45
	Other financial assets	246.56	(189.07)
	Other financial liabilities	2,072.77	1,544.04
	Other non-financial assets	(2.72)	(156.68)
	Trade Payables	(3,779.02)	(417.40)
	Other non-financial liabilities	131.42	199.94
	Derivative financial instruments	-	142.76
	Provisions	(729.90)	656.65
	Cash used in operations	**(60,475.78)**	**(1,31,766.93)**
	Income taxes paid (net of refunds)	(4,947.99)	(6,764.10)
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(31,511.77)**	**(1,09,180.83)**
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	(1,053.55)	(1,095.77)
	Proceeds from sale of Property, plant and equipment	18.53	19.01
	Purchase of investments at amortized cost	(2,712.72)	(2,199.49)
	Proceeds from sale of investments at amortized cost	3,921.93	10,638.56
	Purchase of investments at FVOCI	(2,438.93)	(30.00)
	Purchase of investments at FVTPL	(7,28,471.20)	(3,46,685.72)
	Proceeds from sale of investments at FVTPL	7,13,153.14	3,29,993.84
	Purchase of investments at cost	(3,807.73)	(1,996.32)
	Proceeds from term deposits with banks (net)	(5,804.26)	(3,746.40)
	Dividend income received	546.27	339.52
	Interest income received on investments measured at amortized cost, FVOCI, FVTPL and at cost	919.27	1,595.50
	Change in Earmarked balances with banks	2.11	(1.25)
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**(25,727.13)**	**(13,168.52)**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Expenses incurred on issuance of Non-convertible debentures	-	(214.35)
	Proceeds from borrowings through Debt Securities	1,28,078.00	3,15,510.22
	Repayment of borrowings through Debt Securities	(1,73,693.14)	(2,95,467.26)
	Proceeds from Borrowings (Other than Debt Securities)	2,76,679.38	2,89,706.23
	Repayment of Borrowings (Other than Debt Securities)	(1,94,639.04)	(2,10,615.16)
	Proceeds from borrowings through Subordinated Liabilities	-	3,368.72
	Repayment of borrowings through Subordinated Liabilities	(1,397.68)	(98.00)
	(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	(2,260.05)	(220.55)
	Increase / (decrease) in Fixed deposits (net)	31,382.39	25,615.06
	Payments for principal portion of lease liability	(381.23)	-

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	Dividend paid (including tax on dividend)	(4,778.60)	(2,937.84)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**58,990.03**	**1,24,647.07**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,751.13	2,297.74
	Cash and Cash Equivalents at the beginning of the year	5,016.77	2,719.04
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**6,767.90**	**5,016.77**
	Components of Cash and Cash Equivalents		
	Cash and cash equivalents at the end of the year		
	- Cash on hand	143.03	271.73
	- Cheques and drafts on hand	30.09	160.18
	- Balances with banks in current accounts	4,594.78	4,584.86
	-Term deposits with original maturity up to 3 months	2,000.00	-
	Total	**6,767.90**	**5,016.77**

Summary of Consolidated Statement of Profit & Loss

(Amount in ₹millions)

Serial Number		Particulars	Year ended 31 March 2020 (Audited)	Year ended 31 March 2019 (Audited)
		Revenue from operations		
	i)	Interest income	114,576.13	99,695.29
	ii)	Dividend income	271.52	152.43
	iii)	Rental income	87.49	7.15
	iv)	Fees and commission Income	1,041.34	1,163.88
	v)	Net gain on fair value changes	256.16	76.18
	vi)	Sale of services	2,596.88	2,622.09
I		**Total Revenue from operations**	**118,829.52**	**103,717.02**
II		Other income	1,135.05	591.54
III		**Total income (I+II)**	**119,964.57**	**104,308.56**
		Expenses		
	i)	Finance costs	53,905.64	44,322.80
	ii)	Fees and commission expense	1,248.99	1,296.81
	iii)	Impairment on financial instruments	23,189.78	7,171.08
	iv)	Employee benefits expenses	16,098.20	14,779.48
	v)	Depreciation, amortization and impairment	1,468.74	755.33
	vi)	Other expenses	8,491.89	8,044.72
IV		**Total expenses**	**104,403.24**	**76,370.22**
V		**Profit before exceptional items and tax (III-IV)**	**15,561.33**	**27,938.34**
VI		Share of profit of associates	458.97	469.29
VII		**Profit before tax (V+VI)**	**16,020.30**	**28,407.63**
VIII		**Tax expense :**		
	i)	Current tax	6,473.01	7,065.03
	ii)	Deferred tax	(1,298.91)	2,621.14
	iii)	(Excess) / Short provision for Income Tax - earlier years	(11.98)	48.63
			5,162.12	**9,734.80**
IX		**Profit for the period / year (VII-VIII)**	**10,858.18**	**18,672.82**
X		**Other Comprehensive Income (OCI)**		
	A)	(i) Items that will not be reclassified to profit or loss		
		- Remeasurement loss on defined benefit plans	(158.14)	(148.20)
		- Net gain/(loss) on equity instruments through OCI	26.87	45.47
		(ii) Income tax relating to the above items	4.06	35.40
		Subtotal (A)	(127.21)	(67.33)
	B)	(i) Items that will be reclassified to profit or loss		

Serial Number		Particulars	Year ended 31 March 2020 (Audited)	Year ended 31 March 2019 (Audited)
		- Exchange differences in translating the financial statements of foreign operations	390.03	239.88
		- Net gain on debt instruments through OCI	76.71	78.85
		(ii) Income tax relating to the above items	(11.60)	(27.55)
		Subtotal (B)	455.14	291.18
		Other Comprehensive Income (A + B)	**327.93**	**223.85**
XI		**Total Comprehensive Income for the period / year (IX+X)**	**11,186.11**	**18,896.68**
		Profit for the period attributable to:		
		Owners of the Company	10,751.45	18,272.98
		Non-controlling interests	106.73	399.85
			10,858.18	**18,672.83**
		Other Comprehensive Income for the period attributable to:		
		Owners of the Company	332.37	225.25
		Non-controlling interests	(4.44)	(1.40)
			327.93	**223.85**
		Total Comprehensive Income for the period attributable to:		
		Owners of the Company	11,083.82	18,498.23
		Non-controlling interests	102.28	398.45
			11,186.10	**18,896.68**
XII		**Earnings per equity share (face value of Rs.2/- each)**		
		Basic (Rupees)	17.48	29.73
		Diluted (Rupees)	17.44	29.67

Summary of Consolidated Balance Sheet

(Amount in ₹ millions)

Serial Number		Particulars	As at 31 March 2020 (Audited)	As at 31 March 2019 (Audited)
		ASSETS		
1)		**Financial Assets**		
	a)	Cash and cash equivalents	7,826.02	5,372.23
	b)	Bank balance other than (a) above	7,489.94	4,568.14
	c)	Derivative financial instruments	929.28	100.64
	d)	Receivables		
		- Trade receivables	529.11	536.03
	e)	Loans	728,637.85	689,390.00
	f)	Investments	53,403.58	33,273.53
	g)	Other financial assets	5,197.87	2,120.71
			804,013.65	**735,361.28**
2)		**Non-financial Assets**		
	a)	Current tax assets (Net)	2,578.30	3,121.28
	b)	Deferred tax Assets (Net)	5,788.34	4,496.98
	c)	Property, plant and equipment	4,277.56	1,681.85
	d)	Intangible assets under development	5.57	7.94
	e)	Other Intangible assets	276.03	332.64
	f)	Other non-financial assets	986.34	757.72
			13,912.14	**10,398.41**
		Total Assets	**817,925.79**	**745,759.69**
		LIABILITIES AND EQUITY		
		LIABILITIES		
1)		**Financial Liabilities**		
	a)	Derivative financial instruments	401.61	770.25
	b)	Payables		
		I) Trade Payables		
		i) total outstanding dues of micro enterprises and small enterprises	2.56	2.37

Serial Number		Particulars	As at 31 March 2020 (Audited)	As at 31 March 2019 (Audited)
		ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6,929.72	11,140.66
		II) Other Payables		
		i) total outstanding dues of micro enterprises and small enterprises	1.74	25.33
		ii) total outstanding dues of creditors other than micro enterprises and small enterprises	294.45	316.45
	c)	Debt Securities	197,446.11	247,158.85
	d)	Borrowings (Other than Debt Securities)	333,271.36	246,327.21
	e)	Deposits	87,813.90	56,309.34
	f)	Subordinated Liabilities	37,811.04	38,220.81
	g)	Other financial liabilities	29,941.73	28,407.46
			693,914.22	**628,678.73**
2)		**Non-Financial Liabilities**		
	a)	Current tax liabilities (Net)	173.79	139.21
	b)	Provisions	2,113.90	2,549.39
	c)	Other non-financial liabilities	1,137.01	917.09
			3,424.70	**3,605.69**
3)		**EQUITY**		
	a)	Equity Share capital	1,230.70	1,229.75
	b)	Other Equity	118,459.35	111,460.43
		Equity attributable to owners of the Company	119,690.05	112,690.18
		Non-controlling interests	896.82	785.09
			120,586.87	113,475.27
		Total Liabilities and Equity	**817,925.79**	**745,759.69**

Summary of Consolidated Cash Flow Statement

(Amount in ₹millions)

Serial Number	Particulars	Year ended 31 March 2020 (Audited)	Year ended 31 March 2019 (Audited)
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items and taxes	**15,561.32**	**27,938.33**
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	1,468.74	755.33
	Impairment on financial instruments	14,847.53	(10,466.59)
	Bad debts and write offs	8,373.67	17,637.67
	Net (Gain) / loss on fair value of derivative financial instruments	(1,197.29)	269.36
	Unrealized foreign exchange gain/loss	1,917.32	82.63
	Remeasurement gain/(loss) on defined benefit plans	(1.76)	(0.40)
	Share based payments to employees	317.54	243.06
	Less: Income considered separately	**25,725.75**	**8,521.06**
	Net gain on fair value changes	(256.11)	(71.03)
	Interest income on investments	(1,385.44)	(1,922.65)
	Dividend income	(263.65)	(151.13)
	Net gain on derecognition of property, plant and equipment	(4.52)	(6.78)
	Net (gain) / loss on sale of investments	(509.37)	5.67
		(2,419.09)	**(2,145.92)**
	Operating profit before working capital changes	**38,867.98**	**34,313.47**
	Changes in -		
	Loans	(61,973.99)	(150,364.64)
	Trade receivables	20.32	(402.43)
	Interest accrued on other deposits	(366.78)	31.18
	Other financial assets	242.31	(364.93)
	Other financial liabilities	2,067.37	3,324.42
	Other non-financial assets	(94.66)	(245.16)

Serial Number	Particulars	Year ended 31 March 2020 (Audited)	Year ended 31 March 2019 (Audited)
	Trade Payables	(3,597.27)	21.52
	Other non-financial liabilities	111.53	225.33
	Derivative financial instruments	-	142.77
	Provisions	(545.67)	778.01
	Cash used in operations	**(64,136.84)**	**(146,853.93)**
	Income taxes paid (net of refunds)	**(5,883.46)**	**(8,238.94)**
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(31,152.32)**	**(120,779.40)**
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	(1,182.68)	(1,355.10)
	Proceeds from sale of Property, plant and equipment	21.70	21.34
	Purchase of investments at amortized cost	(59,235.79)	(4,486.99)
	Proceeds from sale of investments at amortized cost	58,837.73	12,406.40
	Purchase of investments at FVOCI	(2,438.93)	(30.00)
	Purchase of investments at FVTPL	(730,412.90)	(347,694.54)
	Proceeds from sale of investments at FVTPL	714,740.74	330,607.58
	Purchase of investments at cost	(3,307.72)	(96.32)
	Proceeds from / (Investments in) term deposits with banks (net)	(5,831.24)	(3,780.25)
	Dividend income received	637.93	364.82
	Interest income received on investments	982.51	1,913.83
	Change in Earmarked balances with banks	297.63	(1.25)
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**(26,891.02)**	**(12,130.48)**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of Equity shares (net of issue expenses)	-	(1.09)
	Expenses incurred on issuance of Non-convertible debentures	-	(214.35)
	Proceeds from borrowings through Debt Securities	141,778.00	348,091.22
	Repayment of borrowings through Debt Securities	(191,543.13)	(320,167.26)
	Proceeds from Borrowings (Other than Debt Securities)	306,776.88	315,226.23
	Repayment of Borrowings (Other than Debt Securities)	(219,645.90)	(234,134.34)
	Proceeds from borrowings through Subordinated Liabilities	1,000.00	3,718.72
	Repayment of borrowings through Subordinated Liabilities	(1,397.69)	(168.00)
	(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	(2,260.05)	(220.55)
	Increase / (decrease) in Fixed deposits (net)	31,437.40	25,980.06
	Payments for principal portion of lease liability	(480.26)	-
	Dividend paid (including tax on dividend)	(5,168.12)	(3,215.39)
	NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**60,497.13**	**134,895.25**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**2,453.79**	**1,985.36**
	Cash and Cash Equivalents at the beginning of the year	**5,372.23**	**3,386.87**
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**7,826.02**	**5,372.23**
	Components of Cash and Cash Equivalents:		
	Cash and cash equivalents at the end of the year		
	- Cash on hand	151.93	436.63
	- Cheques and drafts on hand	40.90	160.18
	- Balances with banks in current accounts	5,633.19	4,775.43
	-Term deposits with original maturity up to 3 months	2,000.00	-
	Total	**7,826.02**	**5,372.23**

Note: The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

Summary of Consolidated Statement of Profit & Loss

(Amount in ₹millions)

Serial Number	Particulars	For the three months ended June 30, 2020	For the three months ended June 30, 2019
		(Unaudited)	(Unaudited)
	Revenue from operations		
	Interest income	29,923.86	27,287.62
	Dividend income	1.17	95.88
	Rental income	33.59	11.56
	Fees and commission Income	100.00	181.05
	Net gain on fair value changes	206.73	5.95
	Sale of services	300.88	636.72
I	**Total Revenue from operations**	**30,566.23**	**28,218.78**
II	Other income	120.61	165.47
III	**Total income (I+II)**	**30,686.84**	**28,384.25**
	Expenses		
	Finance costs	14,011.52	12,625.98
	Fees and commission expense	89.93	355.52
	Impairment on financial instruments	9,488.47	6,769.13
	Employee benefits expenses	2,991.10	4,725.32
	Depreciation, amortization and impairment	378.66	414.38
	Other expenses	1,108.98	2,027.24
IV	**Total expenses**	**28,068.66**	**26,917.57**
V	**Profit before exceptional item, share of profit of associate & joint ventures and tax (III-IV)**	**2,618.18**	**1,466.68**
VI	Exceptional item	2,285.41	-
VII	Share of profit of associate & joint ventures	134.21	132.80
VIII	**Profit before tax (V+VI+VII)**	**5,037.80**	**1,599.48**
IX	**Tax expense :**		
	Current tax	11.13	459.74
	Deferred tax	705.48	55.12
		716.61	**514.86**
X	**Profit for the period / year (VIII-IX)**	**4,321.19**	**1,084.62**
XI	**Other Comprehensive Income (OCI)**		
	(i) Items that will not be reclassified to profit or loss		
	- Remeasurement loss on defined benefit plans	37.36	(198.03)
	- Net gain/(loss) on equity instruments through OCI	79.81	(4.79)
	(ii) Income tax relating to the above items	(28.43)	65.16
	Subtotal (A)	**88.74**	**(137.66)**
	(i) Items that will be reclassified to profit or loss		
	- Exchange differences in translating the financial statements of foreign operations	15.74	(20.67)
	- Net gain on debt instruments through OCI	(25.60)	-
	(ii) Income tax relating to the above items	6.44	-
	Subtotal (B)	**(3.42)**	**(20.67)**
XII	**Other Comprehensive Income (A + B)**	**85.32**	**(158.33)**
	Total Comprehensive Income for the period / year (X+XI)	**4,406.51**	**926.29**
	Profit for the period attributable to:		
	Owners of the Company	4,317.24	1,072.31
	Non-controlling interests	3.95	12.32
		4,321.19	**1,084.63**
	Other Comprehensive Income for the period attributable to:		
	Owners of the Company	84.50	(155.29)
	Non-controlling interests	0.82	(3.05)
		85.32	**(158.34)**
	Total Comprehensive Income for the period attributable to:		
	Owners of the Company	4,401.74	917.02

Serial Number	Particulars	For the three months ended June 30, 2020	For the three months ended June 30, 2019
		(Unaudited)	(Unaudited)
	Non-controlling interests	4.77	9.27
		4,406.51	**926.29**
XIII	**Earnings per equity share (face value of ₹ 2/- each) #**		
	Basic (Rupees)	7.01	1.74
	Diluted (Rupees)	7.00	1.74

 # Earnings per share for the interim period is not annualized.

Summary of Standalone Statement of Profit & Loss

(Amount in ₹millions)

Serial Number	Particulars	For the three months ended June 30, 2020	For the three months ended June 30, 2019
		(Unaudited)	(Unaudited)
	Revenue from operations		
	Interest income	26,091.21	23,664.60
	Dividend income	0.17	90.81
	Rental income	33.59	11.55
	Fees and commission Income	83.36	170.59
	Net gain on fair value changes	196.67	2.52
I	**Total Revenue from operations**	**26,405.00**	**23,940.07**
II	Other income	144.41	184.97
III	**Total income (I+II)**	**26,549.41**	**24,125.04**
	Expenses		
	Finance costs	12,646.01	11,282.05
	Fees and commission expense	23.17	99.89
	Impairment on financial instruments	8,427.01	6,196.19
	Employee benefits expenses	2,245.38	3,520.90
	Depreciation, amortization and impairment	315.36	343.30
	Other expenses	872.60	1,635.68
IV	**Total expenses**	**24,529.53**	**23,078.01**
V	**Profit before exceptional item and tax (III-IV)**	**2,019.88**	**1,047.03**
VI	Exceptional item	61.01	-
VII	**Profit before tax (V+VI)**	**2,080.89**	**1,047.03**
VIII	**Tax expense:**		
	Current tax	-	319.40
	Deferred tax	522.97	43.31
		522.97	**362.71**
IX	**Profit for the period / year (VII-VIII)**	**1,557.92**	**684.32**
	Other Comprehensive Income (OCI)		
	(i) Items that will not be reclassified to profit or loss		
	- Remeasurement loss on defined benefit plans	34.23	(179.41)
	- Net gain/(loss) on equity instruments through OCI	79.81	(4.80)
	(ii) Income tax relating to the above items	(28.70)	64.37
	Subtotal (A)	**85.34**	**(119.84)**
	(i) Items that will be reclassified to profit or loss		
	- Net gain on debt instruments through OCI	(25.60)	-
	(ii) Income tax relating to the above items	6.44	-
	Subtotal (B)	**(19.16)**	**-**
X	**Other Comprehensive Income (A + B)**	**66.18**	**(119.84)**
XI	**Total Comprehensive Income for the period / year (IX+X)**	**1,624.10**	**564.48**
XII	**Earnings per equity share (face value of Rs.2/- each) #**		
	Basic (Rupees)	2.53	1.11
	Diluted (Rupees)	2.53	1.11

 # Earnings per share for the interim period is not annualized.

SELECTED STATISTICAL INFORMATION

The following information should be read in conjunction with the Financial Statements included in this Letter of Offer beginning on page 115 as well as the section "Our Business" on page 96.

Certain non-Ind AS (and non-generally accepted accounting principles) financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Letter of Offer. We compute and disclose such financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such financial measures and other statistical and operational information when reporting their results. Such financial measures and such other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. Such measures should be read together with the nearest Ind AS measure.

Gross Loans and advances – MMFSL (standalone)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans secured by tangible assets (₹ in million)*	653,320.96	598,132.00
Unsecured loans (₹ in million)**	27,441.03	32,994.58
Total Gross loans and advances (₹ in million)	**680,761.99**	**631,126.58**
Less: Impairment loss allowances (₹ in million)	**(30,827.29)**	**(18,630.31)**
Net Loans and Advances (₹ in million)	**649,934.70**	**612,496.27**
Outstanding contracts (no. of contracts)	2,623,373	2,351,708

Loans secured by tangible assets include loans and advances (including overdue loans) under retail vehicle finance and Small and Medium Enterprise ("SME**") finance businesses before deduction of impairment loss allowances*
***Unsecured loans include other loans and advances (including overdue loans), under SME financing, corporate deposits, bills of exchange and trade advances before deduction of impairment loss allowances.*

Gross Loans and advances – MRHFL (standalone)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans secured by tangible assets (₹ in million)*	84,170.23	80,475.28
Unsecured loans (₹ in million)**	268.71	12.20
Total Gross loans and advances (₹ in million)	**84,438.94**	**80,487.48**
Less: Impairment loss allowances (₹ in million)	**(5,738.14)**	**(3,594.99)**
Net Loans and Advances (₹ in million)	**78,700.80**	**76,892.49**
Outstanding contracts (no. of contracts)	767,207	749,614

** Loans secured by tangible assets consists of housing loans (including overdue loans) before deduction of impairment loss allowances.*
***Unsecured loans represents personal loans (including overdue loans) before deduction of impairment loss allowances.*

Estimated value of assets financed – MMFSL (standalone)

Particulars	For the Financial Year	
	2020	2019
New contracts during the period (no. of contracts)	757,463	761,381
Estimated value of assets financed (₹ in million)	423,881.92	462,103.17

Estimated value of assets financed – MRHFL (standalone)

Particulars	For the Financial Year	
	2020	2019
New contracts during the period (no. of contracts)	95,523	171,187
Estimated value of assets financed (₹ in million)	18,764.14	25,810.93

Details of Securitization transactions – MMFSL (standalone)

Particulars	For the Financial Year	
	2020	2019
No. of securitization transactions (no. of contracts)	10	7
Value of receivables securitized (₹ in million)	77,215.98	43,891.97

Financial Summary (consolidated)

Particulars	As of / For the Financial Year ended March 31,	
	2020	2019
	(₹ in million, except operational data)	(₹ in million, except operational data)
Revenue from Operations		
Interest income	114,576.13	99,695.29
*Fee income**	3,725.71	3,793.12
*Other operating income***	527.68	228.60
Total revenue from operations	**118,829.52**	**103,717.01**
Less: finance cost	53,905.64	44,322.80
Net interest income	**64,923.88**	**59,394.21**
Other income	1,135.05	591.54
Net interest income including Other income	**66,058.93**	**59,985.75**
Employee benefits expense	16,098.20	14,779.48
Other operating expenses ***	11,209.62	10,096.86
Impairment on financial instruments	23,189.78	7,171.08
Profit before share of profit of associates and tax	**15,561.33**	**27,938.33**
Share of profit/(loss) of associates	458.97	469.29
Profit before tax	**16,020.30**	**28,407.62**
Less: Tax expense	5,162.12	9,734.80
Profit after tax	**10,858.18**	**18,672.82**
Other comprehensive income	327.92	223.84
Total comprehensive income	**11,186.10**	**18,896.66**
Share of non-controlling interests (including other comprehensive income) for the year	102.28	398.43
Shareholders' funds****	119,690.05	112,690.18
Borrowings	656,342.40	588,016.21
Total assets	817,925.78	745,759.69
Average shareholders' funds	116,190.12	105,620.11
Non-controlling interests (liability)	896.82	785.09
Average borrowings	622,179.31	518,938.87
Average assets	781,842.74	666,530.53
Loans secured by tangible assets *****	737,491.19	678,607.28
No. of employees	32,682	34,471
No. of branches	1,739	1,722

** Fee income consists of income from insurance business /services, income from mutual fund business, other fees on loan transactions not forming part of effective interest rate and income from lease rental.*
*** Other operating income includes dividend received on investmetns in mutual fund units and net gain on fair value changes related to financial instruments.*
**** Other operating expenses consists of depreciation and amortization expense,fees and commission expenses and other expenses.*
***** Shareholders' funds represents Equity attributable to owners of our Company consisting of Equity Share capital and Other equity.*
****** Loans secured by tangible assets include loans and advances (including overdue loans) under retail vehicle finance, housing finance and SME finance businesses before deduction of impairment loss allowances.*

Financial ratios – MMFSL (standalone)

Particulars	As at March 31	
	2020	2019
Total income / Average assets	14.5%	14.7%
Interest / Average assets	6.8%	6.6%
Gross spread	7.7%	8.1%
Overheads / Average assets	2.9%	3.1%
Write offs & NPA or impairment provisions on financial assets / Average assets	2.9%	1.0%

Particulars	As at March 31	
	2020	2019
Net spread	1.9%	4.0%
Net spread after tax	1.3%	2.6%
Cost to income ratio	37.3%	38.0%
Debt to equity ratio	5.23:1	4.84:1
Return on assets[(1)]	1.3%	2.6%
Return on net worth (Average net worth)	8.1%	15.2%
Earnings per share (basic) (₹)	14.74	25.33
Earnings per share (diluted) (₹)	14.71	25.28
Book value per share (₹)	184.00	176.60
Dividend %[(2)]	Nil	325%

(1) *Calculated based on average total assets*
(2) *Including special dividend of 125% for the year ended March 31, 2019*

NPA (Stage – 3 asset) and other related details - MMFSL (standalone)

Particulars	As at March 31	
	2020	2019
	(₹ in million, except % and operational data)	(₹ in million, except % and operational data)
Gross business assets (including provisions)[(1)]	680,890.42	631,215.85
Gross NPA (Stage - 3 assets)	57,467.39	40,705.67
Impairment provision for NPA (Stage - 3 assets)	17,802.64	7,798.60
Net NPA (Stage - 3 assets)	39,664.74	32,907.07
Gross NPA (Stage - 3 assets) to Gross business assets	8.4%	6.4%
Net NPA (Stage - 3 assets) to Net business assets[(2)]	6.0%	5.3%
Provision coverage ratio (%) (based on stage - 3 assets impairment provisions)	31.0%	19.2%
Impairment provision for Stage 1 and 2 assets	13,092.22	10,925.21
Stage 1 and 2 assets impairment provisions to Gross business assets	1.9%	1.7%
Stage 1 and 2 assets' impairment provisions to Gross NPA (Stage - 3 assets) (%)	22.8%	26.8%
Provision coverage ratio (%) – including stage 1 and 2 assets impairment provisions	53.8%	46.0%
Contracts under NPA (Stage - 3 assets)	131,597	95,391
% of Live cases under NPA (Stage - 3 assets)	5.0%	4.1%
Repossessed assets (out of above NPA (Stage - 3 assets))	14,382	9,832

(1) *Gross business assets includes gross loans and advances and trade receivables*
(2) *Net business assets represents Gross business assets less impairment provisions*
Note: Our Company considers a financial asset to be in "default" or NPA and therefore Stage 3 asset (credit impaired asset) for Expected Credit Loss calculations when the borrower becomes 90 days past due on its contractual payments.

NPA (Stage – 3 asset) and other related details - MRHFL (standalone)

Particulars	As at March 31	
	2020	2019
	(₹ in million, except % and operational data)	(₹ in million, except % and operational data)
Gross business assets (including provisions)[(1)]	84,438.94	80,487.48
Gross NPA (Stage - 3 assets)	12,772.12	10,476.38
Impairment provision for NPA (Stage - 3 assets)	4,145.12	2,023.64
Net NPA (Stage - 3 assets)	8,627.00	8,452.73
Gross NPA (Stage - 3 assets) to Gross business assets	15.1%	13.0%
Net NPA (Stage - 3 assets) to Net business assets[(2)]	10.7%	10.8%
Provision coverage ratio (based on stage - 3 assets impairment provisions)	32.5%	19.3%
Impairment provisions for Stage 1 and 2 assets	1,630.96	1,635.63
Stage 1 and 2 assets impairment provisions to Gross business assets	1.9%	2.0%
Stage 1 and 2 assets impairment provisions to Gross NPA (Stage 3 assets) (%)	12.8%	15.6%
Provision coverage ratio (%) – including stage 1 and 2 assets impairment provisions	45.2%	34.9%

Particulars	As at March 31	
	2020	2019
	(₹ in million, except % and operational data)	(₹ in million, except % and operational data)
Contracts under NPA (Stage - 3 assets)	98,982	79,390
% of Live cases under NPA (Stage - 3 assets)	12.9%	10.6%

(1) *Gross business assets represents gross loans and advances*

(2) *Net business assets represents Gross business assets less impairment provisions*

Note: MRHFL considers a financial asset to be in "default" or NPA and therefore Stage 3 (credit impaired asset) for Expected Credit Loss calculations when the borrower becomes 90 days past due on its contractual payments.

Capital Adequacy Ratio and details – MMFSL (standalone)

Particulars	As at March 31	
	2020	2019
	(₹ in million except %)	(₹ in million except %)
Tier I	96,287.95	100,278.76
Tier II	26,454.34	30,810.22
Risk weighted assets	624,854.71	646,486.79
Tier I %	15.4%	15.5%
Tier II %	4.2%	4.8%

Capital Adequacy Ratio and details – MRHFL (standalone)

Particulars	As at March 31	
	2020	2019
	(₹ in million except %)	(₹ in million except %)
Tier I	10,551.96	10,136.15
Tier II	4,411.02	3,346.02
Risk weighted assets	34,764.02	34,270.69
Tier I %	30.4%	29.6%
Tier II %	12.7%	9.8%

Funding Mix by Instrument Type – MMFSL (standalone)

Particulars	As at March 31	
	2020	2019
	(₹ in million)	(₹ in million)
NCDs	165,545.85	190,384.81
Retail NCDs	42,585.74	42,672.90
Bank loans	177,278.46	146,537.18
External commercial borrowings	27,377.88	13,739.68
Rupee denominated secured bonds overseas (Masala Bonds)	3,496.64	-
Fixed deposits	88,121.40	56,671.84
CP, ICD	1,400.00	34,989.46
Associated liabilities in respect of securitization transactions	88,817.08	43,473.45
Total	**594,623.06**	**528,469.32**

Funding Mix by Instrument Type – MRHFL (standalone)

Particulars	As at March 31	
	2020	2019
	(₹ in million)	(₹ in million)
NCDs	24,098.91	22,627.18
Bank loans	35,280.43	31,191.91
CP, ICD	6,610.00	9,540.30
Total	**65,989.34**	**63,359.39**

MIBL

The following table sets out certain metrics about MIBL:

(₹ in million)

Particulars	For the Financial Year ended March 31,	
	2020	**2019**
Total income	3,368.89	3,233.63
Profit before tax	739.02	1,028.94
Profit after tax	533.62	714.94

RECENT DEVELOPMENTS

Certain non-Ind AS (and non-generally accepted accounting principles) financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Letter of Offer. We compute and disclose such financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such financial measures and other statistical and operational information when reporting their results. Such financial measures and such other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. Such measures should be read together with the nearest Ind AS measure.

I. Our Company

Select information on Consolidated Balance Sheet

The following table set forth details of select information on our consolidated balance sheet:

(₹ in million)

Particulars	As at June 30, 2020	As at June 30, 2019
	Unaudited	
Selected financial assets		
Cash and cash equivalents	16,855.00	4,538.16
Bank balance other than cash and cash equivalents	7,552.18	5,364.81
Loans	716,235.19	702,687.81
Investments	97,529.43	38,251.52
Total	**838,171.80**	**750,842.30**
Total assets	**858,658.28**	**768,288.83**
Borrowings		
Debt securities	223,389.61	241,348.10
Borrowings (other than debt securities)	348,003.74	266,427.29
Deposits	88,695.83	66,790.29
Subordinated liabilities	37,562.56	38,223.69
Total borrowings	**697,651.74**	**612,789.37**
Equity		
Equity Share capital	1,231.27	1,229.81
Other equity	122,923.99	112,474.79
Total Equity	**124,155.26**	**113,704.60**
Non-controlling interests	901.59	794.36

Select information on Consolidated Statement of Profit and Loss

The following table sets forth details of select information on our consolidated statement of profit and loss:

(₹ in million)

Particulars	For the three months ended		Period over Period
	June 30, 2020	June 30, 2019	
	Unaudited		
Total revenue from operations	30,566.23	28,218.77	8.3%
Less: Finance costs	14,011.52	12,625.98	11.0%
NII	**16,554.71**	**15,592.79**	6.2%
Other income	120.62	165.47	-27.1%
NII including Other income	**16,675.33**	**15,758.26**	5.8%
Employee benefits expense	2,991.10	4,725.33	-36.7%
Other expenses including fees and commission	1,198.91	2,382.76	-49.7%
Depreciation and amortization	378.66	414.38	-8.6%
Total Expenses	**4,568.67**	**7,522.47**	-39.3%
Pre-Provisioning Operating Profit	**12,106.66**	**8,235.79**	47.0%
Impairment on financial instruments	9,488.47	6,769.13	40.2%

Particulars	For the three months ended		Period over Period
	June 30, 2020	June 30, 2019	
	Unaudited		
Profit before Tax	**2,618.19**	**1,466.66**	78.5%
Exceptional items	**2,285.41**	**-**	
Share of Profit of Associate and Joint Venture	134.21	132.80	1.1%
Profit before Tax	**5,037.81**	**1,599.46**	215.0%
Tax expense	716.61	514.86	39.2%
Profit after Taxes for the period	**4,321.20**	**1,084.60**	298.4%

Select information on Standalone Balance Sheet

The following table set forth details of select information on our standalone balance sheet:

(₹ in million)

Particulars	As at June 30, 2020	As at June 30, 2019	As at March 31, 2020
	Unaudited		Audited
Selected financial assets			
Cash and cash equivalents	15,013.34	2,734.90	6,767.90
Bank balance other than cash and cash equivalents	7,552.18	5,364.81	7,489.94
Loans	638,395.28	623,964.77	649,934.70
Investments	97,827.54	43,394.18	59,109.66
Total	758,788.34	675,458.66	723,302.20
Total assets	776,115.01	689,808.61	740,712.13
Borrowings			
Debt securities	204,177.46	217,128.33	177,448.77
Borrowings (other than debt securities)	306,875.51	227,921.44	294,873.43
Deposits	89,003.33	67,082.79	88,121.40
Subordinated liabilities	33,460.51	35,590.34	34,179.46
Total borrowings	633,516.81	547,722.90	594,623.06
Equity			
Equity Share capital	1,231.28	1,229.81	1,230.70
Other equity	114,086.01	108,510.51	112,407.85
Total Equity	115,317.29	109,740.32	113,638.55

Select information on Standalone Statement of Profit and Loss

The following table sets forth details of select information on our standalone statement of profit and loss:

(₹ in million)

Particulars	For the three months ended		Period over period	For the financial year ended
	June 30, 2020	June 30, 2019		March 31, 2020
	Unaudited			Audited
Total revenue from operations	26,404.99	23,940.08	10.3%	100,978.52
Less: Finance costs	12,646.01	11,282.05	12.1%	48,287.49
NII	13,758.98	12,658.03	8.7%	52,691.03
Other income	144.42	184.97	-21.9%	1,472.86
NII including Other income	13,903.40	12,843.00	8.3%	54,163.89
Employee benefits expense	2,245.38	3,520.90	-36.2%	11,484.45
Other expenses including fees and commission	895.77	1,735.57	-48.4%	7,514.17
Depreciation and amortization	315.36	343.30	-8.1%	1,182.94
Total Expenses	**3,456.51**	**5,599.77**	-38.3%	**20,181.56**
Pre-Provisioning Operating Profit	**10,446.89**	**7,243.23**	44.2%	**33,982.33**
Impairment on financial instruments	8,427.01	6,196.20	36.0%	20,544.71
Profit before exceptional items and tax	2,019.88	1,047.03	92.9%	13,437.62

Exceptional item	61.01	-		-
Profit before tax	2,080.89	1,047.03	98.7%	13,437.62
Tax expense	522.97	362.71	44.2%	4,373.58
Profit after Taxes for the period / year	1,557.92	684.32	127.7%	9,064.04

New Contracts and estimated value of assets financed (standalone)

The following table sets forth the new contracts and estimated value of assets financed by our Company, on a standalone basis, during the three months ended June 30, 2020 and 2019:

Particulars	**For the three months ended**	
	June 30, 2020	**June 30, 2019**
New contracts during the period (number of contracts)	46,190	180,948
Estimated value of assets financed (in ₹ million)	34,891.82	105,982.59

Estimated Composition of Assets Financed

Our Company's estimated composition of assets financed for the three months ended June 30, 2020 and 2019 is set forth below:

	Three months ended June 30,	
	2020	**2019**
Auto and Utility Vehicles (including three wheelers)	22.8%	27.2%
Tractors	33.7%	17.0%
Cars	15.6%	19.5%
Commercial Vehicles and Construction Equipment	6.2%	18.1%
Pre-owned Vehicles	2.9%	16.2%
SME and others	18.8%	2.0%

Loan Assets and Estimated Value of Assets financed by Geography

As of June 30, 2020, the north, south, west, central and eastern regions of India contributed 29%, 20%, 15%, 10% and 26% of our Company's loan assets, respectively.

Further, during the three months ended June 30, 2020, our estimated value of assets financed in the north, south, west, central and eastern regions of India accounted for 25%, 14%, 27%, 12% and 22% of our Company's total estimated value of assets financed, respectively.

Liability Mix

Funding mix by type of instrument

Particulars	**As of June 30, 2020**	
	Amount (₹ in million)	**% share**
NCDs	178,907.59	28.2%
Retail NCDs	42,576.88	6.7%
Bank loans	175,622.90	27.7%
External commercial borrowings	37,935.49	6.0%
Rupee denominated secured bonds overseas (masala bonds)	3,495.72	0.6%
Fixed deposits	89,003.33	14.0%
Commercial paper, inter-corporate deposits	20,807.77	3.3%
Associated liabilities in securitization transactions	85,167.12	13.4%
Total	**633,516.80**	100.0%

Asset Liability Maturity Profile

The following table sets forth a summary of our Company's asset and liability maturity profile, as of June 30, 2020:

	Up to One Month	Up to Two Months	Up to Three Months	Up to Six Months	Between One Month and One Year	Between One and Three Years	Between Three and Five years	Over Five Years	Total
Cumulative Mismatch (₹ in billion)	14,262	20,397	33,652	39,255	67,448	78,197	115,775	14,262	20,397
Cumulative Surplus (Deficit) (in %)	60%	50%	55%	37%	34%	17%	22%	60%	50%

Note: Extracts from Asset Liability Maturity profile prepared as per previous GAAP and IRACP norms prescribed by RBI and filed on a provisional basis with the RBI.

Liability Maturity Profile

The following table sets forth a summary of our Company's liability maturity profile as at June 30, 2020 on the basis of cash flows for the following six months:

Liability Maturity	July 2020	August 2020	September 2020	Three months ended September 30, 2020	October 2020	November 2020	December 2020	Three months ended December 31, 2020	July – Dec 2020
Bank loans#	9,261	8,461	9,556	27,279	218	1,238	9,217	10,673	37,951
Market instruments (NCDs and commercial papers)	8,920	6,798	7,573	23,291	5,000	5,000	10,010	20,010	43,301
Others (including fixed deposits)	1,343	1,534	1,249	4,126	1,392	1,479	2,923	5,794	9,920
Total	**19,524**	**16,794**	**18,378**	**54,696**	**6,610**	**7,717**	**22,150**	**36,477**	**91,173**

#Excluding securitization

Key Ratios

The following table sets forth certain key ratios of our Company, on a standalone basis, as of and for the three months ended June 30, 2020 and 2019:

Particulars	As of and for the three months ended June 30,	
	2020	2019
Total income / Average assets^	14.01%	14.19%
Interest / Average assets^	6.67%	6.63%
Gross spread	7.34%	7.55%
Overheads / Average assets^	1.82%	3.29%
Write offs and NPA or impairment provisions on financial assets / Average assets^	4.44%	3.64%
Net spread	1.07%	0.62%
Net spread after tax	0.80%	0.40%
Cost to income ratio(1)	24.86%	43.60%
Debt to equity ratio	5.49:1	4.99:1
Return on assets(2)	0.80%	0.40%

Particulars	As of and for the three months ended June 30,	
	2020	2019
Return on net worth (Average net worth)	5.30%	2.50%
Loans secured by tangible assets # (₹ in million)	659,229.34	615,925.22
Earnings per share (basic) (₹)	2.53	1.11
Earnings per share (diluted) (₹)	2.53	1.11
Book value per share (₹) (3)	186.67	177.64

1. *Cost to income is calculated as operating expenses (including depreciation)/ (Net Interest Income + Other Income)*
2. *Calculated based on average total assets*
3. *Calculated as shareholders fund / number of shares*

^Average Assets is computed a simple average of total assets as per balance sheet at the beginning and at the end of the financial year

#Loanssecured by tangible assets include loans and advances (including overdue loans) under retail vehicle finance, house finance and SME finance businesses before deduction of impairment loss allowances

Capital Adequacy

The following table sets forth the capital adequacy ratios of our Company, as of June 30, 2020 and 2019:

Particulars	As of June 30,	
	2020	2019
CAR – Tier I	15.3%	14.9%
CAR – Tier II	4.3%	4.5%

NPA (Stage- 3 asset) and other related details – MMFSL (standalone)

The following table sets forth our Company's non-performing assets, on a standalone basis, as of the dates indicated:

(₹ in million, other than percentages and operational data)

Particulars	June 30,	
	2020	2019
Gross business assets (including provisions)(1)	676,718.45	648,199.99
Gross NPA (Stage – 3 assets)	62,184.07	52,952.30
Impairment provision for NPA (Stage – 3 assets)	24,921.96	13,163.55
Net NPA (Stage – 3 assets)	37,262.11	39,788.75
Gross NPA (Stage – 3 assets) to Gross business assets	9.2%	8.2%
Net NPA (Stage – 3 assets) to Net business assets(2)	5.7%	6.3%
Provision coverage ratio (%) (based on stage 3 asset impairment provisions)	40.1%	24.9%
Impairment provision for Stage 1 and 2 assets	13,322.95	11,094.22
Stage 1 and 2 assets' impairment provisions to Gross NPA (Stage 3 assets) (%)	21.4%	21.0%
Provision coverage ratio (%) - including stage 1 and 2 assets impairment provisions	61.5%	45.8%
Contracts under NPA (Stage – 3 assets)	143,080	134,939
% of live cases under NPA (Stage – 3 assets)	5.4%	5.6%
Repossessed assets (out of above NPA (Stage – 3 assets))	9,426	11,143

(1) *Gross business assets includes gross loans and advances and trade receivables*
(2) *Net business assets represents Gross business assets less impairment provisions*

Note: Our Company considers a financial asset to be in "default" or NPA and therefore Stage 3 (credit impaired asset) for Expected Credit Loss calculations when the borrower becomes 90 days past due on its contractual payments.

Details of provisioning as per IRACP and Ind AS as at June 30, 2020

The following table sets forth the details of our Company's impairment provisioning for NPAs as per IRACP and Ind AS, on a standalone basis, as of June 30, 2020.

(₹ in million)

Provisioning (as on June 30, 2020)	IRACP(1) (A)	Ind-AS (B)	Difference (B-A)
Stage 1 and Stage 2	9,514.14	13,322.95	3,808.81

Stage 3	25,575.91	24,921.96	-653.95
Total	35,090.05	38,244.91	3,154.86

(1) *Income recognition, asset classification and provisioning*

Employees

As of June 30, 2020 and 2019, our Company employed 21,431 and 22,005 employees, respectively.

Office Network

As of June 30, 2020, our Company had 1,324 offices located in 27 states and seven union territories in India.

II. MRHFL

The following table sets out certain metrics about MRHFL:

(₹ in million, except operational data)

Particulars	As of and for the three months ended	
	June 30, 2020	**June 30, 2019**
Loans disbursed	-	4,975.99
Number of customer contracts	-	24,911
Gross business assets (including provisions)(1)	84,619.95	82,918.64
Total income	3,852.10	3,630.54
Profit before tax	566.74	410.60
Profit after tax	476.89	287.54
Net worth	12,966.46	11,559.52
Gross NPA (Stage – 3 assets) to Gross business assets	15.50%	16.24%
Net NPA (Stage – 3 assets) to Net business assets(2)	9.99%	13.32%

(1) *Gross business assets represents gross loans and advances*

(2) *Net business assets represents Gross business assets less impairment provision*

III. MIBL

The following table sets out certain metrics about MIBL:

(₹ in million, except operational data)

Particulars	For the three months ended	
	June 30, 2020	**June 30, 2019**
Total income	412.02	796.33
Profit before tax	26.67	88.18
Profit after tax	19.77	61.59

GENERAL INFORMATION

Our Company was originally incorporated as "*Maxi Motors Financial Services Limited*" on January 1, 1991 as a public limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the RoC. Thereafter, our Company received its certificate of commencement of business from RoC on January 19, 1991. Subsequently, the name of our Company was changed to "*Mahindra & Mahindra Financial Services Limited*" and a fresh certificate of incorporation consequent upon change of name was granted to our Company by RoC on November 3, 1992. Our Company is registered as an asset finance - deposit accepting non-banking financial company with RBI under Section 45-IA of the Reserve Bank of India Act, 1934. For details, see "*History and Corporate Structure"* on page 108.

Registered Office, Corporate Office, CIN and Registration Number of our Company

Registered Office
Gateway Building
Apollo Bunder
Mumbai 400 001

Corporate Office
4th Floor, A Wing
Mahindra Towers, Dr. G. M. Bhosale Marg
P K. Kurne Chowk, Worli
Mumbai 400 018

CIN: L65921MH1991PLC059642
MCA Registration Number: 059642
RBI Registration Number: 13.00996

Address of the Registrar of Companies

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
100, Everest
Marine Drive
Mumbai 400 002
Maharashtra

Our Board of Directors

The following table sets out the details of our Board of Directors as of the date of this Letter of Offer:

Name	Designation	DIN	Address
Dhananjay Mungale	Chairman and Independent Director	00007563	A-10, Ameya Apartments, Near Kirti College, Dadar West, Mumbai, 400 028, Maharashtra.
Ramesh Iyer	Vice-Chairman and Managing Director	00220759	D-1502, Milano Tower, Lodha Fiorenza, Western Express Highway, near Hub Mall, Goregaon East, Mumbai- 400 063, Maharashtra.
V. Ravi	Executive Director and Chief Financial Officer	00307328	A-4, Plot No. NA-52, New Samrat Society, Andheri Kurla Road, Opp. Vishal Hall, Andheri (East), Mumbai, 400 069, Maharashtra
V.S. Parthasarathy	Non-Executive and Non-Independent Director	00125299	3404, Indiabulls Sky, Senapati Bapat Marg, Elphinstone West, Elphinstone Road, Delisle Road, Mumbai, 400 013, Maharashtra.
Anish Shah	Non-Executive and Non-Independent Director	02719429	D-3603 Vivarea, Sane Guruji Marg, Mahalakshmi, Jacob Circle, Mumbai, 400 011, Maharashtra.

Name	Designation	DIN	Address
Chandrashekhar Bhaskar Bhave	Independent Director	00059856	64, Tower 4, Pebble Bay, 1st Main, Dollars Colony, RMV 2nd Stage, Bengaluru North, R.M.V. Extension II Stage, Bengaluru, 560 094, Karnataka.
Rama Bijapurkar	Independent Director	00001835	8 CD, Mona Apartments, 46F, Bhulabhai Desai Road, Near Mahalaxmi Temple, Cumballa Hill, Mumbai, 400 026, Maharashtra.
Arvind Sonde	Independent Director	00053834	1802/B, 18th Floor, Vivarea, Sane Guruji Marg, Saat Rasta, Jacob Circle, Mahalaxmi, Mumbai, 400 011, Maharashtra.
Milind Sarwate	Independent Director	00109854	E-201/202, Sita Vihar, Near Damani Estate, LBS Marg, Near Hotel Shubha Naupada, Thane (West), 400 602, Maharashtra.

Company Secretary and Compliance Officer

Arnavaz M. Pardiwalla
4th Floor, A Wing
Mahindra Towers, Dr. G. M. Bhosale Marg
P. K. Kurne Chowk, Worli
Mumbai 400 018
Maharashtra
Telephone: +91 22 6652 6000
E-mail: investorhelpline_mmfsl@mahindra.com

Lead Managers to the Issue

Kotak Mahindra Capital Company Limited
1st Floor, C-27 BKC, Plot No. 27, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Telephone: +91 (22) 4336 0000
E-mail: mmfsl.rights@kotak.com
Investor Grievance E-mail: kmccredressal@kotak.com
Contact Person: Ganesh Rane
Website: www.investmentbank.kotak.com
SEBI Registration No.: INM000008704

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai 400 025
Telephone: +91 (22) 4325 2183
E-mail: mmfsl.rights@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Contact Person: Mayuri Arya
Website: www.axiscapital.co.in
SEBI Registration No.: INM000012029

BNP Paribas
BNP Paribas House, 1-North Avenue
Maker Maxity, Bandra Kurla Complex Bandra (E), Mumbai 400 051
Telephone: +91 (22) 3370 4000
E-mail: dl.rights.mmfs@asia.bnpparibas.com
Investor Grievance E-mail:
indiainvestors.care@asia.bnpparibas.com
Contact Person: Mehul Golwala
Website: www.bnpparibas.co.in
SEBI Registration No.: INM000011534

Citigroup Global Markets India Private Limited
1202, 12th Floor, First International Financial Center
G-Block, C 54 & 55
Bandra Kurla Complex
Bandra (East), Mumbai 400 098
Maharashtra, India
Telephone: +91 (22) 6175 9999
E-mail: mmfsl.rights@citi.com
Investor Grievance E-mail: investors.cgmib@citi.com
Contact Person: Abhay Agrawal
Website:www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
SEBI Registration No.: INM000010718

HDFC Bank Limited
Investment Banking Group
Unit 401&402, 4th Floor, Tower B
Peninsula Business Park, Lower Parel
Mumbai 400 013
Maharashtra, India
Telephone: +91 (22) 3395 8233
E-mail: mmfsl.rights@hdfcbank.com
Investor Grievance E-mail:
investor.redressal@hdfcbank.com
Contact Person: Ravi Sharma/Harsh Thakkar
Website: www.hdfcbank.com
SEBI Registration No.: INM000011252

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road, Fort, Mumbai 400 001
Maharashtra, India
Telephone: +91 (22) 2268 5555
E-mail: mmfsrights@hsbc.co.in
Investor Grievance E-mail: investorgrievance@hsbc.co.in
Contact Person: Ayush Jain/Sanjana Maniar
Website:https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback
SEBI Registration No.: INM000010353

ICICI Securities Limited
ICICI Center, H T Parekh Marg
Churchgate
Mumbai 400 020
Maharashtra, India
Tel: +91 22 2288 2460
E-mail: mmfsl.rights@icicisecurities.com
Investor grievance e-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Rishi Tiwari/ Nidhi Wangnoo
SEBI Registration No: INM000011179

Nomura Financial Advisory and Securities (India) Private Limited
Ceejay House, Level 11 Plot F, Shivsagar Estate
Dr. Annie Besant Road, Worli
Mumbai 400 018
Maharashtra, India
Tel: +91 22 4037 4037
E-mail: mmfslrightsissue@nomura.com
Investor grievance e-mail: investorgrievances-in@nomura.com
Website:www.nomuraholdings.com/company/group/asia/india/index.html
Contact Person: Vishal Kanjani/Prithvi Ghag
SEBI Registration No: INM000011419

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Telephone: +91 (22) 2217 8300
E-mail: mmfsl.rights@sbicaps.com
Investor Grievance E-mail:
investor.relations@sbicaps.com
Contact Person: Sylvia Mendonca/Aditya Deshpande
Website: www.sbicaps.com
SEBI Registration No.: INM000003531

Domestic Legal Counsel to our Company

Khaitan & Co
One Indiabulls Centre
10th and 13th Floor, Tower 1
841, Senapati Bapat Marg
Mumbai 400 013
Maharashtra
Telephone: +91 (22) 6636 5000

Domestic Legal Counsel to the Lead Managers

Cyril Amarchand Mangaldas
5th floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai – 400 013
Maharashtra
Tel: +91 22 2496 4455

International Legal Counsel to the Lead Managers

Sidley Austin LLP
Level 31
Six Battery Road
Singapore 049909
Telephone: +65 62303900

Registrar to the Issue

KFin Technologies Private Limited
(formerly known as "Karvy Fintech Private Limited")
Selenium, Tower B
Plot No- 31 and 32, Financial District
Nanakramguda, Serilingampally
Hyderabad, Rangareddi 500 032
Telangana, India
Telephone: +91 (40) 6716 2222
Toll free number: 18004258998/18003454001
E-mail: mahindra.rights@kfintech.com
Investor Grievance E-mail: einward.ris@kfintech.com
Contact Person: M. Murali Krishna
Website: www.kfintech.com
SEBI Registration No.: INR000000221

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process).

For details on the ASBA process and R-WAP process, see "*Terms of the Issue*" on page 338.

Experts

Our Company has received a written consent dated July 20, 2020 from our Statutory Auditors, B S R & Co. LLP, Chartered Accountants, to include their name in this Letter of Offer as an *"expert"*, as defined under applicable laws, to the extent and in their capacity as a statutory auditor, and in respect of the reports issued by them, included in this Letter of Offer. Such consent has not been withdrawn as on the date of this Letter of Offer. However, the term *"expert"* shall not be construed to mean an *"expert"* as defined under the U.S. Securities Act.

Bankers to the Issue

Axis Bank Limited
167B, Ground Floor, Ready Money Terrace
Dr. A. B. Road, Worli Naka
Mumbai 400 018
Telephone: +91 (22) 6106 1123/24/1103
E-mail: worlinaka.branchhead@axisbank.com/worlinaka.operationshead@axisbank.com
Contact Person: Niraj Singh/Mehul Chinda
Website: www.axisbank.com

Bankers to our Company

Axis Bank Limited
167B, Ground Floor, Ready Money Terrace
Dr. A. B. Road, Worli Naka
Mumbai 400 018
Telephone: +91 (22) 6106 1123/24/1103
E-mail: worlinaka.branchhead@axisbank.com/worlinaka.operationshead@axisbank.com
Contact Person: Niraj Singh/Mehul Chinda
Website: www.axisbank.com

Kotak Mahindra Bank Limited
27 BKC 3rd Floor,
Plot No. C-27, G-Block,
Bandra Kurla Complex (BKC),
Bandra (E),
Mumbai- 400 051
Telephone: +91 (22) 6166 0363
E-mail: vikash.chandak@kotak.com
Contact Person: Vikash Chandak
Website: www.kotak.com

Statutory Auditors of our Company
B S R & Co. LLP
Lodha Excelus, 5th Floor,
Apollo Mills Compound,
NM Joshi Marg, Mahalaxmi,
Mumbai 400 011, India
Telephone: +91 22 3989 6000
Email: sagarl@bsraffiliates.com
ICAI Registration Number: 101248W/W-100022
Peer Review Certificate Number: 011748

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 as updated from time to time or at such other website as may be prescribed from time to time. Further, for a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA applications from the Designated Intermediaries and updated from time to time, please refer to the above mentioned link or any such other website as may be prescribed by SEBI from time to time.

Issue Schedule

ISSUE OPENING DATE	Tuesday, July 28, 2020
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENT#*	Friday, August 7, 2020
LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	Monday, August 10, 2020
ISSUE CLOSING DATE^	Tuesday, August 11, 2020
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Thursday, August 20, 2020
DATE OF ALLOTMENT (ON OR ABOUT)	Friday, August 21, 2020
DATE OF CREDIT (ON OR ABOUT)	Tuesday, August 25, 2020
DATE OF LISTING (ON OR ABOUT)	Thursday, August 27, 2020

 # Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

^*Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Friday, August 7, 2020, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Monday, August 10, 2020.

Further, in accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares may also apply in this Issue during the Issue Period. For details, see "*Terms of the Issue*" on page 338.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application, see "*Terms of the Issue*" on page 338.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at https://rights.kfintech.com/mahindra after keying in their respective details along with other security control measures implemented thereat. For details, see "*Terms of the Issue*" on page 338.

Credit Rating

As this Issue is of Equity Shares, there is no requirement of credit rating for this Issue.

Debenture Trustee

As this Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed Axis Bank Limited as the monitoring agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, to monitor the utilisation of Net Proceeds. The details of the Monitoring Agency are as follows:

Axis Bank Limited
The Ruby, 2nd Floor, SW
29, Senapati Bapat Marg,
Dadar West,
Mumbai – 400 028
Telephone: +91 9167006531
E-mail: worlinaka.branchhead@axisbank.com
Contact Person: Mr. Niraj Singh
Website: www.axisbank.com

Inter-se allocation of responsibilities among the Lead Managers

The Lead Managers to the Issue shall be responsible for the following activities relating to co-ordination and other activities in relation to the Issue:

S. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.	All Lead Managers	Kotak Mahindra Capital Company Limited

S. No.	Activity	Responsibility	Coordination
2.	Coordination for drafting and design of the Letter of Offer, Abridged Letter of Offer and Application Form as per the SEBI ICDR Regulations, SEBI LODR Regulations and other stipulated requirements and completion of filings with the Stock Exchanges and SEBI.	All Lead Managers	Kotak Mahindra Capital Company Limited
3.	Drafting, design and distribution of the Rights Entitlement Intimation.	All Lead Managers	Kotak Mahindra Capital Company Limited
4.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, Escrow Bank/ Banker(s) to the Issue, Advertising Agency, Monitoring Agency and coordination of execution of related agreements.	All Lead Managers	BNP Paribas
5.	Drafting and approval of all statutory advertisement.	All Lead Managers	SBI Capital Markets Limited
6.	Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc. and coordination for filing of media compliance report, if any.	All Lead Managers	Citigroup Global Markets India Private Limited
7.	Formulating and Coordination of International marketing strategy	All Lead Managers	HSBC Securities and Capital Markets (India) Private Limited
8.	Formulating and Coordination of Domestic Institutional marketing strategy	All Lead Managers	Kotak Mahindra Capital Company Limited
9.	Formulating retail strategy which will cover, inter alia, distribution of publicity and Issue materials including application form, brochure and Letter of Offer and coordination for queries related to retail investors.	All Lead Managers	Axis Capital Limited
10.	Submission of 1% security deposit	All Lead Managers	HDFC Bank Limited
11.	Co-ordination with stock exchanges and formalities for use of online software, bidding terminal, mock trading, etc.	All Lead Managers	Nomura Financial Advisory and Securities (India) Private Limited
12.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Escrow Bank/ Bankers to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, finalization of the Basis of Allotment, technical rejections or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post issue activity such as Registrar to the Issue, Escrow Bank/ Bankers to the Issue, SCSBs, etc., release of 1% security deposit	All Lead Managers	ICICI Securities Limited

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Minimum Subscription

Pursuant to SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date.

However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue (other than general corporate purpose) and the remaining Net Proceeds shall be utilised towards general corporate purposes. For further details on utilisation of Net Proceeds, see "*Objects of the Issue*" on page 84. If there is delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are "officers in default" will pay interest for the delayed period, as prescribed under applicable laws.

Our Promoter, pursuant to a letter dated July 18, 2020**,** has confirmed that it intends to (i) subscribe to the full extent of its Rights Entitlements and (ii) subscribe to additional Equity Shares in the Issue and any undersubscribed portion in the Issue, over and above its Rights Entitlements for ensuring full subscription in the Issue, subject to compliance with applicable laws.

To the extent required by applicable law, any participation by the Promoter, over and above its Rights Entitlement, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

As on the date of this Letter of Offer, members of our Promoter Group (other than our Promoter), do not hold any Equity Shares in the Company.

Underwriting

This Issue is not underwritten.

Filing

This Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Additionally, in compliance with the SEBI ICDR Regulations, our Company will simultaneously do an online filing with SEBI, through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by SEBI. Further, on account of SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the following e-mail address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is as provided below:

(in ₹, except share data)

		Aggregate value at face value	Aggregate value at Issue Price
1	**AUTHORISED SHARE CAPITAL**		
	2,500,000,000 Equity Shares	5,000,000,000	Not applicable
	5,000,000 redeemable preference shares of ₹100 each	500,000,000	Not applicable
2	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THIS ISSUE**		
	617,764,960 Equity Shares	1,235,529,920	Not applicable
3	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**(1)		
	617,764,960 Equity Shares	1,235,529,920	30,888,248,000
4	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THIS ISSUE**(2)		
	1,235,529,920 Equity Shares	2,471,059,840	Not applicable
5	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	41,784,717,110	
	After the Issue(3)	71,437,435,190	

(1) *This Issue has been authorised by a resolution passed by our Board at its meeting held on June 1, 2020, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The Issue Size has been approved by a resolution passed by our Board at its meeting held on July 18, 2020.*

(2) *Assuming full subscription for and Allotment of the Rights Entitlement.*

(3) *Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue expenses.*

Notes to the Capital Structure

1. **Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:**

(i) The shareholding pattern of our Company as on June 30, 2020, is as follows:

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	Total nos. shares held (V)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VI) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (VII)			Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (VI) As a % of (A+B+C2)	Number of Locked in shares(VIII)		(a)Number of equity shares held in dematerialized form (IX)
						Number of Voting Rights		Total as a % of (A+B+C)		No (a)	As a % of total Shares held (b)	
						Class X (Equity)	Total					
(A)	Promoter & Promoter Group	1	316,207,660	316,207,660	51.19	316,207,660	316,207,660	51.19	51.19	25,000,000	7.91	316,207,660
(B)	Public	136,290	299,430,034	299,430,034	48.47	299,430,034	299,430,034	48.47	48.47	-	0	299,188,159
(C)	Non Promoter-Non Public	1	2,127,266	2,127,266	-	2,127,266	2,127,266	0.34	-	-	0	2,127,266
(C1)	Shares underlying DRs	0	0	0	-	0	0	0	-	-	0	0
(C2)	Shares held by Employee Trusts	1	2,127,266	2,127,266	0.34	2,127,266	2,127,266	0.34	0.34	-	0	2,127,266
	Total	**136,292**	**617,764,960**	**617,764,960**	**100.00**	**617,764,960**	**617,764,960**	**100.00**	**100.00**	**25,000,000**	**4.05**	**617,523,085**

Note:
1. Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (Column VI) is calculated as % of (A+B+C2)).
2. Number of Voting Rights (Total as a % of Total Voting rights) (Column VII) is calculated as % of Total Share Capital (A+B+C)).
3. Number of Locked in shares (As a % of total Shares held) (Column VIII) is calculated as % of Total shares held.
(Kindly note that this formula is applicable w.e.f. Apr 1, 2016; previously it was calculated as % of Total Share Capital (A+B+C)).
4. Number of Shares pledged or otherwise encumbered (As a % of total Shares held) (Column VIII) is calculated as % of Total nos. shares held.

(ii) Statement showing shareholding pattern of the Promoter and Promoter Group as on June 30, 2020 is as follows:

(A)	Category & Name of the shareholders (I)	Nos. of shareholder (II)	No. of fully paid up equity shares held (III)	Total nos. shares held (IV)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (V) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (VI)			Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (V) As a % of (A+B+C2)	Number of Locked in shares(VII)		(a)Number of equity shares held in dematerialized form (VIII)
						Number of Voting Rights		Total as a % of Total Voting rights		No.(a)	As a % of total Shares held (b)	
						Class X (Equity)	Total					
(1)	**Indian**	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(a)	Individuals/Hindu undivided Family	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(c)	Financial Institutions/ Banks	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(d)	Any Other (specify)	1	316,207,660	316,207,660	51.19	316,207,660	316,207,660	51.19	51.19	25,000,000	7.91	316,207,660
	i) Bodies Corporate	1	316,207,660	316,207,660	51.19	316,207,660	316,207,660	51.19	51.19	25,000,000	7.91	316,207,660
	MAHINDRA & MAHINDRA LIMITED	1	316,207,660	316,207,660	51.19	316,207,660	316,207,660	51.19	51.19	25,000,000	7.91	316,207,660
	Sub-Total (A)(1)	**1**	316,207,660	316,207,660	51.19	316,207,660	316,207,660	51.19	51.19	25,000,000	7.91	316,207,660
(2)	**Foreign**	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(b)	Government	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(c)	Institutions	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0

(A)	Category & Name of the shareholders (I)	Nos. of shareholder (II)	No. of fully paid up equity shares held (III)	Total nos. shares held (IV)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (V) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (VI)			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (V) As a % of (A+B+C2)	Number of Locked in shares(VII)		(a)Number of equity shares held in dematerialized form (VIII)
						Number of Voting Rights		Total as a % of Total Voting rights		No.(a)	As a % of total Shares held (b)	
						Class X (Equity)	Total					
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
(e)	Any Other (specify)		0	0	0.00	0	0	0.00	0.00	0	0.00	0
	Sub-Total (A)(2)	0	0	0	0.00	0	0	0.00	0.00	0	0.00	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**1**	**316,207,660**	**316,207,660**	**51.19**	**316,207,660**	**316,207,660**	**51.19**	**51.19**	**25,000,000**	**7.91**	**316,207,660**

(iii) Statement showing shareholding pattern of the public shareholders of our Company as on June 30, 2020 is as follows:

(B)	Category & Name of the shareholders (I)	Nos. of shareholder (II)	No. of fully paid up equity shares held (III)	Total nos. shares held (IV)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	Number of Voting Rights held in each class of securities (VI)			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (V) as a % of (A+B+C2)	Number of equity shares held in dematerialized form (VII)
						Number of Voting Rights		Total as a % of Total Voting rights		
						Class X(Equity)	Total			
(1)	**Institutions**	0	0	0	0.00	0	0	0.00	0.00	0
(a)	Mutual Funds	20	57,830,281	57,830,281	9.36	57,830,281	57,830,281	9.36	9.36	57,830,281
	ICICI Mutual Fund	1	12,332,723	12,332,723	2.00	12,332,723	12,332,723	2.00	2.00	12,332,723
	Kotak Mutual Fund	1	6,472,376	6,472,376	1.05	6,472,376	6,472,376	1.05	1.05	6,472,376
	SBI Mutual Fund	1	11,829,731	11,829,731	1.91	11,829,731	11,829,731	1.91	1.91	11,829,731
	Axis Mutual Fund	1	7,594,310	7,594,310	1.23	7,594,310	7,594,310	1.23	1.23	7,594,310
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0.00	0.00	0
(c)	Alternate Investment Funds	8	2,441,862	2,441,862	0.40	2,441,862	2,441,862	0.40	0.40	2,441,862
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0.00	0.00	0
(e)	Foreign Portfolio Investors	224	145,296,298	145,296,298	23.52	145,296,298	145,296,298	23.52	23.52	145,296,298
	Valiant Mauritius Partners Offshore Limited	1	11,897,492	11,897,492	1.93	11,897,492	11,897,492	1.93	1.93	11,897,492
	Wishbone Fund, Ltd.	1	9,000,000	9,000,000	1.46	9,000,000	9,000,000	1.46	1.46	9,000,000
	Buena Vista Asian Opportunities Master Fund Ltd	1	8,600,000	8,600,000	1.39	8,600,000	8,600,000	1.39	1.39	8,600,000
	Kotak Funds - India Midcap Fund	1	6,456,954	6,456,954	1.05	6,456,954	6,456,954	1.05	1.05	6,456,954
(f)	Financial Institutions/Banks	2	18,227,300	18,227,300	2.95	18,227,300	18,227,300	2.95	2.95	18,227,300
	Life Insurance Corporation of India	1	17,837,196	17,837,196	2.89	17,837,196	17,837,196	2.89	2.89	17,837,196
(g)	Insurance Companies	0	0	0	0.00	0	0	0.00	0.00	0
(h)	Provident Funds/Pension Funds	0	0	0	0.00	0	0	0.00	0.00	0
(i)	**Any Other (specify)**	10	2,416,788	2,416,788	0.39	2,416,788	2,416,788	0.39	0.39	2,416,788

(B)	Category & Name of the shareholders (I)	Nos. of shareholder (II)	No. of fully paid up equity shares held (III)	Total nos. shares held (IV)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	Number of Voting Rights held in each class of securities (VI)			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (V) as a % of (A+B+C2)	Number of equity shares held in dematerialized form (VII)
						Number of Voting Rights		Total as a % of Total Voting rights		
						Class X(Equity)	Total			
	Qualified Institutional Buyer	10	2,416,788	2,416,788	0.39	2,416,788	2,416,788	0.39	0.39	2,416,788
	Sub Total (B)(1)	264	226,212,529	226,212,529	36.62	226,212,529	226,212,529	36.62	36.62	226,212,529
(2)	**Central Government/State Government(s)/President of India**	0	0	0	0.00	0	0	0.00	0.00	0
	Sub Total (B)(2)	0	0	0	0.00	0	0	0.00	0.00	0
(3)	**Non-Institutions**	0	0	0	0.00	0	0	0.00	0.00	0
(a)	i) Individual shareholders holding nominal share capital up to Rs.2 lakhs	132,034	30,807,647	30,807,647	4.99	30,807,647	30,807,647	4.99	4.99	30,664,727
	ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	15	4,785,499	4,785,499	0.77	4,785,499	4,785,499	0.77	0.77	4,785,499
(b)	NBFCs Registered with RBI	4	14,090	14,090	0.00	14,090	14,090	0.00	0.00	14,090
(c)	Employee Trusts	0	0	0	0.00	0	0	0.00	0.00	0
(d)	Overseas Depositories (Holding DRs)(Balancing figure)	0	0	0	0.00	0	0	0.00	0.00	0
(e)	Any Other (specify)	3,973	37,610,269	37,610,269	6.09	37,610,269	37,610,269	6.09	6.09	37511314
	Bodies Corporate	673	29,756,727	29,756,727	4.82	29,756,727	29,756,727	4.82	4.82	29,657,772
	HDFC Life Insurance Company Limited	1	13,640,901	13,640,901	2.21	13,640,901	13,640,901	2.21	2.21	13,640,901
	Clearing Members	302	5,034,879	5,034,879	0.82	5,034,879	5,034,879	0.82	0.82	5,034,879
	Investor Education and Protection Fund (IEPF) Authority	1	67,557	67,557	0.01	67,557	67,557	0.01	0.01	67,557
	Non Resident Indians (NRI)	2,991	1,285,794	1,285,794	0.21	1,285,794	1,285,794	0.21	0.21	1,285,794
	Trusts	6	1,465,312	1,465,312	0.24	1,465,312	1,465,312	0.24	0.24	1,465,312

(B)	Category & Name of the shareholders (I)	Nos. of shareholder (II)	No. of fully paid up equity shares held (III)	Total nos. shares held (IV)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	Number of Voting Rights held in each class of securities (VI)			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (V) as a % of (A+B+C2)	Number of equity shares held in dematerialized form (VII)
						Number of Voting Rights		Total as a % of Total Voting rights		
						Class X(Equity)	Total			
	Sub Total (B)(3)	136,026	73,217,505	73,217,505	11.85	73,217,505	73,217,505	11.85	11.85	72,975,630
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	**136,290**	**299,430,034**	**299,430,034**	**48.47**	**299,430,034**	**299,430,034**	**48.47**	**48.47**	**299,188,159**

(iv) Statement showing shareholding pattern of the non-Promoter and non-public shareholder of our Company as on June 30, 2020 is as follows:

(C)	Category & Name of the shareholders (I)	Nos. of shareholder (II)	No. of fully paid up equity shares held (III)	Total nos. shares held (IV)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	Number of Voting Rights held in each class of securities (VI)			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (V) as a % of (A+B+C2)	Number of equity shares held in dematerialized form (VII)
						Number of Voting Rights		Total as a % of Total Voting rights		
						Class X (Equity)	Total			
(1)	**Custodian/DR Holder**	0	0	0	0.00	0	0	0.00	0.00	0
(2)	**Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)**	1	2,127,266	2,127,266	0.34	2,127,266	2,127,266	0.34	0.34	2,127,266
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	**1**	**2,127,266**	**2,127,266**	**0.34**	**2,127,266**	**2,127,266**	**0.34**	**0.34**	**2,127,266**

2. No Equity Shares have been acquired by our Promoter or Promoter Group in the last one year immediately preceding the date of this Letter of Offer.

3. Except for 25,000,000 Equity Shares held by our Promoter, Mahindra & Mahindra Limited, representing 7.91% of its shareholding in the Company and 4.05% of the pre-Issue equity share capital of our Company, none of the Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

4. Except for Equity Shares that may be allotted pursuant to the ESOS-2010, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

Employees Stock Option Scheme - 2010

Our Company has formulated an employee stock option scheme titled ESOS-2010. The ESOS-2010 has been authorized pursuant to, a resolution of the Board dated July 23, 2010 and a resolution passed by shareholders of our Company through postal ballot dated September 18, 2010. The ESOS-2010 is operated and administered by the Nomination and Remuneration Committee through the ESOS Trust to grant options to eligible employees.

As on date, the ESOS Trust 2010 holds 2,063,662 Equity Shares.

The objective of ESOS-2010 is to use the scheme as a business strategy to enhance our Company's profitability by providing equity linked incentive to employees, so that the employees keep exploring possibilities of increasing the revenue, saving costs and enhancing the profits our Company. Upon exercise of an option by an eligible employee, Equity Shares of our Company held by the relevant employees stock option trust is transferred to the relevant employee.

As on the date of this Letter of Offer, the details of options pursuant to the ESOS-2010 are as follows:

Particulars	**Number of options (ESOS-2010)***
Total number of options authorized for issuance	5,788,640
Total number of options granted	5,720,786
Total number of options vested	3,715,288
Total number of options exercised	3,566,638
Total number of options cancelled / lapsed / forfeited	158,340
Total number of options outstanding	1,995,808

**Pursuant to resolution of the Board of Directors in their meeting held on March 27, 2019, 785,275 stock options, being the balance number of options available in the ESOS-2005, were transferred to the ESOS-2010 on March 14, 2019. Accordingly, the ESOS - 2005 stands closed, effective from the date of the said transfer.*

5. **Subscription to the Issue by our Promoter and Promoter Group**

Our Promoter, pursuant to a letter dated July 18, 2020**,** has confirmed that it intends to (i) subscribe to the full extent of its Rights Entitlements and (ii) subscribe to additional Equity Shares in the Issue and any undersubscribed portion in the Issue, over and above its Rights Entitlements for ensuring full subscription in the Issue, subject to compliance with applicable laws.

To the extent required by applicable law, any participation by the Promoter, over and above its Rights Entitlement, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

As on the date of this Letter of Offer, members of our Promoter Group (other than our Promoter), do not hold any Equity Shares in the Company.

6. The ex-rights price of the Equity Shares, as computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations, is ₹ 108.96 per Equity Share.

7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Letter of Offer. The Equity Shares Allotted pursuant to the Issue shall be fully paid-up. For details on the terms of this Issue, see "*Terms of the Issue*" on page 338.
8. At any given time, there shall be only one denomination of the Equity Shares.

9. **Details of the Shareholders holding more than 1% of the issued and paid-up Equity Share capital**

The table below sets forth details of Shareholders holding more than 1% of the issued and paid-up Equity Share capital of our Company, as on July 17, 2020:

Sr. No	Name of Shareholder	Number of Equity Shares held	Percentage of Equity Shares held (%)
1	Mahindra & Mahindra Limited	316,207,660	51.19
2	HDFC Life Insurance Company Limited	13,329,542	2.16
3	Valiant Mauritius Partners Offshore Limited	11,897,492	1.93
4	Life Insurance Corporation of India	11,746,184	1.90
5	Wishbone Fund Limited	9,000,000	1.46
6	Buena Vista Asian Opportunities Master Fund Limited	8,600,000	1.39
7	Kotak Funds - India Midcap Fund	6,456,954	1.05
Total		**377,237,832**	**61.06**

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from this Issue, towards the following objects:

1. Repayment/ prepayment of certain outstanding borrowings availed by our Company;

2. Augmenting the long-term capital and resources for meeting funding requirements for our Company's business activities; and

3. General corporate purposes.

(collectively, referred to herein as the "***Objects of the Issue***")

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake (i) our existing activities; (ii) the activities for which the funds are being raised by our Company through this Issue; (iii) the activities for which the borrowings were availed and which are proposed to be prepaid or repaid from the Net Proceeds; and (iv) to undertake activities for which funds earmarked towards general corporate purposes shall be used.

Issue Proceeds

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

(in ₹ millions)

Particulars		Amount#
Gross Proceeds from this Issue*		30,888.25
Less:	Estimated Issue related expenses	97.50
Net Proceeds		30,790.75

Assuming full subscription and Allotment of the Equity Shares.
 # Rounded off to two decimal places.

Requirement of funds and utilisation of Net Proceeds

The proposed utilization of the Net Proceeds by our Company is set forth in the table below:

(in ₹ millions)

Particulars	Amount#
Repayment/ prepayment of certain outstanding borrowings availed by our Company	16,000.00
Augmenting the long-term capital and resources for meeting funding requirements for our Company's business activities	8,000.00
General corporate purposes*	6,790.75
Total Net Proceeds**	**30,790.75**

** Subject to the finalization of the Basis of Allotment and the Allotment of the Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Net Proceeds. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue (other than general corporate purposes) and the remaining Net Proceeds shall be utilised towards general corporate purposes.*
*** Assuming full subscription and Allotment of the Equity Shares.*
#Rounded off to two decimal places.

There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, Promoter Group, Directors, key managerial personnel as identified by our Company or our Group Companies.

Means of Finance

The funding requirements mentioned above and the estimated deployment schedule mentioned below, are based on our Company's internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, or interest rate fluctuations. We intend to finance the Objects of the Issue from the Net Proceeds. Accordingly, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Further, our Company's funding requirements and deployment schedules for the reduction of outstanding borrowings as stated hereinabove, are subject to revision in the future at the discretion of our management. If additional funds are required for the purposes mentioned above, such requirement may be met through various options including through internal accruals of our Company.

Details of the Objects of the Issue

The details in relation to Objects of the Issue are set forth herein below.

1. Repayment/ prepayment of certain outstanding borrowings availed by our Company.

Our Company has entered into various financing arrangements including borrowings in the form of term loans, external commercial borrowings, working capital loans, debentures, bonds and commercial papers, among others. These arrangements include a mix of secured and unsecured loans.

Our Company proposes to utilize an aggregate amount of ₹16,000.00 millions (rounded off to two decimal places) from the Net Proceeds towards full or partial repayment/ prepayment of certain borrowings (principal and/or accrued interest) availed by our Company.

The selection of borrowings proposed to be prepaid or repaid out of the borrowings provided above, shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements; (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders; (iii) terms and conditions of such consents and waivers; (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the borrowings, the amount of the outstanding borrowings, maturity period and the remaining tenor of the borrowing. Payment of interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the Net Proceeds.

The repayment/ prepayment of loans by utilizing the Net Proceeds will help reduce our outstanding indebtedness, debt-servicing costs and improve our debt to equity ratio. In addition, we believe that the improved debt to equity ratio will enable us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

Our Company proposes to repay / prepay either fully or partly any of the following borrowings or a combination thereof, subject to terms and conditions stated above:

Sr. No.	Name of the lender/ISIN*	Nature of borrowing	Date of Maturity/ Next instalment	Principal amount due to be paid on Maturity/ Next instalment date (in ₹ millions)	Purpose of borrowing**
1.	HDFC Bank Limited	Term loan	August 28, 2020	416.67	Financing of assets
2.	Federal Bank Limited	Term loan	August 29, 2020	333.33	Onward lending
3.	Karnataka Bank Limited	Term loan	August 29, 2020	250.00	Onward lending
4.	State Bank of India	Term loan	August 29, 2020	625.00	Onward lending
5.	State Bank of India	Term loan	August 29, 2020	625.00	Onward lending
6.	Axis Bank Limited	Term loan	August 31, 2020	3,000.00	Onward lending
7.	HDFC Bank Limited	Term loan	August 31, 2020	300.00	Refinance of loan portfolio
8.	HDFC Bank Limited	Term loan	August 31, 2020	200.00	Onward lending

Sr. No.	Name of the lender/ISIN*	Nature of borrowing	Date of Maturity/ Next instalment	Principal amount due to be paid on Maturity/ Next instalment date (in ₹ millions)	Purpose of borrowing**
9.	HSBC Bank Limited	Term loan	September 25, 2020	2,500.00	Onward lending
10.	Axis Bank Limited	Term loan	September 26, 2020	1,250.00	Working capital requirements
11.	HDFC Bank Limited	Term loan	September 26, 2020	541.67	Onward lending
12.	HDFC Bank Limited	Term loan	September 27, 2020	250.00	Onward lending
13.	HSBC Bank Limited	Term loan	September 28, 2020	2,000.00	Financing of assets
14.	HDFC Bank Limited	Term loan	September 29, 2020	416.67	Working capital requirements
15.	Bank of India Limited	Term loan	September 30, 2020	1,500.00	Augmenting resources of onward lending
16.	HDFC Bank Limited	Term loan	September 30, 2020	500.00	Onward lending
17.	INE774D14QR9	Commercial paper	August 20, 2020	5,000.00	Onward lending/ financing, refinancing the existing indebtedness of the Company, operating expenses and for working capital
18.	INE774D14QT5	Commercial paper	September 4, 2020	3,000.00	Onward lending/ financing, refinancing the existing indebtedness of the Company, operating expenses and for working capital.
19.	INE774D07RQ3	NCD	September 4, 2020	3,500.00	For long term working capital.
20.	INE774D07SO6	NCD	September 14, 2020	1,073.00	Financing, repayment of dues and long term working capital
21.	INE774D07RT7	NCD	October 16, 2020	2,500.00	Long term working capital
22.	INE774D07NT6	NCD	October 30, 2020	2,500.00	Long term working capital
Total				**32,281.33**	

Certain Lead Managers, namely Axis Capital Limited, HDFC Bank Limited, HSBC Securities and Capital Markets (India) Private Limited, and SBI Capital Markets Limited and, are affiliates of certain lenders identified in the table above, namely Axis Bank Limited, HDFC Bank Limited, HSBC Bank Limited, and State Bank of India, respectively. However, on account of this relationship, neither of Axis Capital Limited, HDFC Bank Limited, HSBC Securities and Capital Markets (India) Private Limited or SBI Capital Markets Limited or qualify as an "associate" of our Company in terms of Regulations 21(A)(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and Regulation 69(3) of the SEBI ICDR Regulations. For details, see "Risk Factors- A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from certain lenders of our Company, which are affiliates of certain Lead Managers" on page 38.

***B.K Khare & Co., Chartered Accountants, pursuant to their certificate dated July 20, 2020 have confirmed that these borrowings have been utilised for the purposes for which they were availed, as provided in the relevant borrowing documents.*

In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above borrowings are prepaid or repaid, refinanced or further drawn-down prior to the completion of the Issue or utilisation of the Net Proceeds for such repayment or prepayment, we may utilise the Net Proceeds of the Issue towards prepayment or repayment of such additional indebtedness availed by us. However, the quantum of the Net Proceeds that will be utilized for prepayment or repayment of the borrowings (principal and/or accrued interest) shall not exceed ₹16,000.00 millions.

2. ***Augment the long-term capital and resources for meeting funding requirements for our Company's business activities.***

We are a non-banking financial company registered with RBI and a notified financial institution under the SARFAESI Act. As per the capital adequacy norms issued by RBI, we are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital and Tier II capital. The total of Tier II Capital at any point of time, cannot exceed 100% of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to our Company, consisting of Tier I and Tier II capital, cannot be less than 15% with Tier I not being below 10% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. As on June 30, 2020, our Tier I capital adequacy ratio stood at 15.3% and Tier II capital adequacy ratio stood at 4.3%, respectively.

Accordingly, we intend to utilise ₹8,000.00 millions (rounded off to two decimal places) from the Net Proceeds towards to augment our capital base to meet our future capital requirements, which are expected to arise out of growth of our business and assets, including towards onwards lending as part of our business activities and to ensure compliance with applicable regulatory requirements.

3. *General corporate purposes*

Our Company intends to deploy the balance Net Proceeds towards general corporate purposes (including if the actual utilisation towards any of the objects is lower than the proposed deployment), subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (i) funding growth opportunities, including strategic initiatives; (ii) working capital requirements; (iii) acquiring assets, furniture and fixtures, and intangibles; (iv) repayment/ prepayment of borrowings; (v) servicing of borrowings including payment of interest; (vi) meeting of exigencies which our Company may face in the course of any business; (vii) brand building and other marketing expenses; (viii) maintain deposits with scheduled commercial banks, in accordance with applicable laws; and (ix) any other purpose as permitted by applicable laws. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than for general corporate purposes and the remaining Net Proceeds, shall be utilised towards general corporate purposes.

Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

Deployment of funds

The following table provides for the proposed deployment of funds, after deducting Issue related expenses.

(In ₹ millions)

Particulars	**Amount proposed to be funded from Net Proceeds#**	**Proposed schedule for deployment of the Net Proceeds#**
		Fiscal 2021
Repayment/ prepayment of certain outstanding borrowings availed by our Company	16,000.00	16,000.00
Augmenting the long-term capital and resources for meeting funding requirements for our Company's business activities	8,000.00	8,000.00
General corporate purposes*	6,790.75	6,790.75
Total	**30,790.75**	**30,790.75**

* *Subject to the finalization of the Basis of Allotment and the Allotment of the Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Net Proceeds.*
# *Rounded off to two decimal places.*

In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to availability of funds and compliance with applicable laws. Our Company may also utilise any portion of the Net

Proceeds, towards the aforementioned objects of the Issue, ahead of the estimated schedule of deployment specified above.

Estimated Issue Related Expenses

The total expenses of this Issue are estimated to be ₹ 97.50 million. The break-up of the Issue expenses is as follows:

(unless otherwise specified, in ₹ millions)

Sr. No.	Particulars	Amount	Percentage of total estimated Issue expenditure	Percentage of Issue Size (%)
1.	Fee of the Lead Managers	27.00	27.70%	0.09%
2.	Fee of the Registrar to the Issue	2.00	2.10%	0.01%
3.	Fee to the legal advisors, other professional service providers and statutory fee	20.00	20.50%	0.06%
4.	Advertising, marketing expenses, shareholder outreach, *etc.*	8.00	8.20%	0.03%
5.	Fees payable to regulators, depositories and Stock Exchanges	30.00	30.80%	0.10%
6.	Other expenses (including miscellaneous expenses and stamp duty)	10.50	10.80%	0.03%
Total estimated Issue related expenses*		**97.50**	**100.00**	**0.32%**

** Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.*

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends and will deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board.

Monitoring utilization of funds from the Issue

Our Company has appointed Axis Bank Limited as the Monitoring Agency for this Issue. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds and the Monitoring Agency will submit its report to our Board in terms of Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) along with relevant details for all the amounts that have not been utilized and will indicate instances, if any, of unutilized Net Proceeds in our balance sheet for the relevant Fiscals post receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 82(4) of the SEBI ICDR Regulations and Regulation 32 of the SEBI Listing Regulations, our Company shall, within 45 days from the end of each quarter, publicly disseminate the report of the Monitoring Agency on our website as well as submit the same to the Stock Exchanges, including the statement indicating deviations, if any, in the use of proceeds from the Objects of the Issue stated above. Such statement of deviation shall be placed before our Audit Committee for review before its submission to Stock Exchanges. The Monitoring Agency shall submit its report to our Company, on a quarterly basis, until at least 95% of the proceeds of this Issue, excluding the proceeds raised for general corporate purposes, have been utilized.

Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated above and place it before our Audit Committee, until such time the full money raised through this Issue has been fully utilized. The statement shall be certified by the Statutory Auditors of our Company. Our Audit Committee shall review the report submitted by the Monitoring Agency and make recommendations to our Board for further action, if appropriate.

Appraising entity

None of the Objects of the Issue, for which the Net Proceeds will be utilized, require appraisal from any agency, in accordance with applicable law.

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Interest of Promoter, Promoter Group and Directors, as applicable to the Objects of the Issue

No part of the Issue proceeds will be paid by our Company to our Promoter, our Promoter Group or our Directors.

STATEMENT OF SPECIAL TAX BENEFITS

The Board of Directors
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor,
Dr. GM Bhosale Marg, Worli
Mumbai – 400 018.

20 July 2020

Dear Sirs

Statement of possible special Tax Benefits available to Mahindra & Mahindra Financial Services Limited ('the Company') and it's shareholders and it's material subsidiary, Mahindra Rural Housing Finance Limited ('MRHFL') in connection with the proposed rights issue of equity shares of face value of Rs. 2 each (the 'Issue')

1. This statement is issued in accordance with the terms of our agreement dated 20 July 2020.

2. We hereby confirm that the enclosed Annexure prepared by the Company, states the possible special tax benefits available to the Company and its shareholders, and MRHFL under the Income tax Act, 1961 (the "**Act**"), presently in force in India.

3. Several of these benefits are dependent on the Company or its shareholders, or MRHFL fulfilling the conditions prescribed under the relevant statutory provisions of the Act. Hence, the ability of the Company or its shareholders, or MRHFL to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company or MRHFL faces in the future, the Company or its shareholders, or MRHFL may or may not choose to fulfil.

4. The benefits discussed in the enclosed Annexure are not exhaustive. Further, the preparation of the Annexure and its contents is the responsibility of management of the Company. We are informed that, the Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue by the Company. Neither are we suggesting nor are we advising the investor to invest in the Issue based on this statement.

5. We do not express any opinion or provide any assurance as to whether:
   (i) the Company or its shareholders, or MRHFL will continue to obtain these benefits in the future; or
   (ii) the conditions prescribed for availing of the benefits have been / would be met.

   The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company or its shareholders, or MRHFL and on the basis of our understanding of the business activities and operations of the Company or MRHFL.

6. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and their interpretation, which are subject to change from time to time. We do not assume responsibility to update this Annexure consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Annexure, except under applicable law.

7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI').

8. The Guidance Note requires that we comply with the independence and other ethical requirements of the Code of Ethics issued by the ICAI. We have complied with the relevant applicable requirements of the Standard on Quality Control ('SQC') 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

9. This statement has been provided by B S R & Co. LLP, Chartered Accountants at the request of the Company in accordance with the terms of reference agreed with the Company dated 20 July 2020 and solely for the information of Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited, Axis Capital Limited, BNP Paribas, HDFC Bank Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, Nomura Financial Advisory and Securities (India) Private Limited and SBI Capital Markets Limited (together referred to as the "**Lead Managers**") to assist them in conducting their due-diligence and documenting their investigations of the affairs of the Company in connection with the Issue and is not to be used for any other purpose or to be distributed to any other parties.

10. This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than the purpose stated above. We, however, hereby, consent to this statement being used in the letter of offer and in any other material used in connection with the Issue and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the equity shares of the Company are listed, Registrar of Companies, Maharashtra situated in Mumbai in connection with the Issue, as the case may be. This statement may be relied on by the Lead Managers and the legal counsel to the Company and the legal counsel to the Lead Managers.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 20111855AAAAFF5080

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL INCOME-TAX BENEFITS AVAILABLE TO MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED ('COMPANY') AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME-TAX LAWS IN INDIA

Outlined below are the possible Special tax benefits available to the Company and its shareholders under the direct tax laws in force in India. These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

1. Special tax benefits available to the Company under the Income tax Act, 1961 ('the Act') as amended by Finance Act 2020, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22

   A new section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 i.e. AY 2020-21 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives and comply with other conditions specified in section 115BAA.

   The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") on its book profits under section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under section 115JB itself would not apply where a domestic company exercises option of lower tax rate under section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under section 115JAA dealing with MAT credit. The Company has exercised the above option.

   Under section 36(1)(vii) of the Act, the amount of any bad debts, or part thereof, written off as irrecoverable in the accounts of the Company for the previous year are allowable as deduction. The deduction is limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account including provisions made towards rural advances made under section 36(1)(viia) of the Act.

   Where a deduction has been allowed in respect of a bad debt or part thereof under the provisions of section 36(1)(vii), then, if any amount is subsequently recovered, the said amount is deemed to be profits and gains of business or profession and is taxable accordingly to the extent it exceeds the deduction earlier allowed.

   Under section 36(1)(viia) of the Act, in respect of any provision made for bad and doubtful debts, the Company is entitled to a deduction for an amount not exceeding five percent of the total income (computed before making any deduction under this section)

2. **Special tax benefits available to the shareholders under the Act as amended by Finance Act 2020, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22**

   There are no special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company arising out of the proposed rights issue.

   With respect to a resident corporate shareholder, a new section 80M is inserted in the Finance Act, 2020 w.e.f. 1st April 2021, which provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

NOTES:

1 This statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income tax consequences that apply to them.

2 The above statement covers only above mentioned special tax laws benefits and does not cover any general direct tax law benefits or benefit under any other law.

3 This statement does not cover analysis of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules and provisions of Multilateral Instruments

4 This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL INCOME-TAX BENEFITS AVAILABLE TO MAHINDRA RURAL HOUSING FINANCE LIMITED ('MRHFL') UNDER THE APPLICABLE INCOME-TAX LAW IN INDIA

Outlined below are the possible Special tax benefits available to MRHFL and its shareholders under the direct tax laws in force in India. These benefits are dependent on MRHFL or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of MRHFL or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

Special tax benefits under the Income Tax Act, 1961, (the Act") as amended by Finance Act 2020, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22 **in the hands of MAHINDRA RURAL HOUSING FINANCE LIMITED ('MRHFL')**

- A new section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019("the Amendment Act, 2019") w.e.f. April 1, 2020 i.e. AY 2020-21 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives and comply with other conditions specified in section 115BAA.

  The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") on its book profits under section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under section 115JB itself would not apply where a domestic company exercises option of lower tax rate under section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under section 115JAA dealing with MAT credit. MRHFL has exercised the above option.

- Under section 36(1)(vii) of the Act, the amount of any bad debts, or part thereof, written off as irrecoverable in the accounts of the MRHFL for the previous year are allowable as deduction. The deduction is limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account including provisions made towards rural advances made under section 36(1)(viia) of the Act.

  Where a deduction has been allowed in respect of a bad debt or part thereof under the provisions of section 36(1)(vii), then, if any amount is subsequently recovered, the said amount is deemed to be profits and gains of business or profession and is taxable accordingly to the extent it exceeds the deduction earlier allowed.

- Under section 36(1)(viia) of the Act, in respect of any provision made for bad and doubtful debts, the MRHFL is entitled to a deduction for an amount not exceeding five percent of the total income (computed before making any deduction under this section).

- As per provisions of section 36(1)(viii) of the Act, a housing finance company is allowed a deduction of 20 percent of profits derived from the business of providing long term housing finance in India for residential purposes and such amount should be carried to special reserve account created and maintained by the MRHFL.

Notes:

1. This statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income tax consequences that apply to them.

2. The above statement covers only above mentioned special tax laws benefits and does not cover any general direct tax law benefits or benefit under any other law.

3. This statement does not cover analysis of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules and provisions of Multilateral Instruments

4. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his

or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

OUR BUSINESS

Overview

We are one of the leading deposit taking non-banking finance companies with customers primarily in the rural and semi-urban markets of India. We are primarily engaged in providing financing for new and pre-owned auto and utility vehicles (including three wheelers), tractors, cars and commercial vehicles. We also provide housing finance, manage mutual funds, personal loans, financing to micro, small and medium enterprises, insurance broking and mutual fund distribution services. In addition, we provide wholesale inventory-financing to dealers and retail-financing to customers in the United States for purchase of Mahindra tractors and utility vehicles through Mahindra Finance USA LLC ("**MF USA**"), our Associate, which has entered into a joint venture agreement with De Lage Landen Financial Services Inc., which is a member of the Rabobank group. In August 2019, we entered into a joint venture with Ideal Finance Limited to offer financing services in Sri Lanka. We are part of the Mahindra group, which is one of the largest business conglomerates in India.

We have established a pan-India presence, spanning 27 states and seven union territories through 1,322 offices, as of March 31, 2020. We primarily focus on providing financing for purchases of auto and utility vehicles (including three wheelers), tractors, cars, commercial vehicles and construction equipment, and pre-owed vehicles which accounted for 27.7%, 16.4%, 19.2%, 15.3% and 18.1% of estimated total value of the assets financed by our Company, respectively, for the Financial Year 2020. We benefit from our close relationships with dealers and long-standing relationships with OEMs, which allows us to provide on-site financing at dealerships. We are also able to offer loan products to our existing as well as new customers through our direct marketing initiative.

Mahindra & Mahindra, our promoter and the flagship company of the Mahindra group, had a market capitalization of ₹ 634.90 billion as of June 30, 2020. The Mahindra group operates in several businesses and has a strong presence in the automotive, farm-equipment, information technology, financial services, aerospace, real estate, hospitality and logistics businesses and after-market sales and services of pre-owned vehicles.

The following table sets forth certain key details of our Company, on a consolidated basis, for the periods indicated:

(₹ in million)

	As of / For the year ended March 31,	
	2020	**2019**
Total assets*	817,925.78	745,759.69
Total Income	119,964.56	104,308.55
Interest Income	114,576.13	99,695.29
Profit after tax for the year	10,858.18	18,672.82

**Total assets comprise financial assets (including loan receivables, net of impairment provisions) and non-financial assets.*

Our total income and profit after tax for the three months ended June 30, 2020 was ₹ 30,686.84 million and ₹ 4,321.19 million, respectively. As of June 30, 2020, our Company had 1,324 offices located in 27 states and seven union territories in India. For further details, see "*Recent Developments*" on page 60.

Our Competitive Strengths

Our competitive strengths are as follows:

Operating knowledge of Rural and Semi-Urban Markets

We have over 25 years of operating experience primarily in rural and semi-urban markets, which has led to a significant understanding of local characteristics of these markets and has allowed us to cater to the unique needs of our customers. We have adapted to and built expertise in markets that are affected by limitations of rural infrastructure and have developed a diversified customer base of farmers, car-owners, transport agencies, small businessmen and home-owners. For origination and collection, we hire employees with knowledge of the local markets and have also implemented a de-centralized process to approve loans that meet pre-determined criteria. Our field executives utilize technology solutions such as tablets and a mobile application to record data while collecting loan payments at the customer's home or business location. We further analyze such data to enhance our productivity and improve efficiency. On account of the nationwide lockdown due to the COVID-19 pandemic, we have been communicating with our customers by calling them and sending them intimations on their mobile phones. Our high level of interaction with our customers improves our understanding of their requirements and enables us to be more responsive to local market demand. We believe that our knowledge of the rural and semi-urban markets gained over the years is a key strength that has enabled us to become one of India's leading NBFCs.

Extensive Pan-India Distribution Network

We have an extensive pan-India distribution network with 1,322 offices spanning across 27 states and seven union territories, as of March 31, 2020. Our widespread office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts. In addition, our extensive office network benefits from a de-centralized approval system, which allows each office to grow its business organically as well as leverage its customer relationships by offering distribution of insurance products and mutual funds. We service multiple products through each of our offices, which improves total sales. We believe that the challenges inherent in developing an effective office network in rural and semi-urban areas provide us with a significant first mover advantage over our competitors in these areas.

Streamlined Approval and Administrative Procedures and Effective Use of Technology

We believe that we benefit from our streamlined company-wide policy driven approval and administrative procedures that are supplemented by our employee training and integrated technology. Our local offices are responsible for appraisal, disbursement, collection and delinquency management of loans. We approve loans in a prompt manner and are able to regularly monitor origination, disbursement and collection with our integrated technology. The technology solutions that our employees use provide us with customer information including real time installment collection, and certain risk management information in a prompt manner, thus enabling better monitoring. The recording of data in this manner enables us to provide intimation by SMS to customers in a prompt manner at every stage of the transaction and we believe, it also allows us to handle customer queries more efficiently. Our customers can utilize our mobile application and have access to features such as viewing their statement of accounts and making their payments online. We also utilize digital payment technologies to collect outstanding amounts from our customers.

Track Record of Strong Customer and Dealer Relationships

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

Brand Recall and Synergies with the Mahindra Group

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

Access to Cost-Effective Funding

We believe that we are able to access cost-effective borrowings due to our strong brand equity, stable credit history, superior credit ratings and conservative risk management policies. Historically, we have secured cost-effective funding from a variety of sources such as bank loans, external commercial borrowings, securitization and assignment of receivables, issuance of non-convertible debentures, masala bonds and commercial papers, fixed deposits and inter-corporate deposits. Our Company maintains borrowing relationships including with several domestic and multinational banks, mutual funds and insurance companies. For details of our credit ratings, see "*-Our Credit Ratings*". For the Financial Years 2020 and 2019, our Company's average cost of borrowings was 8.7% and 8.5%, respectively.

Experienced Board and Management Team

Our Board, including the independent directors, have extensive experience in the financial services and banking industries in India. We also have an experienced management team, which is supported by a capable and motivated pool of employees. We have successfully recruited and retained talented employees from a variety of backgrounds, including credit evaluation, risk management, treasury, technology and marketing. Our senior managers have diverse experience in various financial services and functions related to our business. Our senior managers have an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately support and provide guidance to our employees. Our management has a track record of entering and growing new lines of business, such as insurance broking, housing finance and asset management.

Our Strategies

Our business strategies are as follows:

Responding to challenges posed by the COVID-19 Pandemic

On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown beginning on March 25, 2020. The lockdown remains in force in many cities, with limited and progressive relaxations being granted for movement of goods and people in other places and cautious re-opening of businesses and offices. We have taken a number of steps to address the challenges posed by COVID-19, including the following:

- *Maintaining business continuity and resuming our operations*: In order to minimize the disruption in our operations and protect the health and safety of our employees, we have leveraged our technology systems and undertaken a number of measures to support our employees working from home by providing them with laptops and tablets and conducting on-line training sessions. We will continue to enhance our digital capabilities and use of technology to improve our operational efficiencies. We continue to resume operations in a phased manner, in accordance with the directives issued by the central and state governments and the district authorities. The health and safety measures undertaken by us include issuing safety guidelines for our employees, conducting regular fumigation of office premises, conducting thermal screening of employees and customers visiting our branch offices and providing masks and hand sanitizers at our offices. As of June 30, 2020, we have resumed operations at over 1,100 branch offices. We also held virtual dealer council meetings and created special support packages for dealers.

- *Moratorium*: In accordance with our Board approved moratorium policy, our Company has granted moratorium on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers, in line with RBI guidelines. We inform our customers of the interest that would accrue and be payable by them if the moratorium period is availed by our customers. In order to cover the contingencies that may arise due to the COVID-19 pandemic, we have incorporated management overlays in the measurement of impairment loss allowance and recognized additional provision of ₹ 7,285.30 million in our consolidated statement of profit and loss for the quarter and year ended March 31, 2020 and ₹ 6,644.59 million in our consolidated statement of profit and loss for the quarter ended June 30, 2020. As of the date of this Letter of Offer, the pandemic situation is still evolving and it is difficult to determine with certainty the impact of moratorium on our business and we may be required to adopt additional steps in future, including by way of making higher provisions which would impact our overall profitability.

- *Collections*: Our field executives typically visit customers to collect installments as they become due. However, on account of the "stay-at-home" orders issued in various jurisdictions, we have been calling our customers and sending them intimations on phone. We inform our customers of the different digital modes through which they can make their payments and we intend to actively focus on our collections after the completion of the moratorium period.

- *Maintaining our liquidity position and reducing our cost of borrowings*: We have undertaken steps to ensure that we have adequate liquidity to meet our financial and other commitments. We continue to evaluate various funding opportunities so as to continue maintaining adequate liquidity and lower our cost of funds.

- *Reduce our operational expenditure*: We intend to reduce our operating expenses by undertaking several initiatives including (i) renegotiating the rental agreements for our branch offices; (ii) renegotiating the contracts entered into with various service providers; (iii) outsourcing certain functions that are currently being undertaken internally; (iv) renegotiating the incentive structure for dealers; (v) limiting new hiring; and (vi) centralizing back-end processes.

- *Stress testing*: We have conducted specific stress tests to gauge the impact of COVID-19 in different scenarios and we actively monitor economic developments by performing sensitivity analysis on our loan portfolio to prepare for dealing with various eventualities.

Focus on the Rural and Semi-Urban Markets to Grow our Market Share

In the long-term, we intend to expand our office network and increase the market share of our existing products and services in the rural and semi-urban markets of India. In opening each office site, we analyze the local market and proximity to target customers. We believe our customers appreciate this convenience and that well-placed office sites allow us to attract new customers. We also seek to expand our dealer relationships by strengthening our presence at dealerships and by continuing to engage dealers of a range of OEMs for customer relationships. We believe that this strategy will increase our customer base and revenues and mitigate risks associated with deriving a substantial percentage of our vehicle financing revenues from purchasers of M&M vehicles. In order to enhance our dealer relationships, we also provide trade funding to assist with the working capital requirements of these dealers. We believe that we are in a position to leverage our existing distribution infrastructure to increase our penetration in markets where we already have a presence.

Leverage Technology to Improve Operational Efficiency and Customer Experience

As we continue to expand our geographic reach and scale of operations, we intend to further develop and integrate our technology to support our growth, improve the quality of our services and approve loans at a faster rate. We utilize tablets and a mobile application that enables our employees to originate loans and issue receipts. We have connected all our offices to a centralized data centre in Mumbai and our technology platforms help us intimate customers through SMS, handle customer queries more efficiently, enhance collection management information systems, record customer commitments and enable better internal checks and controls. Our use of technology will allow us to continue providing streamlined approval and documentation procedures and reduce incidence of error.

Diversify Product Portfolio

We intend to improve the diversity of our product portfolio both, within our vehicle financing business as well as through the introduction and growth of other financial products. We intend to grow the share of our disbursements to pre-owned vehicles, light commercial vehicles and construction equipment to capture market share in what we believe is a growth area and improve the diversity of our loan exposure. In addition, we have recently started offering small ticket personal loans. Through our direct marketing initiative, we target existing and new customers to cater to their financing requirements, thus generating new business and diversifying our loan assets. We will continue to focus on growing our rural housing portfolio through our subsidiary MRHFL, which we believe is in a unique position to cater to a large and untapped customer base.

DESCRIPTION OF OUR BUSINESS

Our Vehicle Financing Business

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

Income from our vehicle financing business constituted 92.0% and 92.0% of our total income for the Financial Years 2020 and 2019, respectively. Our vehicle financing business comprised 83.2% and 85.1% of our total assets for the Financial Years 2020 and 2019, respectively.

Our Company's estimated composition of assets financed in each of our vehicle financing businesses is set forth below:

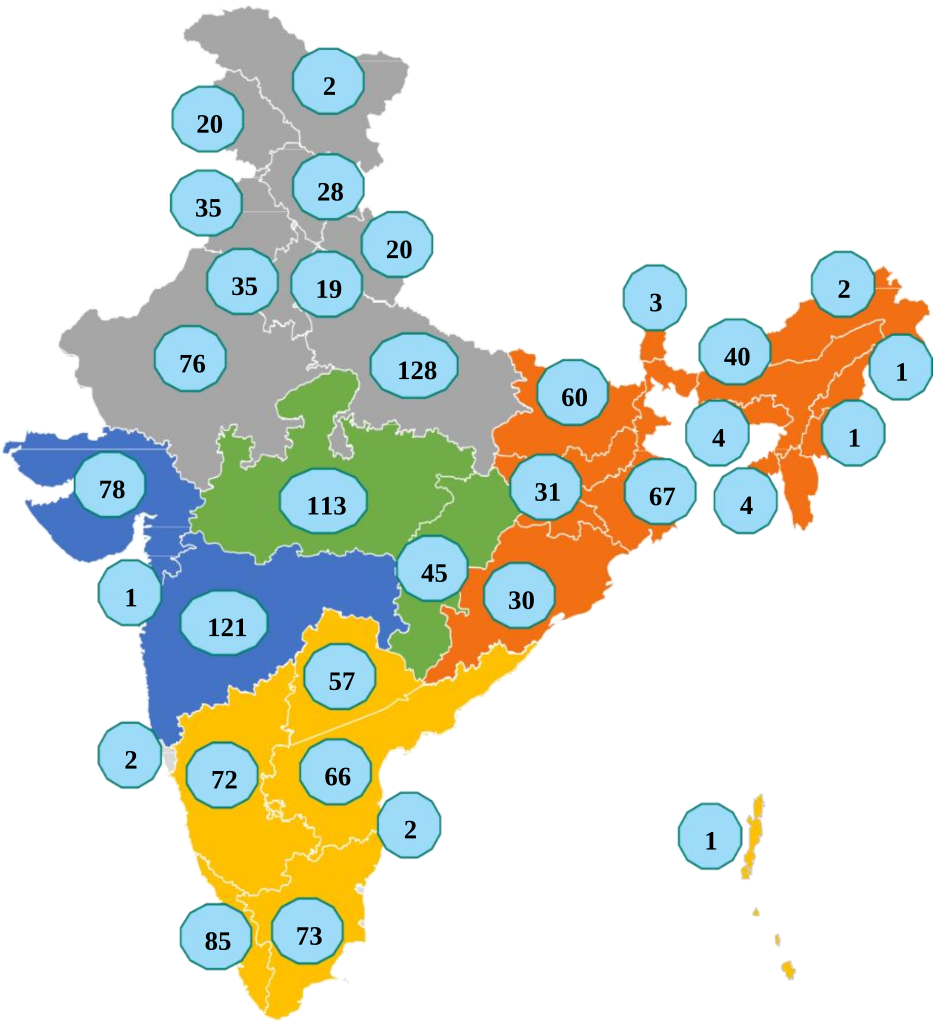
	Financial Year	
	2020	**2019**
Auto and Utility Vehicles (including three wheelers)	27.7%	24.5%
Tractors	16.4%	18.1%
Cars	19.2%	19.6%
Commercial Vehicles and Construction Equipment	15.3%	19.1%
Pre-owned Vehicles	18.1%	14.4%

Office Network

As of March 31, 2020, our Company had 1,322 offices located in 27 states and seven union territories in India. Our offices are authorized to approve loans within prescribed guidelines and have appropriate staffing to process and monitor the loans made. Branch office employees report to their respective vertical heads, who in turn, report to their circle office and the head office in Mumbai.

As of March 31, 2020, the north, south, west, central and eastern regions of India contributed 29%, 20%, 15%, 10% and 26% of our Company's loan assets, respectively. Further, during the Financial Year 2020, our estimated value of assets financed in the north, south, west, central and eastern regions of India accounted for 31%, 19%, 14%, 12% and 24% of our Company’s total estimated value of assets financed, respectively.

The distribution of offices across India by state as of March 31, 2020 is set out in the map below:



Our Operations - Lending Policy

Once we identify a customer and complete the application, a field executive obtains relevant information from the customer and prepares reports such as the vehicle inspection and evaluation report and the field investigation report. For existing customers, the field executive also evaluates the customer's track record of payments. We require that the customer provide a guarantor. The field executive then recommends whether the loan should be approved based on our prescribed guidelines and forwards a recommendation to the office manager.

Office managers primarily evaluate a customer's ability to repay. We typically approve loans within two days of receiving a complete application together with relevant supporting documents. For the trade advances that we provide to authorized dealers of OEMs, we also undertake background checks with the vehicle manufacturer, credit history, business volumes and seasonality. Our head office sets and communicates limits on trade advances for dealers. For SME financing, there are teams involved which comprise customer relationship, credit, risk and compliance.

At the outset of loan disbursement, we give our customers an option to pay using methods such as cash, cheque, automated clearing house and other digital modes of payment - at a frequency that is fixed after determining the customer's expected cash flow. For cash collections, our field executives visit customers to collect installments or the customers visit our branch offices, as and when the installments become due. We believe that our loan recovery procedure is well-suited to rural and semi-urban markets. The entire collection process is administered in-house. If a customer misses installment payments, our field executives identify the reasons for default and initiate action pursuant to our internal guidelines. In the event of default under a loan agreement, we may initiate the process for re-possessing collateral. We generally use external agencies to re-possess collateral. Where appropriate, our collections department coordinates with our legal team and external lawyers to initiate and monitor legal proceedings.

Asset Quality

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

The provisioning norms that our Company follows are set forth below:

Stage	Description	Provision Mechanism
Stage 1	0- 30 days past due	PD * LGD * Stage 1 Asset
Stage 2	> 30 to <= 90 days past due	PD * LGD * Stage 2 Asset
Stage 3	> 90 days past due	Exposure as at reporting date less computed carrying amount considering the EAD net of LGD, PV and interest accrued on the basis of Net carrying value

PD – probability of default; LGD – loss given default; EAD – exposure at default; PV – present value of actual cash flows discounted at contractual effective interest rate as at date of default; Net carrying value – EAD less aggregate of loss at LGD rate and PV of actual cash flows from default date to reporting date

Further, pursuant to a circular dated March 13, 2020 issued by the Reserve Bank of India on Implementation of Indian Accounting Standards, NBFCs are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning norms ("**IRACP**") (including provision on standard assets). Our Company is not required to transfer any amount to the impairment reserve as the impairment allowances under Ind AS 109 made by our Company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2020.

For further details, see "*Selected Statistical Information*" on page 55.

Our Other Business Initiatives

For the Financial Years 2020 and 2019, income from our business other than vehicle financing were 8.0% and 8.0% of our total income, respectively.

Housing Finance

We provide housing finance to individuals through our subsidiary, MRHFL, a registered housing finance company. We grant housing loans for purchase, construction, extension and renovation of house property. Our housing finance business currently operates in 14 states and one union territory.

MRHFL disbursed an aggregate ₹ 18,764.14 million and ₹ 25,810.93 million in housing loans for the Financial Years 2020 and 2019, respectively. Our housing finance business as of March 31, 2020 and 2019 aggregated ₹ 78,700.80 million, or 9.6%, of our total assets and ₹ 76,892.49 million, or 10.3% of our total assets, respectively. MRHFL recognized total income of ₹ 15,276.05 million and ₹ 13,839.07 million, profit before tax of ₹ 2,055.99 million and ₹ 3,661.64 million and a profit after tax of ₹ 1,485.57 million and ₹ 2,504.69 million for the Financial Years 2020 and 2019, respectively. MRHFL had a net worth of ₹ 12,481.41 million and ₹ 11,270.83 million as of March 31, 2020 and 2019, respectively.

Insurance Broking

We provide insurance broking solutions to individuals and corporates through our wholly-owned subsidiary, MIBL. MIBL has a "composite broking license" from the Insurance Regulatory and Development Authority, which allows MIBL to undertake broking of life, non-life and reinsurance products. It has been awarded the ISO 9001:2015 Certification for Quality Management Systems for services related to broking of life and non-life insurance products to corporate and retail customers.

MIBL recognized total income of ₹ 3,368.89 million and ₹ 3,233.64 million, profit before tax of ₹ 739.02 million and ₹ 1,028.94 million, and profit after tax of ₹ 533.62 million and ₹ 714.94 million for the Financial Years 2020 and 2019, respectively.

SME Financing

Our Company provides loans for varied purposes such as project finance, equipment finance, working capital finance and bill discounting services to micro, small and medium enterprises. Our Company intends to leverage its existing dealers and the strengths of the Mahindra group to target the auto ancillary, engineering and food and agri-processing sectors through our SME business.

Mutual Fund Business

Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited), which was incorporated on June 20, 2013, has been appointed as the asset management company of 'Mahindra Manulife Mutual Fund'. Mahindra Manulife Mutual Fund was constituted as a trust on September 29, 2015 and was registered with SEBI on February 4, 2016 under the registration code MF/069/16/01. Our Company is the sponsor to the mutual fund and Mahindra Manulife Trustee Private Limited (formerly known as Mahindra Trustee Company Private Limited), a subsidiary of our Company, is the trustee to the mutual fund.

Two Wheelers, Consumer Durable and Personal Loans

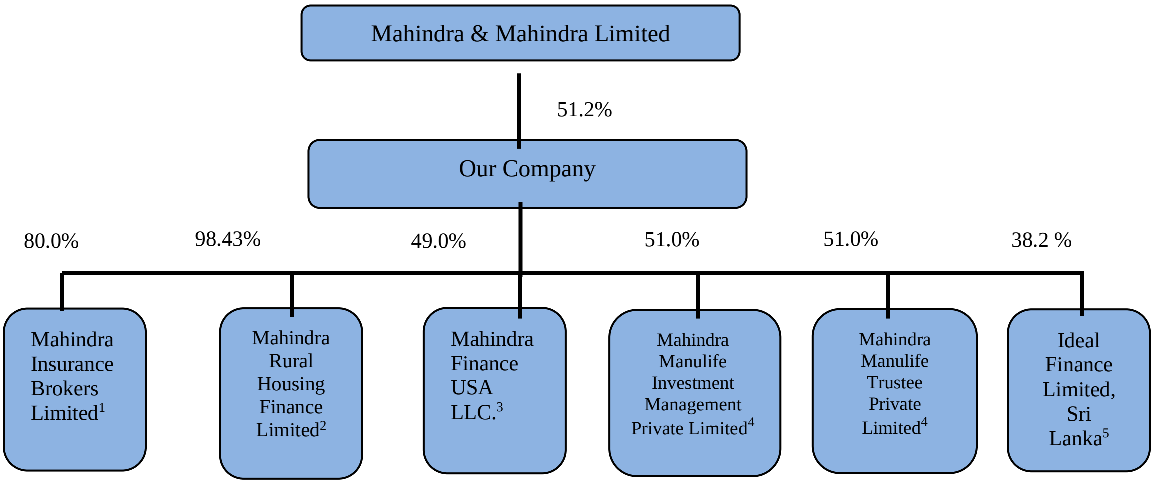
Our Company provides personal loans primarily to its existing customers. Customers typically seek personal loans for weddings, children's education, medical treatment or working capital for a small or medium-sized enterprise. These loans are typically repayable in monthly or quarterly installments.

Mahindra Finance USA, LLC, United States

We provide wholesale inventory-financing to dealers and retail-financing to customers in the United States for purchase of Mahindra tractors through MF USA, our Associate, which has entered into a joint venture agreement with De Lage Landen Financial Services, Inc., in which our Company holds 49% of the equity share capital.

Corporate Structure (as per the Companies Act, 2013)

The following chart outlines our corporate structure:



1. Inclusion Resources Private Limited, a member of AXA XL Group holds 20% of the outstanding equity shares of MIBL.
2. The MRHFL Employee Welfare Trust and employees hold 1.57% of the outstanding equity shares of MRHFL.
3. An Associate of the Company, which has entered into a joint venture agreement with De Lage Landen Financial Services Inc., a member of the Rabobank group. It holds 51.0% of the outstanding equity shares of MF USA.
4. Manulife Investment Management (Singapore) Pte. Ltd. entered into a share subscription agreement with our Company, pursuant to which it holds 49.0% of the outstanding equity shares of MMIMPL and MMTPL. This transaction was completed on April 29, 2020.
5. Our Company has entered into a share subscription, share purchase and shareholders agreement dated August 20, 2019 to acquire up to 58.26% of the outstanding equity shares of IFL and has remitted an amount of ₹ 440 million towards acquiring 38.2% of the outstanding equity shares of IFL.

Note: Our Company formed Mahindra Finance CSR Foundation as a wholly owned subsidiary on April 2, 2019 for undertaking all CSR initiatives.

Treasury Operations

Our treasury operations help us meet our funding requirements and manage short-term surpluses. Our fund requirements are predominantly sourced through term loans (rupee term loans and external commercial borrowings), issuance of non-convertible debentures, masala bonds and commercial papers, fixed deposits and securitization of receivables. We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new borrowings at competitive rates.

The principal components of our secured and unsecured loans, on a consolidated basis, as of the dates indicated are set out below:

(*₹ in million*)

	As of March 31					
	2020			2019		
	Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
Debt Securities	193,466.11	3,980.00	197,446.11	215,004.73	32,154.12	247,158.85
Borrowings (Other than Debt Securities)	326,113.86	7,157.50	333,271.36	234,360.86	11,966.35	246,327.21
Deposits	0.00	87,813.90	87,813.90	0.00	56,309.34	56,309.34
Subordinated Liabilities	0.00	37,811.04	37,811.04	0.00	38,220.81	38,220.81
Grand Total	**519,579.97**	**136,762.44**	**656,342.41**	**449,365.59**	**138,650.62**	**588,016.21**

In our vehicle financing, SME Finance, housing finance, personal loans businesses, we generate profit from the margin maintained due to the difference between the interest rates on our interest-earning assets, which are the loans we extend, and interest-bearing liabilities, which are our borrowings. The average cost of borrowings, on a consolidated basis, for the Financial Years 2020 and 2019 was 8.7% and 8.5%, respectively.

Capital Adequacy Ratio

Our Company is subject to the capital adequacy requirements prescribed by RBI, pursuant to which our Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, cannot exceed 100% of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to our Company, consisting of Tier I and Tier II capital, cannot be less than 15% with Tier I not being below 10% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. For details of our capital adequacy ratios, see "*Selected Statistical Information*" on page 55.

Risk Management

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

Credit Risk

Our credit approval policy includes a proposal evaluation and investigation procedure for credit appraisal. We manage our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, setting credit limits, obtaining collateral and setting prudent LTV ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

Interest Rate Risk

We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. Our Company primarily lends to our customers on a fixed interest rate basis and we typically raise capital for our lending operations on a fixed interest rate basis through the issuance of non-convertible debentures and accepting fixed deposits. In addition, our Company typically avails loans from banks that are linked to MCLR. For foreign exchange borrowings linked to LIBOR, we undertake derivative transactions to help manage the risks we may incur from being exposed to liabilities at floating rates.

Operational Risk

As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed local audit firms to conduct internal audits at a number of our offices to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Liquidity Risk

We attempt to minimize liquidity risk through a mix of strategies, including assignment of receivables and short-term funding. We maintain additional liquidity which is primarily invested in fixed deposits and mutual funds in order to meet our Company's obligations and to meet the temporary requirement of market distortions. We also monitor liquidity risk through our Asset Liability Committee of the Board and our Operating Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. Through our asset and liability management policy, we have capped maximum mismatches in various maturities in line with guidelines prescribed by RBI.

We manage short-term mismatches between assets and liabilities by issuing commercial paper or obtaining funding from banks. A summary of our Company's asset and liability maturity profile, on a standalone basis, as of March 31, 2020, which is based on certain estimates, assumptions and our prior experience of the performance of its assets, is set out below:

(*₹ in million*)

	Up to One Month	**Between One Month and One Year**	**Between One and Three Years**	**Between Three and Five years**	**Over Five Years**	**Total**
						Liabilities / Outflow
Equity Capital	-	-	-	-	1,230.69	**1,230.69**
Preference and Surplus	-	-	-	-	-	-
Reserves and Surplus	-	-	-	-	102,112.02	**102,112.02**
Total Borrowings[1]	3,706.26	133,006.18	240,666.69	58,375.55	71,478.04	**507,232.72**
Current Liabilities and Provisions[2]	11,659.11	16,709.48	12,535.30	2,271.89	6,998.66	**50,174.44**
Total	**15,365.37**	**149,715.67**	**253,201.99**	**60,647.43**	**181,819.42**	**660,749.88**
						Assets / Inflow
Fixed Assets	0.89	15.62	184.80	280.50	1,098.71	**1,580.51**
Investments[3]	14,129.36	19,057.49	1,078.71	745.33	23,483.67	**58,494.56**
Cash and Bank Balance	6,825.75	2,811.25	3,816.08	4,436.27	-	**17,889.35**
Inflow from Loans and Advances[4]	17,948.39	164,309.84	268,816.68	82,884.30	24,071.17	**558,030.37**
Other Assets[5]	317.50	8,499.92	7,090.11	42.25	8,805.31	**24,755.09**
Unutilized Bank Lines	5,496.50	-	-(5,496.50)	-	-	-
Total	**44,718.39**	**194,694.12**	**275,489.87**	**88,388.64**	**57,458.86**	**660,749.88**
Surplus / (Deficit)	**29,353.02**	**44,978.46**	**22,287.88**	**27,741.20**	**-(124,360.56)**	**-**
Cumulative Surplus (Deficit)	**29,353.02**	**74,331.48**	**96,619.35**	**124,360.56**	**-**	**-**

Notes:

The asset and liability maturity profile is prepared on the basis of previous GAAP and IRACP norms prescribed by the RBI and filed with the RBI as per the guidelines issued by them.

1. *Total Borrowings include borrowings from all types of instruments, i.e. debt securities, borrowings (other than debt securities), deposits and subordinated liabilities.*
2. *Current Liabilities and Provisions include interest accrued but not due on borrowings, trade payables for finance & expenses, lease liabilities, insurance premium payable, salary, bonus and performance payable and provision for employee benefits and provision for loan commitments.*
3. *Investments include equity investments in subsidiaries and joint venture/associate, investments in units of mutual funds, government securities and debt securities.*
4. *Inflows from Loans and advances include loans under retail loans, SME financing, bills of exchange, trade advances, inter- corporate deposits to related parties and trade receivables.*
5. *Other Assets include Term deposits with banks, interest accrued on investments / other deposits, prepaid expenses, capital advances, intangible assets, other advances, exchange gain receivable on forward contracts on FCNR loans and deferred premium on FCNR loan forward contracts.*

Assumptions:

1. *Bank borrowings, excluding commercial paper mature between one to three years. Bank borrowings are normally renewed on maturity. Banks allow funds to be deployed on lease/hypothecated loan assets, which are for a period of one to four years. Such assets are lodged as security and hypothecated to consortium banks.*
2. *Interest accrued but not due on fixed deposits is based on maturity profile of the fixed deposits.*
3. *Maturity of contingent liabilities has not been estimated as they may or may not crystallize.*
4. *Non NPA Debtors are assumed to be recovered equally with a period of six months.*
5. *NPAs net of NPA provision to mature after a period of five years.*
6. *Deferred tax asset to mature after five years.*
7. *Un-utilized bank lines can be accessed as and when required as to bridge excess of outflow over inflow, if any.*
8. *The unutilized limit with the banks as of March 31, 2020 is estimated at ₹ 5,500 million after considering cash credit balance as per bank statement.*
9. *Additional unutilized bank term loans / working capital loans sanctioned and documents executed approximately ₹9,460 million not included for above calculation.*

Cash Management Risk

To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems. Further, we have a money insurance policy in respect of cash in safe and cash in transit.

Asset risk

We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets. We have entered into a collaboration with Mahindra First Choice Wheels to leverage their expertise in undertaking auctions and stockyard management.

Foreign Exchange Risk

While substantially all our revenues is denominated in rupees, we have incurred and expect to incur indebtedness denominated in currencies other than rupees for our lending requirements. The details of our Company's outstanding foreign currency loans as of March 31, 2020 are set out below:

(in million)

Currency	USD	EUR
FCNR	24.27	-
ECB	340	24.00

These loans have been hedged either through a cross currency swap or a combination of interest rate swaps and forward contracts so as to convert them into fixed rate INR liability. We did not have any un-hedged foreign currency exposure as on March 31, 2020.

Risk Management Architecture

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

- *Audit Committee.* Our Audit Committee acts as a link between the statutory and internal auditors and our Board. It is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. Our Audit Committee has access to all information it requires from our Company and can obtain external professional advice whenever required.

- *Asset Liability Committee.* Our Asset Liability Committee reviews the working of the Asset Liability Operating Committee, its findings and reports in accordance with the guidelines of RBI. Our Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies.

- *Risk Management Committee*. Our Risk Management Committee manages the integrated risk, informs our Board about the progress made in implementing a risk management system and periodically reviews the risk management policy followed by our Company.

Our Credit Ratings

Our present credit ratings are set forth below:

Agency	Instrument	Rating	Outlook
India Ratings	Long term (including market linked debentures) and subordinated debt; bank facilities	IND AAA IND PP-MLD AAA emr	Stable
	Short term debt	IND A1+	-
CARE Ratings	Long term and subordinated debt	CARE AAA	Stable
Brickwork	Long term and subordinated debt	BWR AAA	Stable
CRISIL	Fixed deposit program	FAAA	Stable
	Short term debt	CRISIL A1+	-
	Long term and subordinated debt; bank facilities	CRISIL AA+	Stable

Employees

As of March 31, 2020, our Company employed 21,862 employees and our Subsidiaries employed 10,820 employees.

We are focused on retaining high quality talent and our retention initiatives include job rotation, quarterly reviews and incentive-based compensation. We invest a significant amount of time and resources for training our employees and have established training programs for our employees on a continuous basis and we intend to continue investing in recruiting, training and maintaining a rewarding work environment. In addition to ongoing on-the-job training, we provide employees with courses in specific areas as required. To create a sense of ownership among and as a long-term incentive to our employees, our Company has adopted employee stock option schemes to issue options convertible into Equity Shares to select employees linked to their performance. We also use employee recognition programs, such as Dhruv Tara, Annual Convention Award and Achievement Box, to reward our employees for performance.

Awards and Accolades

Our Company has received several awards during the Financial Year 2020, including:

- Awarded the Indian Oil Logistics Award CV Financer of the Year 2019;
- Awarded the 1st position for Excellence in Cost Management – 2018 at the 16th National Awards for "Excellence in Cost Management – 2018" in Banking, Financial Services and Insurance Category;
- Awarded the IDF CSR Award 2019 for participation in Resource Mobilization for Humanitarian Causes;
- Recognized as the only financial institute from India to be in the Dow Jones Sustainability Index for Emerging Markets category, for the 7th year in a row;
- Ranked 11th amongst "25 Best Large Workplaces in Asia 2019", by Great Place to Work Institute; and
- Awarded 'Best Employer' by Aon Best Employers – India 2019 programme.

Corporate Social Responsibility

Our Company's CSR initiatives are focused on improving the lives of people in rural areas and contributing to the well being of people. We have undertaken CSR initiatives in several areas including education with programmes such as Mahindra Finance Scholarship, which provides scholarships to students from economically disadvantaged areas; Nanhi Kali, which focusses on educational support for underprivileged girls; health with programmes such as blood donations and ambulance donations and environment with programmes such as Mahindra Hariyali under which we planted over 100,000 saplings across India. During the Financial Year 2020, our Company has made significant contributions to the PM Cares Fund to combat the COVID-19 pandemic and has also extended support to the flood victims in Odisha, Maharashtra and Bihar. Our Company has also contributed funds towards other causes such as preservation and promotion of the fine arts and culture.

HISTORY AND CORPORATE STRUCTURE

Our Company was originally incorporated as "*Maxi Motors Financial Services Limited*" on January 1, 1991 as a public limited company under the Companies Act, 1956 and was granted a certificate of incorporation by the RoC. Thereafter, our Company received its certificate of commencement of business from RoC on January 19, 1991. Subsequently, the name of our Company was changed to "*Mahindra & Mahindra Financial Services Limited*" and a fresh certificate of incorporation consequent upon change of name was granted to our Company by RoC on November 3, 1992. Our Company is registered as an asset finance - deposit accepting non-banking financial company with RBI under Section 45-IA of the Reserve Bank of India Act, 1934.

We are currently listed on BSE and NSE.

Changes to the address of our registered office

Except as stated below, there has been no change in the registered office of our Company since incorporation:

Date of change	Particulars of change in address
December 31, 1991	From Sharda Chambers, 7th Floor, New Marine Lines, Bombay, 400 020 to Gateway Building, Apollo Bunder, Bombay, 400 039.

Main objects of our Company

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

" 1. *To carry on the business of buying, selling, leasing, lease broking, letting on hire, hire purchase or on easy payment system, motor vehicles, taxi cabs, mopeds, scooters, motor cycles, 3 wheelers, autorickshaws, automobiles, tractors, commercial vehicles, vans, pickups, earth moving equipments, material handling equipments, trailers, oil rigs, coaches, garages and all other vehicles drawn by motor, steam, oil, petroleum, electricity or any mechanical or other power or device, agricultural implements and machinery, airships, aeroplanes and helicopters, tools, plants, implements, utensils, apparatus and requisites and accessories, household and office furnitures, wireless and television receivers, telephones, telex, tele printers, computers, tabulators, addressing machines and other sophisticated office machinery or other apparatus, ships, dredgers, barges and containers and to carry on the business of hire purchase of moveable properties of any kind including machinery, plant of all kinds, to buy, sell, alter, repair, exchange and deal in and finance the sale of furniture, apparatus, machinery, materials, goods, and articles, to hire out or sell any of the same on hire purchase system and to lease or otherwise deal with them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased be new and/or used, from India or from any part of the world.*

1a. *To carry on mutual fund activities in India or abroad, acting as a sponsor to a Mutual Fund, incorporating or causing the incorporation of and/or acquiring and holding shares in an asset management company and/or trustee company to a mutual fund and to engage in such other activities relating to the Mutual Fund business as permitted under the applicable laws, to set-up, create, issue, float, promote and manage assets, trusts or funds including mutual funds, growth funds, investment funds, income or capital funds, taxable or tax exempt funds, charitable funds, venture funds, risk funds, real estate funds, education funds, on shore funds, off shore funds, consortium funds, or organise or manage funds or investments on a discretionary or non-discretionary basis on behalf of any person or persons (whether individual, firms, companies, bodies corporate, public body or authority, supreme, local or otherwise, trusts, pension funds, charities, other associations or other entities), whether in the private or public sector and to act as administrators, managers, portfolio managers; or trustees of funds and trusts, brokers, managers or agents to the issue, registrar to the issue, underwriters to the issue, financial advisors, trusteeship services, and wealth advisory services."*

The main objects as contained in our Memorandum of Association enable our Company to carry on our existing businesses.

Major events and milestones

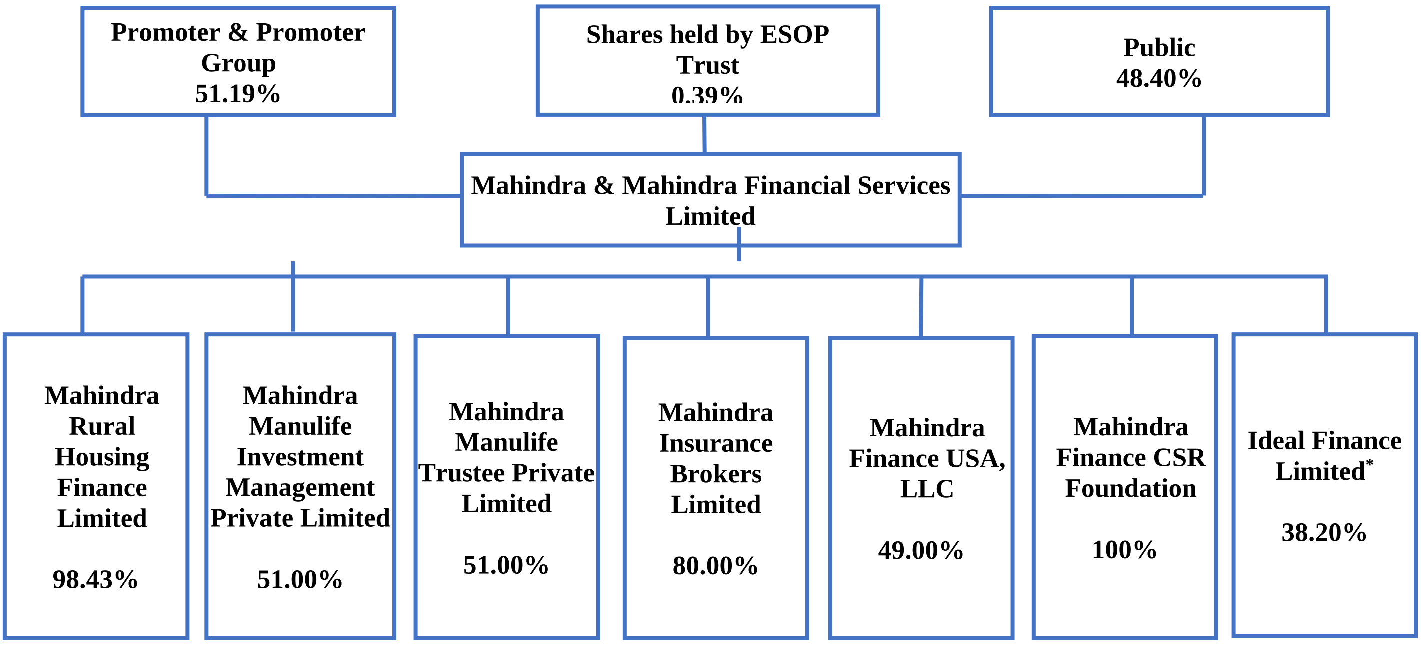
Some of the key events in the evolution process of our Company are as follows:

Fiscal	Particulars
1999	Registration of our Company as a deposit-taking non-banking financial company
2004	Commencement of our insurance broking business through our subsidiary, Mahindra Insurance Brokers Limited
2008	Incorporated Mahindra Finance USA LLC, an associate of our Company, with De Lage Landen Financial Services Inc., for tractor financing in USA
2008	Commencement of our rural housing finance business through our Material Subsidiary, Mahindra Rural Housing Finance Limited
2010	Crossed one million cumulative customer contracts
2011	Completed a 'Qualified Institutions Placement', aggregating to ₹ 4,262.58 million
2013	Completed a 'Qualified Institutions Placement', aggregating to ₹ 8,667.98 million
2013	Completion of the investment by Inclusion Resources Private Limited amounting to 15% of the equity share capital of Mahindra Insurance Brokers Limited
2014	Incorporation of Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited) and Mahindra Manulife Trustee Private Limited (formerly known as Mahindra Trustee Company Private Limited) for the mutual fund business of our Company
2016	Commencement of the mutual fund business registered as Mahindra Manulife Mutual Fund
2017	Completed the first public issue of Non-Convertible debentures. aggregating to ₹ 10,000.00 million
2018	Completed a preferential allotment of equity shares to our Promoter, aggregating to ₹10,550.00 million
2018	Completion of stake sale of 5% equity share capital in Mahindra Insurance Brokers Limited to Inclusion Resources Private Limited
2018	Completed a 'Qualified Institutions Placement', aggregating to ₹10,560.00 million
2019	Crossed six million cumulative customer contracts
2020	Incorporated our wholly-owned subsidiary, Mahindra Finance CSR Foundation
2020	Invested 38.20% in Ideal Finance Limited (Sri Lanka) for providing financial services in Sri Lanka*
2021	Partnered with Manulife for their 49% investment in Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited) and Mahindra Manulife Trustee Private Limited (formerly known as Mahindra Trustee Company Private Limited)

**Our Company has entered in to a share subscription, share purchase and shareholders' agreement dated August 20, 2019 ("Agreement") with Ideal Finance Limited ("Ideal Finance") and its existing shareholders to form and operate a joint venture in Sri Lanka. Pursuant to the Agreement, the Company has agreed to subscribe / acquire up to 58.26% of the equity share capital of Ideal Finance Limited, in one or more tranches. As on date of this Letter of Offer, the Company has acquired 38.20% of the equity share capital of Ideal Finance, and upon acquisition of entire 58.26% equity shareholding of Ideal Finance, it will become a subsidiary of our Company.*

Corporate Structure

As on date, our Company has five Subsidiaries, one Associate and one Joint Venture (as per the Companies Act, 2013).



**Our Company has entered into the Agreement with Ideal Finance and its existing shareholders to form and operate a joint venture in Sri Lanka. Pursuant to the Agreement, the Company has agreed to subscribe / acquire up to 58.26% of the equity share capital of Ideal Finance, in one or more tranches. As on date of this Letter of Offer, the Company has acquired 38.20% of the equity share capital of Ideal Finance, and upon acquisition of entire 58.26% equity shareholding of Ideal Finance, it will become a subsidiary of our Company.*

OUR MANAGEMENT

Our Board of Directors

In terms of the Companies Act, 2013, read with the Articles of Association, the number of Directors on our Board shall be not less than three and not more than 15, unless otherwise determined by our Company in a general meeting. The composition of the Board and the various committees of the Board are in conformity with the Companies Act, 2013 and the SEBI Listing Regulations. As of the date of this Letter of Offer, our Board of Directors comprises of nine Directors including two Executive Directors, two Non-Executive and Non-Independent Directors and five Independent Directors (including one woman Independent Director). Our Chairman is an Independent Director.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors, (excluding the Independent Directors), are liable to retire by rotation, with one-third of such number, retiring at each annual general meeting. A retiring director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five years each.

The following table sets forth details regarding our Board of Directors as of the date of this Letter of Offer:

Sr. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
1.	**Dhananjay Mungale** ***Designation:*** Chairman and Independent Director ***Date of birth:*** June 1, 1953 ***Term:*** Five years with effect from July 24, 2019, i.e until July 23, 2024 ***Period of directorship**:* Since March 1, 1999 and appointed as Chairman since March 18, 2016 ***DIN**:* 00007563 ***Occupation**:* Professional ***Address*:** A-10, Ameya Apartments, Near Kirti College, Dadar West, Mumbai, 400 028, Maharashtra	67	*Indian Companies*: • DSP Investment Managers Private Limited; • DSP Pension Fund Managers Private Limited; • I-Nestor Advisors Private Limited; • Kalpataru Limited; • LICHFL Trustee Company Private Limited; • Mahindra CIE Automotive Limited; • Mentor Technologies Private Limited; • NOCIL Limited; • Samson Maritime Limited; and • Tamilnadu Petroproducts Limited.
2.	**Ramesh Iyer** ***Designation**:* Vice-Chairman and Managing Director ***Date of birth**:* June 4, 1958 ***Term:*** Five years with effect from April 30, 2016, i.e until April 29, 2021 ***Period of directorship:*** Since April 30, 2001 ***DIN:*** 00220759 ***Occupation**:* Service ***Address:*** D-1502, Milano Tower, Lodha Fiorenza, Western Express Highway, near Hub Mall, Goregaon East, Mumbai, 400 063, Maharashtra	62	*Indian Companies*: • Finance Industry Development Council; • Mahindra Agri Solutions Limited; • Mahindra First Choice Services Limited; • Mahindra First Choice Wheels Limited; • Mahindra Insurance Brokers Limited; • Mahindra Rural Housing Finance Limited; • Mahindra Susten Private Limited; • NBS International Limited; and • Noveltech Feeds Private Limited.
3.	**V. Ravi**	61	*Indian Companies*:

Sr. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
	Designation: Executive Director and Chief Financial Officer ***Date of birth:*** July 2, 1959 ***Term:*** Five years with effect from July 25, 2015, i.e until July 24, 2020[#] ***Period of directorship:*** Since July 25, 2015 ***DIN:*** 00307328 ***Occupation:*** Service ***Address:*** A-4, Plot No. NA-52, New Samrat Society, Andheri Kurla Road, Opp. Vishal Hall, Andheri (East), Mumbai, 400 069, Maharashtra		• Mahindra Manulife Investment Management Private Limited; • Mahindra Insurance Brokers Limited; and • Mahindra Rural Housing Finance Limited.
4.	**V.S. Parthasarathy** ***Designation:*** Non-Executive and Non-Independent Director ***Date of birth:*** November 1, 1962 ***Term:*** Liable to retire by rotation ***Period of directorship:*** Since July 24, 2014 ***DIN:*** 00125299 ***Occupation:*** Service ***Address:*** 3404, Indiabulls Sky, Senapati Bapat Marg, Elphinstone West, Elphinstone Road, Delisle Road, Mumbai, 400 013, Maharashtra	57	*Indian Companies*: • Bombay Chambers of Commerce and Industry; • Fifth Gear Ventures Limited; • Mahindra Electric Mobility Limited; • Mahindra First Choice Services Limited; • Mahindra First Choice Wheels Limited; • Mahindra Holidays & Resorts India Limited; • Mahindra Logistics Limited; • Meru Travel Solutions Private Limited; • Smartshift Logistics Solutions Private Limited; and • Tech Mahindra Limited.
5.	**Anish Shah** ***Designation****:* Non-Executive and Non-Independent Director ***Date of birth:*** December 26, 1969 ***Term:*** Liable to retire by rotation ***Period of directorship****:* Since March 18, 2016 ***DIN:*** 02719429 ***Occupation:*** Service ***Address:***. D-3603 Vivarea, Sane Guruji Marg, Mahalakshmi, Jacob Circle, Mumbai, 400 011, Maharashtra.	50	*Indian Companies*: • Mahindra Holidays & Resorts India Limited; • Mahindra Lifespace Developers Limited; • Mahindra Trucks & Buses Limited; • Mahindra & Mahindra Limited; • New Democratic Electoral Trust; and • Tech Mahindra Limited.
6.	**Chandrashekhar Bhaskar Bhave** ***Designation:*** Independent Director ***Date of birth:*** August 28, 1950 ***Term:*** Five years with effect from February 3, 2020, i.e. until February 2, 2025	69	*Indian Companies*: • Avenue Supermarts Limited; • Indian Institute for Human Settlements; • Max Bupa Health Insurance Company Limited; • Tejas Networks Limited; and • Vistaar Financial Services Private Limited.

Sr. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
	Period of directorship: Since February 3, 2015 ***DIN:*** 00059856 ***Occupation:*** Self Employed ***Address:*** 64, Tower 4, Pebble Bay,1st Main, Dollars Colony, RMV 2nd Stage, Bengaluru North, R.M.V. Extension II Stage, Bengaluru, 560 094, Karnataka.		
7.	**Rama Bijapurkar** ***Designation:*** Independent Director ***Date of birth:*** March 12, 1957 ***Term:*** Five years with effect from July 24, 2019, i.e until July 23, 2024 ***Period of directorship:*** Since June 14, 2008 ***DIN:*** 00001835 ***Occupation:*** Independent Management Consultant ***Address:*** 8 CD, Mona Apartments, 46F, Bhulabhai Desai Road, Near Mahalaxmi Temple, Cumballa Hill, Mumbai, 400 026, Maharashtra.	63	*Indian Companies*: • Cummins India Limited; • Emami Limited; • ICICI Bank Limited; • Nestle India Limited; • People Research on India's Consumer Economy; and • VST Industries Limited.
8.	**Arvind Sonde** ***Designation:*** Independent Director ***Date of birth:*** August 7, 1955 ***Term:*** Five years with effect from December 9, 2019, i.e until December 8, 2024 ***Period of directorship:*** Since December 9, 2019 ***DIN:*** 00053834 ***Occupation:*** Advocate ***Address:*** 1802/B, 18th Floor, Vivarea, Sane Guruji Marg, Saat Rasta, Jacob Circle, Mahalaxmi, Mumbai, 400 011, Maharashtra.	64	*Indian Companies*: • Franklin Templeton Trustee Services Private Limited.
9.	**Milind Sarwate** ***Designation:*** Independent Director ***Date of birth:*** September 23, 1959 ***Term:*** Five years with effect from April 1,2019, i.e until March 31, 2024 ***Period of directorship:*** Since April 1, 2019 ***DIN:*** 00109854 ***Occupation:*** Corporate Advisor	60	*Indian Companies*: • Eternis Fine Chemicals Limited; • Glenmark Pharmaceuticals Limited; • Halite Personal Care India Private Limited*; • Increate Foundation; • Hexaware Technologies Limited**; • Matrimony.com Limited; • Metropolis Healthcare Limited; • Omniactive Health Technologies Limited; and • WheelsEMI Private Limited.

Sr. No.	Name, designation, date of birth, term, period of directorship, DIN, occupation and address	Age (in years)	Other directorships
	Address: E-201/202, Sita Vihar, Near Damani Estate, LBS Marg, Near Hotel Shubha Naupada, Thane (West), 400 602, Maharashtra.		

* *Under liquidation*

** *The Board of Directors of Hexaware Technologies Limited, in their meeting held on June 20, 2020, have approved a voluntary delisting of the Company and a postal ballot notice has been sent to the shareholders for their approval, the results of which will be announced on or before August 10, 2020.*

\# *V. Ravi is currently the Executive Director and Chief Financial Officer of our Company and will cease to hold this position with effect from July 25, 2020. Our Board of Directors, on July 18, 2020, has appointed Vivek Karve as the Chief Financial Officer of our Company with effect from September 14, 2020.*

Family relationship between our Directors

There is no family relationship between any of our Directors.

Confirmations

1. None of our Directors is or was a director of any listed company during the last five years immediately preceding the date of this Letter of Offer, whose shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

2. None of our Directors is or was a director of any listed company which has been or was delisted from the stock exchanges, during the term of their directorship in such company, in the last 10 years immediately preceding the date of filing of this Letter of Offer.

Service contracts with our Directors for benefits upon termination

No service contracts have been entered into by any Director with our Company providing for benefits upon their termination of employment.

Arrangement or understanding with major shareholders, customers, suppliers or others

There are no arrangements or understanding with major Shareholders, customers, suppliers or others, pursuant to which our Company has appointed a Director.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

[The remainder of this page has been intentionally left blank]

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg,Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mahindra & Mahindra Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (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 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As described in Note 50.2 (i) to the standalone financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as on 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in Note 50.2 (ii) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of the above matters.

B S R & Co (a partnership firm with Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi Mumbai - 400 011 .India

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Impairment Loss Allowance

Refer notes 2.11 (h) and 50.2 to the Standalone Financial Statements

The key audit matter

The Company has recognized impairment loss allowance of Rs. 308,948.66 lakhs as at 31 March 2020 and has recognized an expense for Rs.121,710.59 lakhs in its statement of profit and loss.

The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following:

- Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data
- Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows
- Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package.
- In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy

The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.

How the matter was addressed in our audit

We performed the following key audit procedures:

- Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes.
- Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management.
- Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package
- Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes.
- Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.
- Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods.
- Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made.
- Challenged completeness and validity of management overlays, particularly in response to COVID 19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum.
- Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Auditor's Responsibilities for the Audit of the Standalone Financial Statements *(Continued)*

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 purposes 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 March 2020 on its financial position in its Standalone Financial Statements - Refer Note 44 to the Standalone Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 48 to the Standalone Financial Statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Report on Other Legal and Regulatory Requirements ***(Continued)***

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAACM7045

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services Limited

Annexure A to the Independent Auditor's Report - 31 March 2020

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is in the business of providing Non-Banking Finance Services and consequently, does not hold any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us and based on the audit procedures conducted by us, the provisions of section 185 are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.

v. The Company is a Non-Banking Finance Company and consequently is exempt from provisions of section 73, 74, 75 and 76 of the Act. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they become payable.

Mahindra & Mahindra Financial Services Limited

Annexure A to the Independent Auditor's Report - 31 March 2020 *(Continued)*

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	259.58	2002-2003	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	7,383.00	2016-2017	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	4,039.90	2007-2012	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	109.27	2012-13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	27.75	2013-14	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	4.13	2014-15	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Andhra Pradesh Value Added Tax	Value Added Tax	123.57	April 2008-October2013	Andhra Pradesh High Court
Madhya Pradesh Value Added Tax	Value Added Tax	0.42	2013-2014	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	1.35	2014-2015	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	2.44	2015-2016	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	2.84	2016-2017	Appellate Authority of Commercial Taxes, Bhopal
Maharashtra Value Added Tax	Value Added Tax	87.32	2010-2011	Appeal filed with Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value Added Tax	44.84	2011-2012	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	102.25	2012-2013	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Kerala Value Added Tax	Value Added Tax	17.03	2013-2014	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	26.23	2014-2015	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	28.91	2015-2016	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	13.96	2016-2017	Appellate Authority of Commercial Taxes, Kerala

Mahindra & Mahindra Financial Services Limited

Annexure A to the Independent Auditor's Report - 31 March 2020 *(Continued)*

viii. According to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, or debenture holder during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us and based on our examination of the records, the Company has utilised the money raised during the year, by way of terms loans for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 80 cases aggregating Rs. 172.89 lakhs which largely pertains to misappropriation of cash, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAACM7045

Mumbai
15 May 2020

Annexure B to the Independent Auditors' report on the standalone financial statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra & Mahindra Financial Services Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Annexure B to the Independent Auditors' report on the standalone financial statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2020 *(Continued)*

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAACM7045

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services Limited

Balance Sheet
as at 31 March 2020

Rs. in lakhs

	Particulars	Note	As at 31 March 2020	As at 31 March 2019
	ASSETS			
	Financial Assets			
a)	Cash and cash equivalents	3	**67,679.04**	50,167.74
b)	Bank balance other than (a) above	4	**74,899.44**	45,681.43
c)	Derivative financial instruments	5	**9,292.76**	1,006.39
d)	Receivables			
	i) Trade receivables	6	**858.71**	519.19
	ii) Other receivables		**-**	-
e)	Loans	7	**6,499,347.04**	6,124,962.80
f)	Investments	8	**591,096.62**	379,170.37
g)	Other financial assets	9	**47,665.27**	16,895.13
			7,290,838.88	6,618,403.05
	Non-financial Assets			
a)	Current tax assets (Net)		**23,995.98**	30,210.00
b)	Deferred tax assets (Net)	10 (i)	**48,962.66**	37,172.53
c)	Property, plant and equipment	11	**33,794.74**	13,250.02
d)	Intangible assets	12	**2,555.33**	3,056.15
e)	Other non-financial assets	13	**6,973.68**	5,706.83
			116,282.39	89,395.53
	Total Assets		**7,407,121.27**	6,707,798.58
	LIABILITIES AND EQUITY			
	LIABILITIES			
	Financial Liabilities			
a)	Derivative financial instruments	14	**4,016.06**	7,702.53
b)	Payables	15		
	I) Trade payables			
	i) total outstanding dues of micro enterprises and small enterprises		**-**	-
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**60,633.42**	97,947.17
	II) Other payables			
	i) total outstanding dues of micro enterprises and small enterprises		**17.40**	253.29
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**2,923.97**	3,164.54
c)	Debt securities	16	**1,774,487.73**	2,231,937.92
d)	Borrowings (Other than debt securities)	17	**2,948,734.27**	2,130,153.03
e)	Deposits	18	**881,213.98**	566,718.41
f)	Subordinated liabilities	19	**341,794.57**	355,883.82
g)	Other financial liabilities	20	**231,396.03**	192,662.95
			6,245,217.43	5,586,423.66
	Non-Financial Liabilities			
a)	Current tax liabilities (net)		**1,392.09**	1,392.09
b)	Provisions	21	**14,322.83**	20,652.70
c)	Other non-financial liabilities	22	**9,803.43**	8,527.84
			25,518.35	30,572.63
	EQUITY	23		
a)	Equity share capital		**12,306.95**	12,297.54
b)	Other equity		**1,124,078.54**	1,078,504.75
			1,136,385.49	1,090,802.29
	Total Liabilities and Equity		**7,407,121.27**	6,707,798.58

The accompanying notes form an integral part of the financial statements. *1 to 57*

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services Limited

Statement of Profit and Loss
for year ended 31 March 2020

Rs. in lakhs

	Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
	Revenue from operations			
	i) Interest income	24	**994,171.19**	861,455.78
	ii) Dividend income		**2,425.09**	1,388.00
	iii) Rental income		**874.93**	71.45
	iv) Fees and commission Income	25	**9,698.85**	8,691.76
	v) Net gain on fair value changes	26	**2,615.10**	683.87
I	**Total revenue from operations**		**1,009,785.16**	**872,290.86**
II	Other income	27	**14,728.63**	8,690.31
III	**Total income (I+II)**		**1,024,513.79**	**880,981.17**
	Expenses			
	i) Finance costs	28	**482,874.89**	394,456.16
	ii) Fees and commission expense		**4,094.21**	3,047.83
	iii) Impairment on financial instruments	29	**205,447.07**	63,520.83
	iv) Employee benefits expenses	30	**114,844.51**	109,011.91
	v) Depreciation, amortization and impairment	31	**11,829.36**	6,022.52
	vi) Others expenses	32	**71,047.51**	66,677.73
IV	**Total expenses (IV)**		**890,137.55**	**642,736.98**
V	**Profit before tax (III-IV)**		**134,376.24**	**238,244.19**
VI	**Tax expense :**	10 (ii)		
	(i) Current tax		55,693.89	57,411.73
	(ii) Deferred tax		(11,958.04)	24,851.72
	(iii) (Excess) / Short Provision for Income Tax - earlier years		-	274.39
			43,735.85	82,537.84
VII	**Profit for the year (V-VI)**		**90,640.39**	**155,706.35**
VIII	**Other Comprehensive Income (OCI)**			
	(A) (i) Items that will not be reclassified to profit or loss			
	- Remeasurement gain / (loss) on defined benefit plans		**(1,134.18)**	(1,324.60)
	- Net gain / (loss) on equity instruments through OCI		**268.65**	454.65
	(ii) Income tax impact thereon	10 (iii)	**(51.94)**	304.00
	Subtotal (A)		**(917.47)**	**(565.95)**
	(B) (i) Items that will be reclassified to profit or loss			
	- Net gain / (loss) on debt instruments through OCI		**767.09**	788.52
	(ii) Income tax impact thereon	10 (iii)	**(115.97)**	**(275.54)**
	Subtotal (B)		**651.12**	**512.98**
	Other Comprehensive Income (A+B)		**(266.35)**	**(52.97)**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**90,374.04**	**155,653.38**
X	**Earnings per equity share (face value Rs. 2/- per equity share)**	33		
	Basic (Rupees)		**14.74**	25.33
	Diluted (Rupees)		**14.71**	25.28
	The accompanying notes form an integral part of the financial statements.	1 to 57		

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services Limited

Statement of Changes in Equity

for year ended 31 March 2020

Rs. in lakhs

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Rs. in lakhs

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2018	12,289.54
Changes during the year:	
Less : Allotment of shares by ESOS Trust to employees	8.00
Balance as at 31 March 2019	**12,297.54**
Balance as at 1 April 2019	12,297.54
Changes during the year:	
Less : Allotment of shares by ESOS Trust to employees	9.41
Balance as at 31 March 2020	**12,306.95**

B. Other Equity

Rs. in lakhs

Particulars	Reserves and Surplus							Debt instruments through OCI (Refer note 34)	Equity instruments through OCI (Refer note 34)	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings			
Balance as at 1 April 2018	**137,463.62**	**5,000.00**	**414,146.15**	**64,142.78**	**7,702.98**	**2,129.85**	**319,316.44**	**-**	**-**	**949,901.82**
Profit/(loss) for the year							155,706.35			**155,706.35**
Other Comprehensive Income / (loss)							(861.73)	512.98	295.78	**(52.97)**
Total Comprehensive Income for the year	-	-	-	-	-	-	**154,844.62**	**512.98**	**295.78**	**155,653.38**
Dividend paid on equity shares (including tax thereon)							(29,378.43)			**(29,378.43)**
Transfers to Securities premium on exercise of employee stock options			1,066.44			(1,066.44)				-
Employee stock options expired				4.91		(4.91)				-
Share based payment expense						2,327.98				**2,327.98**
Transfers to Statutory reserves	31,142.00						(31,142.00)			-
Transfers to General reserves				15,571.00			(15,571.00)			-
Transfers to Debenture Redemption Reserve					14,667.61		(14,667.61)			-
Balance as at 31 March 2019	**168,605.62**	**5,000.00**	**415,212.59**	**79,718.69**	**22,370.59**	**3,386.48**	**383,402.02**	**512.98**	**295.78**	**1,078,504.75**

Statement of Changes in Equity *(Continued)*

for year ended 31 March 2020

Rs. in lakhs

STATEMENT OF CHANGES IN EQUITY

B. Other Equity *(Continued)*

Rs. in lakhs

Particulars	Reserves and Surplus									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	**Capital redemption reserves**	**Securities premium reserve**	**General reserves**	**Debenture Redemption Reserves (DRR)**	**Employee stock options outstanding**	**Retained earnings**	**Debt instruments through OCI** (Refer note 34)	**Equity instruments through OCI** (Refer note 34)	**Total**
Balance as at 1 April 2019	**168,605.62**	**5,000.00**	**415,212.59**	**79,718.69**	**22,370.59**	**3,386.48**	**383,402.02**	**512.98**	**295.78**	**1,078,504.75**
Profit/(loss) for the year							90,640.39			**90,640.39**
Other Comprehensive Income / (loss)							(1,134.18)	651.12	216.71	**(266.35)**
Total Comprehensive Income for the year	-	-	-	-	-	-	**89,506.21**	**651.12**	**216.71**	**90,374.04**
Dividend paid on equity shares (including tax thereon)							(47,786.03)			**(47,786.03)**
Transfers to Securities premium on exercise of employee stock options			1,462.56			(1,462.56)				**-**
Employee stock options expired				7.54		(7.54)				**-**
Share based payment expense						2,947.16		-		**2,947.16**
Transfers to Statutory reserves	18,129.00						(18,129.00)			**-**
Transfers from Debenture Redemption Reserve (refer note no. 23)					(22,370.59)		22,370.59			**-**
Others			38.62		-		-			**38.62**
Balance as at 31 March 2020	**186,734.62**	**5,000.00**	**416,713.77**	**79,726.23**	**-**	**4,863.54**	**429,363.79**	**1,164.10**	**512.49**	**1,124,078.54**

The accompanying notes 1 to 57 form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services Limited

Statement of cash flows

for year ended 31 March 2020

Rs. in lakhs

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items and taxes	**134,376.24**	238,244.19
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	**11,829.36**	6,022.52
	Impairment on financial instruments	**121,710.59**	(112,855.87)
	Bad debts and write offs	**83,736.48**	176,376.70
	Net loss in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
	Unrealized foreign exchange gain/loss	**19,173.16**	826.29
	Share based payments to employees	**2,941.80**	2,255.02
		227,418.54	75,318.29
	Less: Income considered separately		
	Net gain on fair value changes	**(2,615.10)**	(683.87)
	Income from investing activities	**(9,952.86)**	(16,020.84)
	Dividend income	**(5,462.70)**	(3,395.23)
	Net gain on derecognition of property, plant and equipment	**(70.09)**	(80.41)
	Net gain on sale of investments	**(4,574.05)**	119.90
		(22,674.80)	(20,060.45)
	Operating profit before working capital changes	**339,119.98**	293,502.03
	Changes in -		
	Loans	**(580,090.49)**	(1,335,626.42)
	Trade receivables	**(391.74)**	(149.72)
	Interest accrued on other deposits	**(3,666.73)**	304.50
	Other financial assets	**2,465.60**	(1,890.66)
	Other financial liabilities	**20,727.73**	15,440.38
	Other non-financial assets	**(27.20)**	(1,566.77)
	Trade Payables	**(37,790.21)**	(4,173.96)
	Other non-financial liabilities	**1,314.21**	1,999.35
	Derivative financial instruments	**-**	1,427.60
	Provisions	**(7,298.97)**	6,566.45
	Cash used in operations	**(604,757.80)**	(1,317,669.25)
	Income taxes paid (net of refunds)	**(49,479.87)**	(67,640.99)
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(315,117.69)**	(1,091,808.21)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	**(10,535.45)**	(10,957.65)
	Proceeds from sale of Property, plant and equipment	**185.26**	190.11
	Purchase of investments at amortized cost	**(27,127.15)**	(21,994.94)
	Proceeds from sale of investments at amortized cost	**39,219.30**	106,385.59
	Purchase of investments at FVOCI	**(24,389.29)**	(300.00)
	Purchase of investments at FVTPL	**(7,284,711.98)**	(3,466,857.18)
	Proceeds from sale of investments at FVTPL	**7,131,531.36**	3,299,938.37
	Purchase of investments at cost	**(38,077.27)**	(19,963.21)
	Proceeds from term deposits with banks (net)	**(58,042.63)**	(37,463.96)
	Dividend income received	**5,462.70**	3,395.23
	Interest income received on investments measured at amortized cost, FVOCI, FVTPL and at cost	**9,192.71**	15,955.03
	Change in Earmarked balances with banks	**21.12**	(12.54)
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**(257,271.32)**	(131,685.15)

Statement of cash flows *(Continued)*

for year ended 31 March 2020

Rs. in lakhs

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Expenses incurred on issuance of Non-convertible debentures	**-**	(2,143.51)
	Proceeds from borrowings through Debt Securities	**1,280,780.00**	3,155,102.24
	Repayment of borrowings through Debt Securities	**(1,736,931.40)**	(2,954,672.60)
	Proceeds from Borrowings (Other than Debt Securities)	**2,766,793.81**	2,897,062.34
	Repayment of Borrowings (Other than Debt Securities)	**(1,946,390.36)**	(2,106,151.64)
	Proceeds from borrowings through Subordinated Liabilities	**-**	33,687.23
	Repayment of borrowings through Subordinated Liabilities	**(13,976.88)**	(980.00)
	(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	**(22,600.50)**	(2,205.46)
	Increase / (decrease) in Fixed deposits (net)	**313,823.92**	256,150.55
	Payments for principal portion of lease liability	**(3,812.25)**	-
	Dividend paid (including tax on dividend)	**(47,786.03)**	(29,378.43)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**589,900.31**	1,246,470.72
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**17,511.30**	22,977.36
	Cash and Cash Equivalents at the beginning of the year	**50,167.74**	27,190.38
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**67,679.04**	50,167.74
	Components of Cash and Cash Equivalents		
	Cash and cash equivalents at the end of the year		
	- Cash on hand	**1,430.30**	2,717.34
	- Cheques and drafts on hand	**300.91**	1,601.77
	- Balances with banks in current accounts	**45,947.83**	45,848.63
	-Term deposits with original maturity up to 3 months	**20,000.00**	-
	Total	**67,679.04**	50,167.74

Notes :

The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Notes forming part of the Financial Statements
for the year ended 31 March 2020

Rs. in lakhs

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited (‘the Company’), incorporated in India, is a public limited company, headquartered in Mumbai. The Company is a Non-Banking Financial Company (’NBFC’) engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India (’RBI’) Act, 1934 with effect from 4 September 1998. The equity shares of the Company are listed on the National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai 400001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 (“the Act”), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These standalone or separate financial statements have been approved by the Company's Board of Directors and authorized for issue on 15 May 2020.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Use of estimates and judgements and Estimation uncertainity

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

Effective Interest Rate (EIR) Method
The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of Financial Assets
The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Use of estimates and judgements and Estimation uncertainity *(Continued)*

Impairment of Financial Assets *(Continued)*
The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 50).

Provisions and other contingent liabilities
The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Provision for income tax and deferred tax assets:
The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recoverd for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Defined Benefit Plans:
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Estimation uncertainty relating to the global health pandemic from COVID-19:
The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:
- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 50).

2.6 Revenue recognition :

a) Recognition of interest income on loans

Interest income is recognized in Statement of profit and loss using the effective interest method for all financial instruments measured at amortized cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Revenue recognition : *(Continued)*

a) Recognition of interest income on loans *(Continued)*

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.
Income from bill discounting is recognized over the tenure of the instrument so as to provide a constant periodic rate of return.

b) Subvention income

Subvention income received from manufacturer / dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognized in the Statement of profit and loss using the effective interest method over the tenor of such loan contracts measured at amortized cost. In case of subvention income which is subject to confirmation from manufacturer and received later than inception date is recognized in the Statement of profit and loss using straight line method over the tenor of such loan contracts.

c) Rental Income

Income from operating leases is recognized in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognized over and above minimum commitment charges based on usage pattern and make/model of the asset.

d) Fee and commission income :

Fee based income are recognized when they become measurable and when it is probable to expect their ultimate collection.
Commission and brokerage income earned for the services rendered are recognized as and when they are due.

e) Dividend and interest income on investments:

- Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

In accordance with Ind AS 116 - Leases, applicable effective from 1 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The estimated useful lives used for computation of depreciation are as follows:

Buildings	60 years
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 years and 10 years
Vehicles under lease	8 years
Right-Of-Use assets (Leasehold premises)	2 to 10 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Property, Plant and Equipments (PPE) *(Continued)*

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

PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized.

2.8 Intangible assets :

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortization is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9 Investments in subsidiaries and associates :

Investments in subsidiaries and associate are measured at cost less accumulated impairment, if any.

2.10 Foreign exchange transactions and translations :

a) Initial recognition

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

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.11 Financial instruments :

a) Recognition and initial measurement -

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of profit and loss.

b) Classification and Subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at

- *Amortized cost;*
- *FVOCI - debt instruments;*
- *FVOCI - equity instruments;*
- *FVTPL*

Amortized cost -

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortized cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments : *(Continued)*

b) Classification and Subsequent measurement of financial assets *(Continued)*

FVOCI - debt instruments -
The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -
The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

'Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement of financial assets
Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of profit and loss. Any gain and loss on derecognition is recognized in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in Statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.

c) Financial liabilities and equity instruments:

Classification as debt or equity -
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognized as a deduction from equity.

Financial liabilities -
Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on derecognition is also recognized in Statement of profit and loss.

d) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derecognition

Financial assets
The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments : *(Continued)*

e) Derecognition *(Continued)*

Financial assets (Continued)

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

A financial liability is derecognized when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognized in Statement of profit and loss.

f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g) Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

h) Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognizes lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information. (refer note 50).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

The Company recognizes lifetime ECL for trade, lease and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

i) Collateral repossessed -

'Based on operational requirements, the Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalization at their fair market value.

In the normal course of business, the Company does not physically repossess assets/properties in its loan portfolio, but engages external agents to repossess and recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the assets / properties under legal repossession processes are not separately recorded on the balance sheet.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments : *(Continued)*

j) Write offs -

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

2.12 Employee benefits:

a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund, ESIC and National Pension Scheme -

Company's contribution paid/payable during the year to provident fund, ESIC and National Pension Scheme is recognized in the Statement of profit and loss.

c) Gratuity -

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognized at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement gains/losses -
Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognized immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognized in Statement of profit and loss.

d) Superannuation fund -

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

e) 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.

f) Employee stock options :
Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.13 Finance costs :

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilized, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax :

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

b) Deferred tax :

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.15 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

2.16 Impairment of assets other than financial assets :

The Company reviews the carrying amounts of its tangible (including assets given on operating lease) and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized in Statement of profit and loss.

2.17 Provisions :

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.18 Leases :

The Company as a lessee -
As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Leases : *(Continued)*

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and the principal portion of lease payments have been classified as financing cash flows.

Where the Company is the lessor -

At the inception of the lease, the Company classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognized in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Costs including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct costs are recognized immediately in Statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31,2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no. 41.

2.19 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 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 is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.21 Standards issued but not yet effective :

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2020.

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

3 Cash and cash equivalents

Rs. in lakhs

	31 March 2020	31 March 2019
Cash on hand	**1,430.30**	2,717.34
Cheques and drafts on hand	**300.91**	1,601.77
Balances with banks in current accounts	**45,947.83**	45,848.63
Term deposits with original maturity up to 3 months	**20,000.00**	-
	67,679.04	50,167.74

4 Bank balances other than cash and cash equivalents

Rs. in lakhs

	31 March 2020	31 March 2019
Earmarked balances with banks -		
- Unclaimed dividend accounts	**68.66**	89.78
Term deposits with maturity less than 12 months -		
- Free	**4,575.00**	15,001.00
- Under lien #	**70,255.78**	30,590.65
	74,899.44	45,681.43

 # Details of Term deposits - Under lien

Rs. in lakhs

	As at 31 March 2020			As at 31 March 2019		
Particulars	**Bank balances other than cash and cash equivalents (Note 4)**	**Other financial assets (Note 9)**	**Total**	**Bank balances other than cash and cash equivalents (Note 4)**	**Other financial assets (Note 9)**	**Total**
For Statutory Liquidity Ratio	**22,501.00**	**20,000.00**	**42,501.00**	5,517.23	7,500.00	13,017.23
For securitization transactions	**46,208.47**	**4,330.00**	**50,538.47**	24,538.61	-	24,538.61
Legal deposits	**21.31**	**-**	**21.31**	9.81	11.50	21.31
For Constituent Subsidiary General Ledger (CSGL) account	**1,500.00**	**-**	**1,500.00**	500.00	-	500.00
Collateral deposits with banks for Aadhaar authentication and others	**25.00**	**100.00**	**125.00**	25.00	-	25.00
Total	**70,255.78**	**24,430.00**	**94,685.78**	30,590.65	7,511.50	38,102.15

5 Derivative financial instruments

Rs. in lakhs

	31 March 2020		31 March 2019	
	Notional amounts	**Fair value of Assets**	**Notional amounts**	**Fair value of Assets**
Currency derivatives :				
Forward contracts	**58,205.49**	**2,323.02**	59,659.22	917.97
Options	**205,079.75**	**6,969.74**	-	88.42
Total derivative financial instruments	**263,285.24**	**9,292.76**	59,659.22	1,006.39

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

6 Receivables

Rs. in lakhs

	31 March 2020	31 March 2019
Trade receivables		
i) Secured, considered good		
- Lease rental receivable on operating lease transactions	**64.64**	18.85
Less : Impairment loss allowance	**(1.48)**	-
	63.16	18.85
ii) Unsecured, considered good :		
- Subvention and other income receivables	**795.55**	500.34
iii) Credit impaired :		
- Trade receivable on hire purchase transactions	**373.39**	373.39
- Subvention and other income receivables	**50.74**	-
	424.13	373.39
Less : Impairment loss allowance	**(424.13)**	(373.39)
	-	-
	858.71	519.19

There is no due by directors or other officers of the company or any firm or private company in which any director is a partner, a director or a member.

7 Loans

Rs. in lakhs

		31 March 2020	31 March 2019
A)	**Loans (at amortized cost) :**		
	Retail loans	**6,443,978.16**	5,874,147.34
	Small and Medium Enterprise (SME) financing	**186,440.83**	188,053.12
	Bills of exchange	**53,166.01**	61,534.86
	Trade advances	**123,934.89**	187,430.56
	Inter corporate deposits to related parties	**100.00**	100.00
	Total (Gross)	**6,807,619.89**	6,311,265.88
	Less : Impairment loss allowance	**(308,272.85)**	(186,303.08)
	Total (Net)	**6,499,347.04**	6,124,962.80
B)	i) Secured by tangible assets	**6,533,209.61**	5,981,320.04
	ii) Secured by intangible assets	**-**	-
	iii) Covered by bank / Government guarantees	**-**	-
	iv) Unsecured	**274,410.28**	329,945.84
	Total (Gross)	**6,807,619.89**	6,311,265.88
	Less : Impairment loss allowance	**(308,272.85)**	(186,303.08)
	Total (Net)	**6,499,347.04**	6,124,962.80
C)	**i) Loans in India**	**-**	-
	a) Public Sector	**-**	-
	b) Others	**6,807,619.89**	6,311,265.88
	Total (Gross)	**6,807,619.89**	6,311,265.88
	Less : Impairment loss allowance	**(308,272.85)**	(186,303.08)
	Total (Net) - C (i)	**6,499,347.04**	6,124,962.80
	ii) Loans outside India	**-**	-
	Less : Impairment loss allowance	**-**	-
	Total (Net) - C (ii)	**-**	-
	Total (Net) - C (i+ii)	**6,499,347.04**	6,124,962.80

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

8 Investments

Investments	31 March 2020 Amortized cost	31 March 2020 At Fair Value Through OCI	31 March 2020 At Fair Value Through profit or loss	31 March 2020 At Fair Value Sub-total	31 March 2020 Others (at cost)	31 March 2020 Total	31 March 2019 Amortized cost	31 March 2019 At Fair Value Through OCI	31 March 2019 At Fair Value Through profit or loss	31 March 2019 At Fair Value Sub-total	31 March 2019 Others (at cost)	31 March 2019 Total
Units of mutual funds	-	-	324,125.20	324,125.20	-	**324,125.20**	-	-	62,349.01	62,349.01	-	**62,349.01**
Government securities	98,049.30	14,301.61		14,301.61		**112,350.91**	70,922.15	-	-	-	-	**70,922.15**
Debt securities -												
i) Secured redeemable non-convertible debentures	2,500.00	-	-	-	-	**2,500.00**	6,200.00	-	-	-	-	**6,200.00**
ii) Unsecured redeemable non-convertible subordinate debentures		-	-	-	-	**-**	-	-	-	-	-	**-**
iii) Investments in Pass Through Certificates under securitization transactions	12,409.65	-	-	-	-	**12,409.65**	21,359.96	-	-	-	-	**21,359.96**
iv) Commercial Papers	-	-	-	-	-	**-**	21,994.94	-	59,070.39	59,070.39	-	**81,065.33**
v) Certificate of deposits with banks	-		-	-		**-**			46,910.08	46,910.08		**46,910.08**
vi) Investment in Bonds of Food Corporation of India and NCDs of NABARD	-	10,474.76		10,474.76	-	**10,474.76**	-	-	-	-	-	**-**
vii) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited		-		-	-	**-**	-	1,088.52	-	1,088.52	-	**1,088.52**
Equity instruments -												
a) Subsidiaries												
i) Mahindra Insurance Brokers Limited	-	-	-	-	45.16	**45.16**	-	-	-	-	45.16	**45.16**
ii) Mahindra Rural Housing Finance Limited	-	-	-	-	79,929.79	**79,929.79**	-	-	-	-	51,252.22	**51,252.22**
iii) Mahindra Asset Management Company Private Ltd.	-	-	-	-	21,000.00	**21,000.00**	-	-	-	-	16,000.00	**16,000.00**
iv) Mahindra Trustee Company Private Ltd.	-	-	-	-	50.00	**50.00**	-	-	-	-	50.00	**50.00**
v) Mahindra Finance CSR Foundation	-	-	-	-	0.10	**0.10**						
b) Associates												
i) 49% Ownership in Mahindra Finance USA, LLC	-	-	-	-	21,054.81	**21,054.81**	-	-	-	-	21,054.81	**21,054.81**
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)												
ii) 38.20% Ownership in Ideal Finance Limited, Sri Lanka					4,399.60	**4,399.60**	-	-	-	-	-	**-**
(Joint venture entity with Ideal Finance Limited in Sri Lanka)												

Notes forming part of the Financial Statements *(Continued)*

as at 31 March 2020

Rs. in lakhs

8 Investments *(Continued)*

Investments	31 March 2020 Amortized cost	At Fair Value Through OCI	At Fair Value Through profit or loss	At Fair Value Sub-total	Others (at cost)	Total	31 March 2019 Amortized cost	At Fair Value Through OCI	At Fair Value Through profit or loss	At Fair Value Sub-total	Others (at cost)	Total
c) Others												
i) 'Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	1,361.32	-	1,361.32	-	**1,361.32**	-	1,154.65	-	1,154.65	-	**1,154.65**
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	311.98	-	311.98	-	**311.98**	-	-	-	-	-	**-**
iii) 'Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted in to equity shares on exercise of conversion option after meeting applicable terms and conditions)	-	1,218.53	-	1,218.53	-	**1,218.53**	-	-	-	-	-	**-**
iv) 'New Democratic Electoral Trust	-	-	-	-	1.00	**1.00**	-	-	-	-	1.00	**1.00**
Total - Gross (A)	**112,958.95**	**27,668.20**	**324,125.20**	**351,793.40**	**126,480.46**	**591,232.81**	**120,477.05**	**2,243.17**	**168,329.48**	**170,572.65**	**88,403.19**	**379,452.89**
i) Investments outside India	-	-	-	-	25,454.41	**25,454.41**	-	-	-	-	21,054.81	**21,054.81**
ii) Investments in India	112,958.95	27,668.20	324,125.20	351,793.40	101,026.05	**565,778.40**	120,477.05	2,243.17	168,329.48	170,572.65	67,348.38	**358,398.08**
Total - Gross (B)	**112,958.95**	**27,668.20**	**324,125.20**	**351,793.40**	**126,480.46**	**591,232.81**	**120,477.05**	**2,243.17**	**168,329.48**	**170,572.65**	**88,403.19**	**379,452.89**
Less : Allowance for Impairment loss (C)	136.19	-	-	-	-	**136.19**	282.52	-	-	-	-	**282.52**
Total - Net D (A-C)	**112,822.76**	**27,668.20**	**324,125.20**	**351,793.40**	**126,480.46**	**591,096.62**	**120,194.53**	**2,243.17**	**168,329.48**	**170,572.65**	**88,403.19**	**379,170.37**

Notes forming part of the Financial Statements *(Continued)*

as at 31 March 2020

Rs. in lakhs

9 Other financial assets

Rs. in lakhs

	31 March 2020	31 March 2019
Interest accrued on investments	2,236.35	1,476.20
Interest accrued on other deposits	4,606.70	939.97
Security Deposits	3,277.18	3,008.10
Term deposits with banks (remaining maturity more than 12 months)		
- Free	11,885.00	-
- Under lien	24,430.00	7,511.50
Others	1,230.04	3,959.36
	47,665.27	16,895.13

10 Deferred tax assets (net) and Tax expense

(i) Deferred tax assets (net)

Rs. in lakhs

	Balance as at 1 April 2018	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities :									
- Application of EIR on financial assets	(6,972.92)	(2,937.46)	-	-	(9,910.38)	2,019.32			(7,891.06)
- Application of EIR on financial liabilities	(2,367.99)	(1,268.33)	-	-	(3,636.32)	1,207.47			(2,428.85)
- Share based payments	(703.06)	(470.85)	-	-	(1,173.91)	11.70	-	-	(1,162.21)
- FVTPL financial asset	(9.37)	(238.98)	-	-	(248.35)	(588.69)	-	-	(837.04)
- Others	(999.79)	(605.84)	(749.03)	-	(2,354.66)	(3,626.92)	-	-	(5,981.58)
	(11,053.13)	**(5,521.46)**	**(749.03)**	**-**	**(17,323.62)**	**(977.12)**	**-**	**-**	**(18,300.74)**
Tax effect of items constituting deferred tax assets :									
- Provision for employee benefits	1,980.05	(121.14)	-	462.87	2,321.78	566.12	-	(28.77)	2,859.13
- Derivatives	2,130.60	1,909.02	-	-	4,039.62	2,385.86	-	-	6,425.48
- Allowance for ECL	62,476.01	(22,587.40)	-	-	39,888.61	11,343.53	-	-	51,232.14
- Application of EIR on financial liabilities	292.37	-	-	-	292.37	(81.79)	-	-	210.58
- Others	6,918.92	1,469.26	-	(434.41)	7,953.77	(1,278.56)	-	(139.14)	6,536.07
	73,797.95	**(19,330.26)**	**-**	**28.46**	**54,496.15**	**12,935.16**	**-**	**(167.91)**	**67,263.40**
Net deferred tax assets	**62,744.82**	**(24,851.72)**	**(749.03)**	**28.46**	**37,172.53**	**11,958.04**	**-**	**(167.91)**	**48,962.66**

(ii) Income tax recognized in Statement of profit and loss

Rs. in lakhs

	31 March 2020	31 March 2019
(a) Current tax:		
In respect of current year	**55,693.89**	57,411.73
In respect of prior years	-	274.39
	55,693.89	**57,686.12**
(b) Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(22,357.49)**	24,851.72
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**10,399.45**	-
	(11,958.04)	**24,851.72**
Total Income tax recognized in Statement of profit and loss	**43,735.85**	**82,537.84**

Notes forming part of the Financial Statements ***(Continued)***
as at 31 March 2020

Rs. in lakhs

10 Deferred tax assets (net) and Tax expense *(Continued)*

(iii) Income tax recognized in Other Comprehensive Income

Rs. in lakhs

	31 March 2020	31 March 2019
Deferred tax related to items recognized in Other Comprehensive Income during the year :		
Remeasurement of defined employee benefits	**(28.77)**	462.87
Net gain / (loss) on equity instruments through OCI	**(23.17)**	(158.87)
Net gain / (loss) on debt instruments through OCI	**(115.97)**	(275.54)
Total Income tax recognized in Other Comprehensive Income	**(167.91)**	28.46

(iv) Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:

Rs. in lakhs

	As at 31 March 2020	As at 31 March 2019
Profit before tax	**134,376.24**	238,244.19
Applicable income tax rate	**25.168%**	34.944%
Expected income tax expense	33,819.81	83,252.05
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(1,374.91)**	(1,186.66)
Effect of expenses / provisions not deductible in determining taxable profit	**232.34**	209.66
Effect of tax incentives and concessions	**256.61**	446.44
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**10,399.45**	-
Adjustment related to tax of prior years	**-**	274.39
Others	**402.55**	(458.04)
Reported income tax expense	**43,735.85**	82,537.84

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 which provides for an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs.10,399.45 lakhs recognized as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

Rs. in lakhs

11 Property, plant and equipments

Rs. in lakhs

Particulars	Land	Buildings #	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	P&M under lease	Right-Of-Use Assets (Leasehold premises)	Total
GROSS CARRYING AMOUNT										
Balance as at 1 April 2018	**81.40**	**108.92**	**8,313.57**	**8,059.17**	**8,649.89**	**6,650.42**	**77.15**	**-**	**-**	**31,940.52**
Additions during the year	-	-	1,907.29	976.50	1,164.77	1,608.65	1,153.03	-		**6,810.24**
Disposals / deductions during the year	-	-	189.69	115.67	360.74	795.34				**1,461.44**
Balance as at 31 March 2019	**81.40**	**108.92**	**10,031.17**	**8,920.00**	**9,453.92**	**7,463.73**	**1,230.18**	**-**	**-**	**37,289.32**
Balance as at 1 April 2019	81.40	108.92	10,031.17	8,920.00	9,453.92	7,463.73	1,230.18	-	18,447.50	55,736.82
Additions during the year	-	-	620.64	693.72	781.89	1,872.33	4,054.48	19.06	4,245.13	**12,287.25**
Disposals / deductions during the year	-	-	459.51	190.81	503.13	822.30	-	-	-	**1,975.75**
Balance as at 31 March 2020	**81.40**	**108.92**	**10,192.30**	**9,422.91**	**9,732.68**	**8,513.76**	**5,284.66**	**19.06**	**22,692.63**	**66,048.32**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as at 1 April 2018	-	24.88	5,551.99	5,056.03	6,039.80	4,024.35	1.04	-	-	**20,698.09**
Additions during the year	-	1.82	1,473.74	892.59	1,158.70	1,121.60	44.50	-	-	**4,692.95**
Disposals / deductions during the year	-	-	188.73	103.80	355.51	703.70	-	-	-	**1,351.74**
Balance as at 31 March 2019	**-**	**26.70**	**6,837.00**	**5,844.82**	**6,842.99**	**4,442.25**	**45.54**	**-**	**-**	**24,039.30**
Balance as at 1 April 2019	-	26.70	6,837.00	5,844.82	6,842.99	4,442.25	45.54	-	-	24,039.30
Additions during the year	-	1.84	1,477.56	910.50	1,148.12	1,392.24	438.83	1.39	4,704.38	**10,074.86**
Disposals / deductions during the year	-	-	458.65	177.18	500.75	724.00	-	-	-	**1,860.58**
Balance as at 31 March 2020	**-**	**28.54**	**7,855.91**	**6,578.14**	**7,490.36**	**5,110.49**	**484.37**	**1.39**	**4,704.38**	**32,253.58**
NET CARRYING AMOUNT										
As at 31 March 2019	81.40	82.22	3,194.17	3,075.18	2,610.93	3,021.48	1,184.64	-	-	13,250.02
As at 31 March 2020	81.40	80.38	2,336.39	2,844.77	2,242.32	3,403.27	4,800.29	17.67	17,988.25	33,794.74

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

12 Intangible assets

Rs. in lakhs

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2018	3,709.46
Additions during the year	3,661.75
Deductions during the year	-
Balance as at 31 March 2019	7,371.21
Balance as at 1 April 2019	7,371.21
Additions during the year	1,253.68
Deductions during the year	-
Balance as at 31 March 2020	8,624.89
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2018	2,985.49
Additions during the year	1,329.57
Deductions during the year	-
Balance as at 31 March 2019	4,315.06
Balance as at 1 April 2019	4,315.06
Additions during the year	1,754.50
Deductions during the year	-
Balance as at 31 March 2020	6,069.56
NET CARRYING AMOUNT	
As at 31 March 2019	3,056.15
As at 31 March 2020	2,555.33

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

13 Other non-financial assets

Rs. in lakhs

	31 March 2020	31 March 2019
Capital advances	**1,725.31**	485.66
Prepaid expenses	**3,283.26**	2,965.05
Unamortized placement and arrangement fees paid on borrowing instruments	**301.13**	401.48
Insurance advances	**183.18**	185.59
Other advances	**1,480.80**	1,669.05
	6,973.68	5,706.83

14 Derivative financial instruments

Rs. in lakhs

	31 March 2020		31 March 2019	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency derivatives :				
Forward contracts	**20,013.63**	**2,559.18**	20,231.96	2,176.30
Options	**-**	**1,456.88**	123,078.50	5,526.23
Total derivative financial instruments	**20,013.63**	**4,016.06**	143,310.46	7,702.53

15 Payables

Rs. in lakhs

	31 March 2020	31 March 2019
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	**-**	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**60,633.42**	97,947.17
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	**17.40**	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**2,923.97**	3,164.54
	63,574.79	101,365.00

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in lakhs

	31 March 2020	31 March 2019
a) Dues remaining unpaid to any supplier at the year end		
- Principal	**17.40**	0.10
- Interest on the above		
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	**-**	-
- Principal paid beyond the appointed date	**-**	-
- Interest paid in terms of Section 16 of the MSMED Act		
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**-**	-
d) Amount of interest accrued and remaining unpaid		
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**-**	-
	17.40	0.10

Notes forming part of the Financial Statements *(Continued)*

as at 31 March 2020

Rs. in lakhs

16 Debt Securities

Rs. in lakhs

	31 March 2020	31 March 2019
At Amortized cost		
Non-convertible debentures (Secured)	**1,699,721.29**	1,954,799.74
Non-convertible debentures (Unsecured)	**39,800.02**	19,893.55
Commercial Papers (Unsecured)	**0.00**	257,244.63
Rupee Denominated Secured Bonds overseas (Masala Bonds)	**34,966.42**	-
Total (A+B)	**1,774,487.73**	2,231,937.92
Debt securities in India	**1,739,521.31**	2,231,937.92
Debt securities outside India	**34,966.42**	-
Total	**1,774,487.73**	2,231,937.92

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

The Secured Non-convertible debentures are secured by pari-passu charges on Buildings (forming part of PPE) and exclusive charges on receivables under loan contracts having carrying value of Rs 19,25,549.49 lakhs (March 2019: Rs 21,27,458.97 lakhs).

Details of Non-convertible debentures (Secured) :

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**7.10%-9.40%**	**623,700.00**	7.29%-9.45%	734,500.00
Maturing between 1 year to 3 years	**7.00%-9.49%**	**369,180.00**	7.35%-9.49%	771,150.00
Maturing between 3 years to 5 years	**7.45%-8.95%**	**197,300.00**	8.24%-8.95%	98,000.00
Maturing beyond 5 years	**7.75%-9.00%**	**334,250.00**	8.70%-9.00%	179,500.00
Sub-total at face value (A)		**1,524,430.00**		1,783,150.00
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**9.00%-9.05%**	**40,540.83**		
Maturing between 3 years to 5 years	**9.10%-9.15%**	**53,556.11**	9.00%-9.15%	94,096.94
Maturing beyond 5 years	**9.20%-9.30%**	**86,915.30**	9.20%-9.30%	86,915.30
Sub-total at face value (B)		**181,012.24**		181,012.24
Total at face value (A+B)		**1,705,442.24**		1,964,162.24
Less: Unamortized discounting charges		**5,720.95**		9,362.50
Total amortized cost		**1,699,721.29**		1,954,799.74

Details of Non-convertible debentures (Unsecured) - :

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing beyond 5 years	**8.53%**	**40,000.00**	8.53%	20,000.00
Total at face value		**40,000.00**		20,000.00
Less: Unamortized discounting charges		**199.98**		106.45
Total amortized cost		**39,800.02**		19,893.55

Details of Commercial Papers (Unsecured):

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	-	-	7.70% - 9.05%	265,000.00
Total at face value		-		265,000.00
Less: Unamortized discounting charges		-		7,755.37
Total amortized cost		-		257,244.63

Notes forming part of the Financial Statements *(Continued)*

as at 31 March 2020

Rs. in lakhs

16 Debt Securities *(Continued)*

Rupee Denominated Secured Bonds overseas (Masala Bonds)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing between 3 years to 5 years	7.40%	35,000.00	-	-
Total at face value		**35,000.00**		-
Less: Unamortized discounting charges		33.58		-
Total amortized cost		**34,966.42**		-

17 Borrowings (Other than Debt Securities)

	31 March 2020	31 March 2019
At Amortized cost		
a) Term loans		
i) Secured -		
- from banks	**1,728,090.56**	1,373,553.76
- from banks in foreign currency	**18,294.06**	63,403.97
- External Commercial Borrowings	**273,778.83**	137,396.77
- Associated liabilities in respect of securitization transactions	**888,170.82**	434,734.49
ii) Unsecured -		
- from banks	**26,400.00**	5,813.54
b) Loans from related parties		
Unsecured -		
- Inter-corporate deposits (ICDs)	**14,000.00**	92,650.00
c) Loans repayable on demand		
Secured -		
- Cash credit facilities with banks	-	22,600.50
Total (A+B)	**2,948,734.27**	2,130,153.03
Borrowings in India	**2,674,955.44**	1,992,756.26
Borrowings outside India	**273,778.83**	137,396.77
Total	**2,948,734.27**	2,130,153.03

Note: There is no borrowings measured at FVTPL or designated at FVTPL.

The term loans are secured by exclusive charges on receivables under loan contracts having carrying amount of Rs 20,97,645.76 lakhs (March 2019: Rs 14,07,901.91 lakhs).

The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

Rs. in lakhs

17 Borrowings (Other than Debt Securities) *(Continued)*

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	**6.55% - 8.90%**	**171,135.00**	8.20% - 8.75%	122,900.00
Maturing between 1 year to 3 years	**6.95% - 8.10%**	**185,000.00**	8.60% - 8.75%	43,000.00
Total for repayable on maturity		**356,135.00**		165,900.00
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years	**7.85%**	**10,000.00**	8.91%	10,000.00
Sub-Total		**10,000.00**		10,000.00
ii) Quarterly -				
Maturing within 1 year	**5.45% - 8.55%**	**152,333.33**	8.35% - 8.85%	95,869.05
Maturing between 1 year to 3 years	**5.45% - 8.55%**	**277,190.48**	8.35% - 8.85%	209,166.67
Maturing between 3 years to 5 years	**8.00% - 8.20%**	**27,500.00**	8.70% - 8.85%	27,857.14
Sub-Total		**457,023.81**		332,892.86
iii) Half yearly -				
Maturing within 1 year	**7.15% - 10.50%**	**182,611.11**	7.45% - 10.50%	155,000.00
Maturing between 1 year to 3 years	**6.80% - 10.50%**	**331,221.56**	7.45% - 10.50%	317,000.00
Maturing beyond 3 years to 5 years	**7.75% - 10.50%**	**120,667.33**	8.55% - 10.50%	58,000.00
Sub-Total		**634,500.00**		530,000.00
iv) Yearly -				
Maturing within 1 year	**7.95% - 8.85%**	**91,666.67**	8.35%-8.80%	44,033.33
Maturing between 1 year to 3 years	**7.95% - 8.85%**	**178,333.33**	8.35% - 9.00%	246,133.33
Maturing between 3 years to 5 years	**-**	**-**	8.65% - 8.75%	45,000.00
Sub-Total		**270,000.00**		335,166.67
Total for repayable in installments		**1,371,523.81**		1,208,059.52
Total (1+2) (As per contractual terms)		**1,727,658.81**		1,373,959.52
Less Unamortized Finance Cost		**(431.75)**		405.76
Total Amortized Cost		**1,728,090.56**		1,373,553.76

The rates mentioned above are the applicable rates as at the year end date linked to MCLR (Marginal Cost of funds based Lending Rate) and Treasury bills plus spread.

Details of Secured term loans from banks in foreign currency (USD)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**LIBOR plus spread 1.44% - 2.20%**	**18,297.55**	LIBOR plus spread 2.00% -2.20%	63,399.36
Total		**18,297.55**		63,399.36
Less Unamortized Finance Cost		**3.49**		(4.61)
Total Amortized Cost		**18,294.06**		63,403.97

Details of External Commercial Borrowings (USD & Euro)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Maturing between 1 year to 3 years	**LIBOR plus spread 1.10 - 1.50%**	**276,243.96**	LIBOR plus spread 1.10%	139,698.35
		276,243.96		139,698.35
Less Unamortized Finance Cost		**2,465.13**		2,301.58
		273,778.83		137,396.77

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

17 Borrowings (Other than Debt Securities) *(Continued)*

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	8.73% - 9.03%	386,697.24	5.2%-9.25%	194,427.46
Maturing between 1 year to 3 years	8.80% - 9.03%	448,365.86	5.2%-9.25%	213,893.72
Maturing between 3 years to 5 years	9.03%	53,107.72	5.2%-9.25%	26,413.31
		888,170.82		434,734.49
Less Unamortized Finance Cost		-		-
		888,170.82		434,734.49

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	7.80% - 9.00%	26,400.00	8.00% - 8.40%	5,813.54
Total		26,400.00		5,813.54
Less Unamortized Finance Cost		-		-
Total Amortized Cost		26,400.00		5,813.54

Details of Loans from related parties (Unsecured) - Inter-corporate deposits (ICDs)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	5.00% - 7.60%	12,725.00	7.75% - 9.15%	92,650.00
Maturing between 1 year to 3 years	7.50%	1,275.00	-	-
Total		14,000.00		92,650.00
Less Unamortized Finance Cost		-		-
Total Amortized Cost		14,000.00		92,650.00

Details of Loans repayable on demand (Secured) - Cash credit facilities with banks

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	-	-	8.70%-9.80%	22,600.50
Total		-		22,600.50
Less Unamortized Finance Cost		-		-
Total Amortized Cost		-		22,600.50

18 Deposits

Rs. in lakhs

	31 March 2020	31 March 2019
At amortized cost		
Deposits (Unsecured)		
- Public deposits	881,213.98	566,718.41
Total	881,213.98	566,718.41

Note: There is no deposits measured at FVTPL or designated at FVTPL.

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

18 Deposits *(Continued)*

Details of Deposits (Unsecured) - Public deposits

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.00% - 9.60%**	**166,223.58**	7.30% - 10.10%	137,787.00
Maturing between 1 year to 3 years	**6.9% - 9.15%**	**610,885.66**	7.35% - 9.60%	367,398.25
Maturing beyond 3 years	**7.65% - 9.15%**	**108,286.07**	7.35% - 10.10%	64,702.42
Total at face value		**885,395.31**		569,887.68
Less: Unamortized discounting charges		**4,181.33**		3,169.27
Total amortized cost		**881,213.98**		566,718.41

19 Subordinated liabilities

Rs. in lakhs

	31 March 2020	31 March 2019
At Amortized cost		
Subordinated redeemable non-convertible debentures - private placement	**95,790.59**	110,167.06
Subordinated redeemable non-convertible debentures - retail public issue	**246,003.98**	245,716.76
Total	**341,794.57**	355,883.82
Subordinated liabilities in India	**341,794.57**	355,883.82
Subordinated liabilities outside India	**-**	-
Total	**341,794.57**	355,883.82

Note: There is no Subordinated liabilities measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortized cost) - Subordinated redeemable non-convertible debentures

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**9.50% - 9.80%**	**27,220.00**	9.85% - 10.02%	14,500.00
Maturing between 1 year to 3 years	**9.80% - 10.50%**	**17,050.00**	9.50% - 10.50%	37,270.00
Maturing between 3 years to 5 years	**9.18% - 9.70%**	**34,280.00**	9.50% - 10.15%	19,780.00
Maturing beyond 5 years	**8.90% - 9.10%**	**17,500.00**	8.90% - 9.60%	39,000.00
Sub-total at face value (A)		**96,050.00**		110,550.00
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**8.34% - 8.70%**	**5,465.78**	8.34% - 8.70%	5,465.78
Maturing between 3 years to 5 years	**7.75% - 8.80%**	**7,165.96**	8.44% - 8.80%	1,233.72
Maturing beyond 5 years	**7.90% - 9.50%**	**236,108.62**	7.75% - 9.50%	242,040.86
Sub-total at face value (B)		**248,740.36**		248,740.36
Total at face value (A+B)		**344,790.36**		359,290.36
Less: Unamortized discounting charges		**2,995.79**		3,406.54
Total amortized cost		**341,794.57**		355,883.82

Notes forming part of the Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

20 Other financial liabilities

Rs. in lakhs

	31 March 2020	31 March 2019
Interest accrued but not due on borrowings	**192,672.92**	175,351.64
Unclaimed dividends	**68.66**	89.36
Unclaimed matured deposits and interest accrued thereon	**522.20**	504.63
Deposits / advances received against loan agreements	**5,744.55**	6,937.36
Insurance premium payable	**338.57**	1,073.79
Salary, Bonus and performance payable	**3,742.19**	390.90
Provision for expenses	**7,701.18**	7,650.56
Lease liabilities (refer note 41)	**18,880.38**	-
Others	**1,725.38**	664.71
Total	**231,396.03**	192,662.95

21 Provisions

Rs. in lakhs

	31 March 2020	31 March 2019
Provision for employee benefits		
- Gratuity	**2,431.55**	3,140.89
- Leave encashment	**6,608.32**	5,401.91
- Bonus, incentives and performance pay	**5,168.95**	11,830.81
Provision for loan commitment	**114.01**	279.09
Total	**14,322.83**	20,652.70

22 Other non-financial liabilities

Rs. in lakhs

	31 March 2020	31 March 2019
Deferred subvention income	**2,691.27**	2,692.81
Statutory dues and taxes payable	**6,470.23**	5,177.28
Others	**641.93**	657.75
Total	**9,803.43**	8,527.84

23 Equity Share capital

Rs. in lakhs

	31 March 2020	31 March 2019
Authorized:		
70,00,00,000 (31 March 2019: 70,00,00,000) Equity shares of Rs.2/- each	**14,000.00**	14,000.00
50,00,000 (31 March 2019: 50,00,000) Redeemable preference shares of Rs.100/- each	**5,000.00**	5,000.00
Issued, Subscribed and paid-up:		
61,77,64,960 (31 March 2019: 61,77,64,960) Equity shares of Rs.2/- each fully paid up	**12,355.30**	12,355.30
Less : 24,17,256 (31 March 2019: 28,88,245) Equity shares of Rs.2/- each fully paid up issued to ESOS Trust but not yet allotted to employees	**48.35**	57.76
Adjusted Issued, Subscribed and paid-up Share capital	**12,306.95**	12,297.54

Notes forming part of the Financial Statements *(Continued)*

as at 31 March 2020

Rs. in lakhs

23 Equity Share capital *(Continued)*

		As at 31 March 2020		As at 31 March 2019	
		No. of shares	**Rs. in lakhs**	**No. of shares**	**Rs. in lakhs**
a)	**Reconciliation of number of equity shares and amount outstanding:**				
	Issued, Subscribed and paid-up:				
	Balance at the beginning of the year	**617,764,960**	**12,355.30**	617,764,960	12,355.30
	Add : Fresh allotment of shares :	-	-	-	-
	Balance at the end of the year	**617,764,960**	**12,355.30**	617,764,960	12,355.30
	Less: Shares issued to ESOS Trust but not yet allotted to employees	2,417,256	48.35	2,888,245	57.76
	Adjusted Issued, Subscribed and paid-up Share capital	**615,347,704**	**12,306.95**	**614,876,715**	**12,297.54**
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:**				
	Holding and ultimate holding company : Mahindra & Mahindra Limited	**316,207,660**	**6,324.15**	**316,207,660**	6,324.15
	Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%
c)	**Shareholders holding more than 5 percent of the aggregate shares:**				
	Mahindra & Mahindra Limited	**316,207,660**	**6,324.15**	316,207,660	6,324.15
	Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%
d)	**Terms / rights attached to equity shares :**				

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Other Equity

Description of the nature and purpose of Other Equity :

Statutory reserve

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

Capital redemption reserve (CRR)

Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilized by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilized only in accordance with the specific requirements of the Companies Act, 2013.

Debenture Redemption Reserve (DRR)

Until issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the Companies Act, 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company was required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may be utilized only to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and transferred the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Notes forming part of the Financial Statements *(Continued)*

as at 31 March 2020

Rs. in lakhs

23 Equity Share capital *(Continued)*

Other Equity ***(Continued)***

Description of the nature and purpose of Other Equity : ***(Continued)***

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

Rs. in lakhs

	31 March 2020	31 March 2019
Face value per share (Rupees)	2.00	2.00
Dividend percentage	Nil	325%
Dividend per share (Rupees)	-	6.50
Dividend on Equity shares	-	40,154.72
Estimated dividend distribution tax	-	7,631.31
Total Dividend including estimated dividend distribution tax	-	47,786.03

The dividends proposed for the financial year ended 31 March 2019 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant Annual General Meeting. The proposed dividend of 325% pertaining to financial year ended 31 March 2019 included a special dividend of 125%.

The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2020.

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

24 Interest income

Rs. in lakhs

	31 March 2020	31 March 2019
On financial instruments measured at Amortized cost		
Interest on loans	**971,196.84**	836,962.09
Income from bill discounting	**6,157.37**	6,535.21
Interest income from investments	**9,952.86**	16,158.19
Interest on term deposits with banks	**6,862.85**	1,777.11
Other interest income	**1.27**	16.78
II) On financial instruments measured at fair value through OCI		
Interest income from investments in debt instrument	**-**	6.40
Total	**994,171.19**	861,455.78

Note: There is no loan asset measured at FVTPL.

25 Fees and commission income

Rs. in lakhs

	31 March 2020	31 March 2019
Service charges and other fees on loan transactions	**6,768.65**	5,659.43
Fees, commission / brokerage received from mutual fund distribution/other products	**1,744.30**	2,424.02
Collection fees related to transferred assets under securitization transactions	**1,185.90**	608.31
Total	**9,698.85**	8,691.76

26 Net gain / (loss) on fair value changes

Rs. in lakhs

	31 March 2020	31 March 2019
A) Net gain / (loss) on financial instruments at FVTPL		
- On trading portfolio		
- Investments	**(191.35)**	191.35
B) Others - Mutual fund units	**2,806.45**	492.52
C) Total Net gain / (loss) on financial instruments at FVTPL	**2,615.10**	683.87
Fair value changes :		
- Unrealized	**2,615.10**	683.87
D) Total Net gain / (loss) on financial instruments at FVTPL	**2,615.10**	683.87

27 Other income

Rs. in lakhs

	31 March 2020	31 March 2019
Net gain on derecognition of property, plant and equipment	**70.09**	80.41
Net gain on sale investments measured at amortized cost	**4,574.05**	(119.90)
Dividend income from Equity investments in subsidiaries	**3,037.61**	2,007.23
Income from shared services	**7,027.70**	6,639.74
Others	**19.18**	82.83
Total	**14,728.63**	8,690.31

Notes forming part of the Financial Statements *(Continued)*

for the year ended 31 March 2020

Rs. in lakhs

28 Finance costs

Rs. in lakhs

	31 March 2020	31 March 2019
On financial liabilities measured at Amortized cost		
Interest on deposits	**67,514.64**	35,708.17
Interest on borrowings	**162,459.30**	124,070.59
Interest on debt securities	**228,414.76**	199,789.70
Interest on subordinated liabilities	**31,663.69**	29,680.03
Net loss / (gain) in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
Interest expense on lease liabilities (refer note 41)	**1,463.00**	-
Other borrowing costs	**3,332.35**	2,514.04
Total	**482,874.89**	394,456.16

Note: Other than financial liabilities measured at amortized cost, there are no other financial liabilities measured at FVTPL.

29 Impairment on financial instruments

Rs. in lakhs

	31 March 2020	31 March 2019
On financial instruments measured at Amortized cost		
Bad debts and write offs	**83,736.48**	176,376.70
Loans	**121,969.78**	(111,011.91)
Investments	**(146.33)**	(1,016.69)
Loan commitment	**(165.08)**	(827.27)
Trade receivables and other contracts	**52.22**	-
Total	**205,447.07**	63,520.83

Note: Other than financial instruments measured at amortized cost, there is no other financial instrument measured at FVOCI.

30 Employee benefits expenses

Rs. in lakhs

	31 March 2020	31 March 2019
Salaries and wages	**100,444.56**	96,799.40
Contribution to provident funds and other funds	**7,992.71**	6,610.45
Share based payments to employees	**2,941.80**	2,255.02
Staff welfare expenses	**3,465.44**	3,347.04
Total	**114,844.51**	109,011.91

31 Depreciation, amortization and impairment

Rs. in lakhs

	31 March 2020	31 March 2019
Depreciation on Property, Plant and Equipment	**5,370.48**	4,692.95
Amortization and impairment of intangible assets	**1,754.50**	1,329.57
Depreciation on Right of Use Asset (refer note 41)	**4,704.38**	-
Total	**11,829.36**	6,022.52

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

32 Other expenses

Rs. in lakhs

	31 March 2020	31 March 2019
Rent # (refer note 41)	**3,741.10**	7,059.14
Rates and taxes, excluding taxes on income	**2,522.58**	104.44
Electricity charges	**1,911.04**	2,356.33
Repairs and maintenance	**1,157.38**	1,358.59
Communication Costs	**2,671.97**	2,886.56
Printing and Stationery	**1,110.73**	1,148.74
Advertisement and publicity	**1,694.26**	3,240.93
Directors' fees, allowances and expenses	**346.53**	368.18
Auditor's fees and expenses -		
- Audit fees	**68.98**	75.53
- Other services	**49.34**	81.39
- Reimbursement of expenses	**0.14**	1.02
Legal and professional charges	**13,743.05**	15,152.63
Insurance	**3,956.13**	2,819.22
Manpower outsourcing cost	**3,502.95**	3,024.39
Donations	**3,145.54**	2,760.70
Corporate Social Responsibility (CSR) donations and expenses	**246.80**	167.32
Conveyance and travel expenses	**12,273.67**	12,402.56
Other expenditure	**18,905.32**	11,670.06
Total	**71,047.51**	66,677.73

\# The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognize short-term lease payments and payments for leases of low-value assets, which are not included in the measurement of the lease liability and ROU asset, as expense on a straight line basis over the lease term in the statement of profit or loss.

Accordingly, rent expenses for the year ended 31 March 2020 comprises of short-term lease payments and payments for leases of low-value assets recognized as per Ind AS 116, Leases.

33 Earning Per Share (EPS)

Rs. in lakhs

	31 March 2020	31 March 2019
Profit for the year (Rs in lakhs)	**90,640.39**	155,706.35
Weighted average number of Equity Shares used in computing basic EPS	**615,043,690**	614,621,661
Effect of potential dilutive Equity Shares	**1,331,431**	1,332,128
Weighted average number of Equity Shares used in computing diluted EPS	**616,375,121**	615,953,789
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	**14.74**	25.33
Diluted Earnings per share (Rs.)	**14.71**	25.28

34 Accumulated Other Comprehensive Income

Rs. in lakhs

	31 March 2020	31 March 2019
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	**295.78**	-
- Net gain / (loss) on equity instruments through OCI	**268.65**	454.65
Income tax impact thereon	**(51.94)**	(158.87)
Balance at the end of the year : Subtotal (A)	**512.49**	295.78
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	**512.98**	-
- Net gain / (loss) on debt instruments through OCI	**767.09**	788.52
- Income tax impact thereon	**(115.97)**	(275.54)
Balance at the end of the year : Subtotal (B)	**1,164.10**	512.98
Accumulated Other Comprehensive Income (A + B)	**1,676.59**	808.76

Rs. in lakhs

35 Employee Stock Option Plan

The Company had allotted 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on 3 February 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. Upon exercise of stock options under the scheme by eligible employees, the Trust had issued 32,13,044 equity shares to employees up to 31 March 2020 (31 March 2019: 27,42,055 equity shares), of which 4,70,989 equity shares (31 March 2019: 3,99,748 equity shares) were issued during the current year.

a) The terms and conditions of the Employees stock option scheme 2010 are as under :

Particulars	Terms and conditions
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 months from the date of grant
	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant
	20% on expiry of 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

b) Options granted during the year:

During the year ended 31 March 2020, the Company has not granted any stock options (31 March 2019: 21,94.249) to the eligible employees under the Employees' Stock option scheme 2010. The details of stock options are as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	N/A	Grant dated 24 October 2018
Exercise price (Rs.)	-	2.00
No. of years vesting	-	5
Fair value of option (Rs.)	-	355.34

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables#	Year ended 31 March 2020	Year ended 31 March 2019
	N/A	Grant dated 24 October 2018
1) Risk free interest rate	-	7.77%
2) Expected life	-	4.51 years
3) Expected volatility	-	37.61%
4) Dividend yield	-	1.07%
5) Price of the underlying share in the market at the time of option grant (Rs.)	-	374.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

35 Employee Stock Option Plan *(Continued)*

c) Summary of stock options:

Particulars	As at 31 March 2020 No. of stock options	As at 31 March 2020 Weighted average exercise price (Rs.)	As at 31 March 2019 No. of stock options	As at 31 March 2019 Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	2,866,916	2.00	1,083,987	2.00
Options granted during the year	-	2.00	2,194,249	2.00
Options forfeited / lapsed during the year	42,882	2.00	9,684	2.00
Options expired during the year	2,703	2.00	1,888	2.00
Options exercised during the year	470,989	2.00	399,748	2.00
Options outstanding at the end of the year	2,350,342	2.00	2,866,916	2.00
Options vested but not exercised at the end of the year	502,244	2.00	176,151	2.00

d) Information in respect of options outstanding :

Exercise price	As at 31 March 2020 No. of stock options	As at 31 March 2020 Weighted average remaining life	As at 31 March 2019 No. of stock options	As at 31 March 2019 Weighted average remaining life
Rs.2.00	2,350,342	54 months	2,866,916	62 months

e) Average share price at recognized stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2020		Year ended 31 March 2019	
Date of exercise	Weighted average share price (Rs.)	Date of exercise	Weighted average share price (Rs.)
27 April 2019 to 22 March 2020	335.73	27 April 2018 to 22 March 2019	441.05

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102. Consequently, Rs.2,941.80 lakhs (31 March 2019: Rs.2,255.02 lakhs) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs.51.60 lakhs (31 March 2019 : Rs. 27.40 lakhs) in respect of options granted to employees of the Company and excludes net recovery of Rs.56.96 lakhs (31 March 2019 : Rs.100.36 lakhs) from its subsidiaries for options granted to their employees.

Rs. in lakhs

36 Employee benefits

General description of defined benefit plans

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering qualifying 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 makes annual contribution to the Gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity fund.

Post retirement medical

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Details of defined benefit plans as per actuarial valuation are as follows:

		Funded Plan	
		Gratuity	
		Year ended 31 March	
	Particulars	**2020**	**2019**
I.	**Amounts recognized in the Statement of Profit & Loss**		
	Current service cost	**1,131.46**	979.82
	Net Interest cost	**216.14**	148.59
	Past service cost	**(1,091.19)**	-
	Adjustment due to change in opening balance of Plan assets	**(322.83)**	(238.81)
	Total expenses included in employee benefits expense	**(66.42)**	889.60
II.	**Amount recognized in Other Comprehensive income**		
	Remeasurement (gains)/losses:		
	a) Actuarial (gains)/losses arising from changes in -		
	- financial assumptions	**(1,134.18)**	(1,324.60)
	- experience adjustments	**-**	-
	b) Return on plan assets, excluding amount included in net interest expense/ (income)	**-**	-
	Total amount recognized in other comprehensive income	**(1,134.18)**	(1,324.60)

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

36 Employee benefits *(Continued)*

Details of defined benefit plans as per actuarial valuation are as follows: *(Continued)*

		Funded Plan Gratuity Year ended 31 March	
	Particulars	**2020**	**2019**
III.	**Changes in the defined benefit obligation**		
	Opening defined benefit obligation	**7,387.71**	5,177.73
	Add/(less) on account of business combination/transfers		
	Current service cost	**1,131.46**	979.82
	Past service cost	**(1,091.19)**	-
	Interest expense	**566.64**	400.24
	Remeasurement (gains)/losses arising from changes in -		
	- demographic assumptions	**27.37**	35.99
	- financial assumptions	**770.02**	46.94
	- experience adjustments	**(13.70)**	990.02
	Benefits paid	**(238.15)**	(243.03)
	Closing defined benefit obligation	**8,540.16**	7,387.71
IV.	**Change in the fair value of plan assets during the year**		
	Opening Fair value of plan assets	**4,246.82**	3,016.71
	Interest income	**350.49**	251.65
	Expected return on plan assets	**(350.49)**	(251.65)
	Contributions by employer	**1,777.11**	1,234.34
	Adjustment due to change in opening balance of Plan assets	**322.83**	238.80
	Actual Benefits paid	**(238.15)**	(243.03)
	Closing Fair value of plan assets	**6,108.61**	4,246.82
V.	**Net defined benefit obligation**		
	Defined benefit obligation	**8,540.16**	7,387.71
	Fair value of plan assets	**6,108.61**	4,246.82
	Surplus/(Deficit)	**2,431.55**	3,140.89
	Current portion of the above	**648.20**	799.78
	Non current portion of the above	**1,783.35**	2,341.11
Actuarial assumptions and Sensitivity			
I.	**Actuarial assumptions**		
	Discount Rate (p.a.)	**6.90%**	7.67%
	Attrition rate	**12.41 for age upto 30, 8.21 for age 31-44, 0.21 for 44 and above**	19.00 for age upto 35, 3.00 for age 36-45, 0.11 for 46 and above
	Expected rate of return on plan assets (p.a.)	**-**	-
	Rate of Salary increase (p.a.)	**7.00%**	7.00%
	In-service Mortality	**Indian Assured Lives Mortality (2012-14) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
II.	**Quantitative sensitivity analysis for impact of significantassumptions on defined benefit obligation are as follows:**		
	One percentage point increase in discount rate	**(896.43)**	(1,248.37)
	One percentage point decrease in discount rate	**1,064.31**	1,226.74
	One percentage point increase in Salary growth rate	**1,052.51**	1,222.10
	One percentage point decrease in Salary growth rate	**(903.42)**	(1,264.06)
III.	**Maturity profile of defined benefit obligation**		
	Within 1 year	**982.14**	1,067.10
	Between 1 and 5 years	**4,002.93**	4,050.08

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

36 Employee benefits *(Continued)*

Details of defined benefit plans as per actuarial valuation are as follows: *(Continued)*

The estimate of future salary increases, considered in actuarial valuation, considers inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets have been primarily invested in government securities and corporate bonds.

During the year ended 31 March 2020, there was a revision in salary structure by reduction of basic pay with corresponding increase in variable pay of employees in certain grades made effective during the last quarter which resulted in reduction in valuation of defined benefit obligation on account of gains recorded in past service cost amounting to Rs.1,091.19 lakhs and the same is netted against expenses recognized in Statement of Profit and Loss under the head Employee Benefits Expense.

Accordingly, the Company had recognized a net gain of Rs.66.42 lakhs for the year ended 31 March 2020 (as against expenses of Rs.889.60 lakhs for the year ended 31 March 2019) in the Statement of Profit and Loss under the head Employee Benefits Expense.

The Company's contribution to provident fund, superannuation fund and national pension scheme aggregating to Rs 6,806.72 lakhs (31 March 2019: Rs.4,186.75 lakhs) has been recognized in the Statement of profit and loss under the head Employee benefits expense.

37 Funds raised by issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds")

During the quarter and year ended 31 March 2020, the Company had raised funds in the overseas market amounting to Rs. 35,000.00 lakhs (equivalent to USD 50 million) through issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds") under External Commercial Borrowings (ECB) accessed through approval route requiring prior approval of RBI as per ECB Master directions. These are unlisted instruments, issued on 13 February 2020 for total duration of 4 years, carrying a fixed coupon rate of 7.40%, repayable at par on maturity on 13 February 2024.

The net proceeds from the issue of these Notes were applied for the purpose of on-lending, in accordance with the approvals granted by the RBI and the ECB Master Directions.

38 Funds raised by issue of debt instruments through public issue

During the year ended 31 March 2020, there was no capital raised by issue of debt instruments through public issue.

During the corresponding previous year ended 31 March 2019, the Company has raised an amount of Rs. 2,14,699.47 lakhs by way of Public Issuance of Secured Redeemable Non-Convertible Debentures (NCD's) and Unsecured Subordinated Redeemable Non-Convertible Debentures of the face value of Rs.1,000.00 each. The NCD's issued during the previous year were allotted on 18 January 2019 and these were listed on the BSE. The entire amount of proceeds from these issuances were used for the purposes as stated in its 'Placement Document' and there was no unutilized amount pertaining to these issuances. The issue expenses of Rs.2100.00 lakhs has been adjusted against underlying NCD liabilities for amortization at effective interest rate over the tenor of respective NCDs as per the accounting policy. The details are as follows.

Proceeds from issue of NCDs:

Rs. in lakhs

Sr. No.	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i)	Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	33,687.23
ii)	Secured Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	181,012.24
	Total	-	214,699.47
	Issue expenses [adjusted against underlying NCD liabilities for amortization at effective interest rate over the tenor of respective NCDs]	-	2,100.00

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs.14,667.61 lakhs to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2019, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and written-back an amount of Rs. 22,370.59 lakhs being the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

Rs. in lakhs

39 Transactions in the nature of change in ownership in other entities

i) Pursuant to the offer made by National Housing Bank (NHB), the Board of Directors of the Company, at its meeting held on 27 March 2019, had approved the acquisition of 1,18,91,511 equity shares of Rs.10/- each of Mahindra Rural Housing Finance Limited, a subsidiary of the Company, at a premium of Rs. 231.16, for cash, aggregating to Rs. 28,677.57 lakhs. During the year ended 31 March 2020, the Company had settled the entire amount of obligation as per the terms and conditions of the agreement.

ii) The Company, on 21 June 2019, along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MIAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries w.e.f. 29 April 2020.In the Consolidated financial statements for the year ended 31 March 2020, MAMCPL and MTCPL have been treated as 100% subsidiaries of the Company.

iii) During the year ended 31 March 2020, the Company has entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka. Pursuant to these agreements, the Company has agreed to subscribe / acquire up to 58.20% of the Equity share capital of Ideal Finance, in one or more tranches over a specified period of time, for an amount not exceeding Sri Lankan Rupees (LKR) 200.30 crores (equivalent to around Rs.80.12 crores at foreign exchange rate of INR 1 to LKR 2.5). Upon acquisition of above stake, Ideal Finance will become a subsidiary of the Company. As part of this agreement, the Company has remitted an amount of Rs. 4,399.60 lakhs (equivalent to LKR 11,000.00 lakhs) to Ideal Finance towards acquisition of 38.20% of the Equity share capital under first and second tranches as prescribed in these agreements.

iv) During the year ended 31 March 2020,, the Company had incorporated a Wholly-owned subsidiary company, namely, Mahindra Finance CSR Foundation, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

40 Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlines the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of ‘owned funds’ , ‘net owned funds’ and ‘regulatory capital’. Accordingly, the ‘regulatory capital’ as of 31 March 2020 has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended). The ‘regulatory capital’ as of 31 March 2019 as disclosed in the comparative period numbers below was computed based on the carrying values as reflected in the financial statements prepared in accordance with requirements of Ind AS.

'The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI’s capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Regulatory capital

	As at 31 March 2020	**As at 31 March 2019**
Tier - I capital	**962,879.47**	1,002,787.58
Tier - II capital	**264,543.44**	308,102.15
Total Capital	**1,227,422.91**	1,310,889.73
Aggregate of Risk Weighted Assets	**6,248,547.10**	6,464,867.86
Tier - I capital ratio	**15.4%**	15.5%
Total Capital ratio	**19.6%**	20.3%

40 Capital management *(Continued)*

Regulatory capital *(Continued)*

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital" includes the following -

(a) preference shares other than those which are compulsorily convertible into equity;
(b) revaluation reserves at discounted rate of fifty five percent;
(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets
(d) hybrid debt capital instruments; and
(e) subordinated debt to he extend the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

41 Leases

I) In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company, previously classified these leases as operating leases under Ind AS 17 based on its assessment that the lessor effectively retained substantially all the risks and benefits incidental to ownership of the underlying asset and hence, the lease payments were recognized as an expense in the Statement of profit and loss.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and ROU asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments in relation to leases which has been previously classified as operating leases under Ind AS 17 subject to certain practical expedients as allowed by the Standard.

The following is the summary of practical expedients elected on initial application of Ind AS 116.

a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

b) Availed the exemption not to recognize ROU assets and liabilities for leases of low value assets and leases with less than 12 months (short-term lease) of lease term on the date of initial application;

c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;

d) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

e) Used hindsight to determine the lease term of contracts.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 April 2019. The weighted average of Company's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 9.00%.

Rs. in lakhs

41 Leases *(Continued)*

I) In the cases where assets are taken on operating lease (as lessee) - *(Continued)*

a) Transition date reconciliation as at 01 April 2019

	Rs. in lakhs
Operating lease commitments as per Ind AS 17 as at 31 March 2019	30,840.74
Present value of above lease commitment, using incremental borrowing rate as on 01 April 2019	20,680.84
Less:- Adjustments for recognizing exemption for short term leases	2,233.34
Lease liabilities recognized as at 1 April 2019	18,447.50

b) Maturity Analysis - Contractual Undiscounted Cash Flow as at 31 March 2020:

	Rs. in lakhs
Less than 1 year	5,463.47
1 - 3 years	8,254.41
3 - 5 years	5,387.71
More than 5 years	4,582.31
Total undiscounted lease liabilities as at 31 March 2020	23,687.90

c) Other disclosures:

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognize short-term lease payments and payments for leases of low-value assets which are not included in the measurement of the lease liability and ROU asset as expense on a straight line basis over the lease term in the statement of profit or loss. Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

		Rs. in lakhs Amount for the year ended / As at 31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 31 "Depreciation, amortization and impairment")	4,704.38
ii)	Interest expense on lease liabilities (presented under note - 28 "Finance costs")	1,463.00
iii)	Expense relating to short-term leases (included in Rent expenses under note 32 " Other expenses")	2,476.16
iv)	Expense relating to leases of low-value assets (included in Rent expenses under note 32 " Other expenses")	1,264.94
v)	Payments for principal portion of lease liability	3,812.25
vi)	Additions to right-of-use assets during the year	4,245.13
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -	
	- Property taken on lease for office premises (presented under note - 11 "Property, plant and equipments")	17,988.25
viii)	Lease liabilities (presented under note - 20 "Other financial liabilities")	18,880.38

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease are as below :

i) New vehicles to retail customers for a maximum period of 48 months with a minimum holding period of 24 months.
ii) Used and refurbished vehicles to travel operators / taxi aggregators with a initial agreement validity period of 36 months to 48 months and provision for extension for such period and on such terms and conditions as may be agreed by both the parties. The lease agreement also provides for minimum lock in period 6 months from the date of execution and cancellation with 3 months' notice from either parties. The consideration payable by the lessee is either minimum commitment charges or variable rental charges based on usage, make/model of the vehicle and certain other terms and conditions forming part of the lease agreement.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognized as an expense.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any sub-lease transactions.

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

41 Leases *(Continued)*

II) In the cases where assets are given on operating lease (as lessor) - *(Continued)*

Other details are as follows:

Rs. in lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i) New vehicles to retail customers on operating lease -		
Gross carrying amount	**4,925.95**	13.75
Depreciation for the year	**396.21**	0.74
Accumulated Depreciation	**427.88**	13.02
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Gross carrying amount	**358.71**	63.40
Depreciation for the year	**42.62**	0.30
Accumulated Depreciation	**56.49**	63.10

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
i) New vehicles to retail customers on operating lease -		
Not later than one year	**1,451.45**	357.77
Later than one year but not later than five years	**3,578.70**	1,253.64
Later than five years	-	-
	5,030.15	1,611.41
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Not later than one year	**50.92**	37.55
Later than one year but not later than five years	**33.71**	29.07
Later than five years		-
	84.63	66.62

Since there is no contingent rent applicable in respect of these lease arrangements, the Company has not recognized any income as contingent income during the year.

42 Operating segments

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31 March 2020 or 31 March 2019 .

43 Frauds reported during the year

There were 101 cases (31 March 2019: 123 cases) of frauds amounting to Rs.285.03 lakhs (31 March 2019: Rs.768.18 lakhs) reported during the year. The Company has recovered an amount of Rs.70.62 lakhs (31 March 2019: Rs.76.20 lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies on merit basis.

Rs. in lakhs

44 Contingent liabilities and commitments (to the extent not provided for)

Rs. in lakhs

	31 March 2020	31 March 2019
i) Contingent liabilities		
Claims against the Company not acknowledged as debts	**14,434.27**	22,174.97
Guarantees	**111,742.35**	51,236.91
	126,176.62	73,411.88
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**1,316.59**	500.03
Other commitments (loan sanctioned but not disbursed)	**23,945.91**	34,199.41
	25,262.50	34,699.44
Total	**151,439.12**	108,111.32

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax / VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

Clarification on applicability of allowances for provident fund contributions under Employees Provident Fund Act, 1952

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice, the Company has made a provision for provident fund contribution from the date of the Supreme Court order and continued to remit the contribution on same basis.

45 Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitization transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the recognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitization transactions" under Note no.17.

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Securitizations -		
Carrying amount of transferred assets measured at amortized cost	885,523.52	431,200.15
Carrying amount of associated liabilities	888,170.82	434,734.49
Fair value of transferred assets (A)	876,973.52	362,188.41
Fair value of associated liabilities (B)	816,917.73	413,225.89
Net position (A-B)	60,055.79	(51,037.48)

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

46 Corporate Social Responsibility (CSR)

During the year ended 31 March 2020, the Company has incurred an expenditure of Rs.2,533.54 lakhs (31 March 2019 : Rs. 2,502.95 lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.246.08 lakhs (31 March 2019: Rs. 168.56 lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs.2280.16 lakhs (31 March 2019: Rs. 2,681.34 lakhs).

b) Amount spent by the Company during the year :

Rs. in lakhs

	For the year ended 31 March 2020			For the year ended 31 March 2019		
Particulars	**In cash**	**Yet to be paid in cash**	**Total**	**In cash**	**Yet to be paid in cash**	**Total**
i) Construction / acquisition of any asset	-	-	**-**	-	-	-
ii) On purpose other than (i) above	2,797.36	-	**2,797.36**	2,687.30	-	2,687.30

The above expenditure includes Rs.17.74 lakhs (31 March 2019: Rs.15.79 lakhs) as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013.

47 During the year ended 31 March 2020, the Company had made a contribution of Rs.600.00 lakhs (31 March 2019: 240.00 lakhs) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013.

48 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

49 Reconciliation of movement of liabilities to cash flows arising from financing activities

Year ended 31 March 2020

Rs. in lakhs

Particulars	**31 March 2019**	**Cash flows (net)**	**Exchange difference**	**Amortization of loan origination costs**	**New leases (including transition to Ind AS 116)**	**31 March 2020**
Debt securities	2,231,937.92	(456,151.40)	-	(1,298.79)	**-**	**1,774,487.73**
Borrowings (Other than debt securities)	2,130,153.03	797,802.95	19,173.16	1,605.13	**-**	**2,948,734.27**
Deposits	566,718.41	313,823.92	-	671.65	**-**	**881,213.98**
Subordinated liabilities	355,883.82	(13,976.88)	-	(112.37)	**-**	**341,794.57**
Lease liabilities	-	(3,812.25)	-	-	22,692.63	**18,880.38**
Dividend paid (including tax on dividend)	-	(47,786.03)	-	-	**-**	**-**
Total	**5,284,693.18**	**589,900.31**	**19,173.16**	**865.62**	**22,692.63**	**5,965,110.93**

Year ended 31 March 2019

Rs. in lakhs

Particulars	**31 March 2018**	**Cash flows (net)**	**Exchange difference**	**Amortization of loan origination costs**	**31 March 2019**
Debt securities	2,034,509.13	200,429.64	-	(3,000.85)	2,231,937.92
Borrowings (Other than debt securities)	1,338,913.59	788,705.24	826.29	1,707.91	2,130,153.03
Deposits	312,480.07	256,150.55	-	(1,912.21)	566,718.41
Subordinated liabilities	323,413.03	32,707.23	-	(236.44)	355,883.82
Dividend paid (including tax on dividend)	-	(29,378.43)	-	-	-
Total	**4,009,315.82**	**1,248,614.23**	**826.29**	**(3,441.59)**	**5,284,693.18**

Rs. in lakhs

50 Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company’s risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

50.1 Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing Risk

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 16,206.00 lakhs (31st March 2019 : Rs 3,177.00 lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. Company manages its foreign currency risk by entering into forward contract and cross currency swaps.

The carrying amounts of the Company’s foreign currency exposure at the end of the reporting period are as follows :

Rs. in lakhs

	US Dollar	Euro	Total
As at 31 March 2020			
Financial Assets	-	-	-
Financial Liabilities	**272,141.24**	**19,931.66**	**292,072.90**
As at 31 March 2019			
Financial Assets	-	-	-
Financial Liabilities	82,052.52	118,748.22	200,800.74

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

Rs. in lakhs

	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2020	**INR/EUR**	**(+/-) 1.00%**	**(+/-) 199.32**
	INR/USD	**(+/-) 1.00%**	**(+/-) 2,721.41**
Year ended 31 March 2019	INR/EUR	(+/-) 0.31%	(+/-) 371.85
	INR/USD	(+/-) 0.50%	(+/-) 407.98

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.1 Market Risk *(Continued)*

c) Interest Rate Risk

The company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs. in lakhs

	Currency	Increase / decrease in basis points	Effect on profit before tax
Year ended 31 March 2020	INR	**270**	**42,114.28**
Year ended 31 March 2019	INR	150	19,232.85

d) Off-setting of balances

The table below summarizes the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet :

Financial assets subject to offsetting

Rs. in lakhs

Particulars	Offsetting recognized on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognized in balance sheet
Loan assets			
At 31 March' 2020	6,509,154.82	9,802.78	6,499,352.04
At 31 March' 2019	6,135,483.82	10,521.02	6,124,962.80

Financial liabilities subject to offsetting

Rs. in lakhs

Particulars	Offsetting recognized on the balance sheet		
	Gross liabilities before offset	Financial liabilities netted	Liabilities recognized in balance sheet
Other financial liabilities			
At 31 March' 2020	241,198.81	9,802.78	231,396.03
At 31 March' 2019	203,183.97	10,521.02	192,662.95

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortized cost based on days past due information. The amount represents gross carrying amount.

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Retail loans		
Neither Past due nor impaired	**4,949,484.43**	4,573,022.06
Past Due but not impaired		
30 days past due	**329,835.14**	399,846.71
31-90 days past due	**616,208.94**	517,380.10
Impaired (more than 90 days)	**548,449.65**	383,898.47
Total Gross carrying value as at reporting date	**6,443,978.16**	5,874,147.34

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	**162,662.60**	190,390.41
Past Due but not impaired		
30 days past due	**49,797.19**	38,294.97
31-90 days past due	**7,849.04**	3,247.19
Impaired (more than 90 days)	**19,298.01**	17,655.41
Total Gross carrying value as at reporting date	**239,606.84**	249,587.98

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Trade Advances		
Less than 60 days past due	**96,383.29**	178,777.59
61-90 days past due	**21,149.54**	3,134.21
Impaired (more than 90 days)	**6,402.06**	5,518.76
Total Gross carrying value as at reporting date	**123,934.89**	187,430.56

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	**112,958.95**	120,477.05
Past Due but not impaired		
30 days past due	-	-
31-90 days past due	-	-
Impaired (more than 90 days)	-	-
Total Gross carrying value as at reporting date	**112,958.95**	120,477.05

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorizes loan assets into stages primarily based on the Months Past Due status.
Stage 1 : 0-30 days past due
Stage 2 : 31-90 days past due
Stage 3 : More than 90 days past due

The company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the company.

(i) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 and RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its board approved policy and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e, stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairment loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(ii) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended March 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has recognized an overlay in the statement of profit and loss. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(iii) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(iv) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Inputs considered in the ECL model (Continued)

(v) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cash flows on the past portfolio are discounted at portfolio EIR rate for arriving loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro-economic factor.

(vi) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.
- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

(vii) Forward Looking Information

Historical PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable. Agriculture (real change % p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year). In case of SME and Bills Discounting portfolio, Real GDP (% change pa) is used as the macroeconomic variable.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. As at 31 March 2020, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to Covid-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Company's assessment of downside risks.

(viii) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognizing the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases where Company suspects fraud and legal proceedings are initiated.

(ix) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Inputs considered in the ECL model (Continued)

(x) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit. The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside %	Base %	Downside %
Probability Assigned		0	70	30
Agriculture (% real change p.a)	2020	5.7	3.5	1.3
	2021	5.4	3.2	1.0
	2022	5.6	3.4	1.2
	2023	5.5	3.3	1.1
	2024	6.0	3.8	1.6
Real GDP (% change p.a)	2020	7.7	6.7	5.7
	2021	7.8	6.8	5.8
	2022	7.7	6.7	5.7
	2023	7.5	6.5	5.5
	2024	7.4	6.4	5.4

Impairment loss

The expected credit loss allowance provision for **Retail Loans** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	5,279,319.57	616,208.94	548,449.65	6,443,978.16
Expected credit loss rate	1.02%	11.75%	28.31%	
Carrying amount as at 31 March 2020 (net of impairment provision)	5,225,486.63	543,814.52	393,173.26	6,162,474.42
Gross Balance as at 31 March 2019	4,972,868.77	517,380.10	383,898.47	5,874,147.34
Expected credit loss rate	1.03%	11.01%	16.81%	
Carrying amount as at 31 March 2019 (net of impairment provision)	4,921,882.98	460,420.12	319,347.75	5,701,650.84

The expected credit loss allowance provision for **SME Loans including Bills of exchange** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	212,459.79	7,849.04	19,298.01	239,606.84
Expected credit loss rate	0.23%	27.21%	82.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	211,968.51	5,713.58	3,474.14	221,156.24
Gross Balance as at 31 March 2019	228,685.38	3,247.19	17,655.41	249,587.98
Expected credit loss rate	0.12%	2.61%	38.96%	
Carrying amount as at 31 March 2019 (net of impairment provision)	228,405.73	3,162.59	10,776.65	242,344.98

The expected credit loss allowance provision for **Trade Advances** is determined as follows:

Rs. in lakhs

	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2020	96,383.28	21,149.54	6,402.06	123,934.89
Expected credit loss rate	0.40%	6.77%	100.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	95,997.75	19,718.61	-	115,716.36
Gross Balance as at 31 March 2019	178,777.59	3,134.21	5,518.76	187,430.56
Expected credit loss rate	0.40%	7.33%	100.00%	
Carrying amount as at 31 March 2019 (net of impairment provision)	178,062.48	2,904.49	-	180,966.97

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

The expected credit loss allowance provision for **Financial Investments measured at amortized cost** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	112,958.95	-	-	112,958.95
Expected credit loss rate	0.12%			
Carrying amount as at 31 March 2020 (net of impairment provision)	112,822.76			112,822.76
Gross Balance as at 31 March 2019	120,477.05	-	-	120,477.05
Expected credit loss rate	0.24%			
Carrying amount as at 31 March 2019 (net of impairment provision)	120,194.53	-	-	120,194.53

Level of Assessment - Aggregation Criteria

The company recognizes the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information. Considering the economic and risk characteristics, pricing range, sector concentration (e.g. vehicle loans in unorganized sectors) the company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans is, as follows :

Gross exposure reconciliation

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	**4,972,868.77**	**517,380.10**	**383,898.47**	**5,874,147.34**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**136,418.58**	**(112,758.71)**	**(23,659.87)**	**-**
- Transfers to Stage 2	**(515,583.82)**	**528,647.95**	**(13,064.13)**	**-**
- Transfers to Stage 3	**(197,300.63)**	**(125,390.74)**	**322,691.37**	**-**
- Loans that have been derecognized during the period	**(489,909.75)**	**(76,625.39)**	**(82,173.29)**	**(648,708.43)**
New loans originated during the year	**2,686,576.49**	**79,956.70**	**26,066.66**	**2,792,599.85**
Write-offs	**(1.86)**	**(18.00)**	**(33,598.54)**	**(33,618.40)**
Remeasurement of net exposure	**(1,313,748.21)**	**(194,982.97)**	**(31,711.02)**	**(1,540,442.20)**
Gross carrying amount balance as at 31 March 2020	**5,279,319.57**	**616,208.94**	**548,449.65**	**6,443,978.16**

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	3,863,531.16	466,067.48	487,361.73	4,816,960.37
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	137,506.90	(104,222.42)	(33,284.47)	-
- Transfers to Stage 2	(354,349.96)	380,486.46	(26,136.50)	-
- Transfers to Stage 3	(118,290.12)	(70,194.12)	188,484.25	-
- Loans that have been derecognized during the period	(432,819.07)	(75,231.15)	(109,024.24)	(617,074.46)
New loans originated during the year	2,947,806.74	100,031.11	44,312.98	3,092,150.83
Write-offs	(138.14)	(1,198.79)	(116,927.08)	(118,264.01)
Remeasurement of net exposure	(1,070,378.74)	(178,358.47)	(50,888.18)	(1,299,625.39)
Gross carrying amount balance as at 31 March 2019	4,972,868.77	517,380.10	383,898.47	5,874,147.34

Reconciliation of ECL balance

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	**50,985.79**	**56,959.98**	**64,550.72**	**172,496.50**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**16,392.25**	**(12,413.96)**	**(3,978.30)**	**-**
- Transfers to Stage 2	**(5,286.17)**	**7,482.85**	**(2,196.67)**	**-**
- Transfers to Stage 3	**(2,022.88)**	**(13,804.66)**	**15,827.54**	**-**
- Loans that have been derecognized during the period	**(5,022.94)**	**(8,435.93)**	**(13,817.05)**	**(27,275.92)**
New loans originated during the year	**24,539.86**	**9,113.32**	**6,329.97**	**39,983.15**
Write-offs	**(0.02)**	**(1.98)**	**(30,993.32)**	**(30,995.32)**
Net remeasurement of loss allowance	**(25,752.95)**	**33,494.79**	**119,553.49**	**127,295.33**
ECL allowance balance as at 31 March 2020	**53,832.94**	**72,394.42**	**155,276.38**	**281,503.74**

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Reconciliation of ECL balance *(Continued)*

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**48,600.95**	**74,547.72**	**159,267.36**	**282,416.03**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	27,547.63	(16,670.43)	(10,877.20)	-
- Transfers to Stage 2	(4,457.51)	12,998.79	(8,541.28)	-
- Transfers to Stage 3	(1,488.02)	(11,227.58)	12,715.60	-
- Loans that have been derecognized during the period	(5,444.61)	(12,033.26)	(35,628.57)	(53,106.44)
New loans originated during the year	30,222.17	11,012.74	13,263.87	54,498.78
Write-offs	(1.74)	(191.75)	(88,849.18)	(89,042.67)
Net remeasurement of loss allowance	(43,993.08)	(1,476.25)	23,200.12	(22,269.21)
ECL allowance balance as at 31 March 2019	50,985.79	56,959.98	64,550.72	172,496.50

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was Rs 38,352.61 lakhs (31 March 2019 : Rs 1,18,264.00 lakhs).

The increase in ECL of the portfolio was driven by an increase in the gross size of the portfolio, movements between stages as a result of increases in credit risk and a deterioration in economic conditions, and management overlay of Rs 55,206.00 lakhs.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans including Bills of exchange is, as follows :

Gross exposure reconciliation

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	**228,685.38**	**3,247.19**	**17,655.41**	**249,587.98**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**4,636.64**	**(1,512.78)**	**(3,123.86)**	**-**
- Transfers to Stage 2	**(5,961.16)**	**6,210.80**	**(249.64)**	**(0.00)**
- Transfers to Stage 3	**(3,218.85)**	**(556.88)**	**3,775.73**	**-**
- Loans that have been derecognised during the period	**(98,112.98)**	**(1,181.89)**	**(2,599.30)**	**(101,894.17)**
New loans originated during the year	**176,770.61**	**4,499.39**	**5,018.60**	**186,288.60**
Write-offs	**-**	**-**	**-**	**-**
Net remeasurement of exposure	**(90,339.85)**	**(2,856.78)**	**(1,178.94)**	**(94,375.57)**
Gross carrying amount balance as at 31 March 2020	**212,459.79**	**7,849.04**	**19,298.01**	**239,606.84**

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	**173,745.46**	**5,775.43**	**11,560.77**	**191,081.66**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	4,801.12	(2,331.50)	(2,469.61)	-
- Transfers to Stage 2	(385.03)	390.68	(5.65)	0.00
- Transfers to Stage 3	(6,576.32)	(1,451.36)	8,027.68	-
- Loans that have been derecognized during the period	(57,140.10)	(999.69)	(655.30)	(58,795.09)
New loans originated during the year	194,780.53	2,916.76	5,613.06	203,310.35
Write-offs	(163.80)	(685.88)	(3,324.28)	(4,173.97)
Net remeasurement of exposure	(80,376.47)	(367.25)	(1,091.26)	(81,834.98)
Gross carrying amount balance as at 31 March 2019	228,685.38	3,247.19	17,655.41	249,587.98

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Reconciliation of ECL balance

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	**279.65**	**84.59**	**6,878.76**	**7,243.00**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**1,649.55**	**(40.53)**	**(1,609.02)**	**-**
- Transfers to Stage 2	**(1.08)**	**137.06**	**(135.98)**	**-**
- Transfers to Stage 3	**(6.54)**	**(17.10)**	**23.64**	**-**
- Loans that have been derecognised during the period	**(41.44)**	**(25.78)**	**(726.64)**	**(793.86)**
New loans originated during the year	**256.85**	**50.52**	**4,039.87**	**4,347.25**
Write-offs	**-**	**-**	**-**	**-**
Net remeasurement of loss allowance	**(1,645.73)**	**1,946.69**	**7,353.24**	**7,654.20**
ECL allowance balance as at 31 March 2020	**491.26**	**2,135.46**	**15,823.87**	**18,450.59**

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**3,078.96**	**449.99**	**6,876.35**	**10,405.29**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	2,085.40	(191.27)	(1,894.12)	-
- Transfers to Stage 2	(7.86)	9.07	(1.21)	-
- Transfers to Stage 3	(148.56)	(154.92)	303.48	-
- Loans that have been derecognized during the period	5.79	(32.16)	(435.44)	(461.80)
New loans originated during the year	181.34	72.21	3,067.73	3,321.29
Write-offs	(0.01)	(42.60)	(2,025.69)	(2,068.29)
Net remeasurement of loss allowance	(4,915.42)	(25.72)	987.66	(3,953.48)
ECL allowance balance as at 31 March 2019	279.65	84.59	6,878.76	7,243.00

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019: Rs 4,051.38 lakhs).

The increase in ECL of the portfolio was driven by movements between stages as a result of increases in credit risk and a deterioration in economic conditions and management overlay of Rs 2,195.05 lakhs.

An analysis of changes in the outstanding exposure and the corresponding ECLs in relation to other undrawn commitments is as follows :

Gross exposure reconciliation

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2019	**34,199.41**	**-**	**-**	**34,199.41**
New Exposures	**23,945.91**	**-**	**-**	**23,945.91**
Exposure derecognized or matured/ lapsed (excluding write-offs)	**(34,199.41)**	**-**	**-**	**(34,199.41)**
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of exposure	-	-	-	-
Closing balance of outstanding exposure as at 31 March 2020	**23,945.91**	**-**	**-**	**23,945.91**

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Gross exposure reconciliation *(Continued)*

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2018	87,026.20	-	-	87,026.20
New Exposures	34,199.41	-	-	34,199.41
Exposure derecognized or matured/ lapsed (excluding write-offs)	(87,026.20)	-	-	(87,026.20)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of exposure	-	-	-	-
Closing balance of outstanding exposure as at 31 March 2019	34,199.41	-	-	34,199.41

Reconciliation of ECL balance

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	**279.09**	**-**	**-**	**279.09**
New Exposures	**114.01**	**-**	**-**	**114.01**
Exposure derecognized or matured/ lapsed (excluding write-offs)	**(279.09)**	**-**	**-**	**(279.09)**
- Transfers to Stage 1	**-**	**-**	**-**	**-**
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognized during the period	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2020	**114.01**	**-**	**-**	**114.01**

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	1,106.36	-	-	1,106.36
New Exposures	279.09	-	-	279.09
Exposure derecognized or matured/ lapsed (excluding write-offs)	(1,106.36)	-	-	(1,106.36)
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognized during the period	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
ECL allowance balance as at 31 March 2019	279.09	-	-	279.09

Notes forming part of the Financial Statements *(Continued)*

for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortized cost is as follows :

Gross exposure reconciliation

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	**120,477.05**	**-**	**-**	**120,477.05**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized during the period	**(50,107.82)**	-	-	**(50,107.82)**
New Investments originated during the year	**43,494.80**	-	-	**43,494.80**
Write-offs		-	-	-
Net remeasurement of same stage continuing investments	**(905.08)**	-	-	**(905.08)**
Gross carrying amount balance as at 31 March 2020	**112,958.95**	**-**	**-**	**112,958.95**

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	204,843.85	-	-	204,843.85
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized during the period	(58,415.02)	-	-	(58,415.02)
New Investments originated during the year	31,115.10	-	-	31,115.10
Write-offs		-	-	-
Net remeasurement of same stage continuing investments	(57,066.88)	-	-	(57,066.88)
Gross carrying amount balance as at 31 March 2019	120,477.05	-	-	120,477.05

Reconciliation of ECL balance

As at 31 March 2020

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	**282.52**	**-**	**-**	**282.52**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized during the period	**(245.20)**	-	-	**(245.20)**
New Investments originated during the year	**108.26**	-	-	**108.26**
Write-offs		-	-	-
Net remeasurement of loss allowance	**(9.38)**	-	-	**(9.38)**
ECL allowance balance as at 31 March 2020	**136.20**	**-**	**-**	**136.20**

Notes forming part of the Financial Statements *(Continued)*

for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Reconciliation of ECL balance *(Continued)*

As at 31 March 2019

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	1,299.20	-	-	1,299.20
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognized during the period	(330.19)	-	-	(330.19)
New Investments originated during the year	88.31	-	-	88.31
Write-offs		-	-	-
Net premeasurement of loss allowance	(774.80)	-	-	(774.80)
ECL allowance balance as at 31 March 2019	282.52	-	-	282.52

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019 : nil).

The decrease in ECL of the portfolio was on account of decrease in the size of the portfolio.

Significant changes in the gross carrying value that contributed to change in loss allowance

The company mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company’s loan portfolio is predominantly to finance retail automobile loans. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and loans:

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Concentration by Geographical region in India:		
North	**1,985,141.76**	1,797,636.32
East	**1,735,414.17**	1,554,329.99
West	**1,748,629.89**	1,712,872.13
South	**1,338,434.07**	1,246,427.44
Total Carrying Value	**6,807,619.89**	6,311,265.88

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking pari-passu and charge created by way of hypothecation on the receivables of the other company.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Quantitative Information of Collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for Retail loans is derived by writing down the asset cost at origination by 20% p.a on reducing balance basis. And the value of the collateral of Stage 3 Retail loans is based on the Indian Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held.

Gross value of total secured loans to value of collateral:

Rs. in lakhs

Loan To Value	Gross Value of Secured Retail loans		Gross Value of Secured SME loans	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Upto 50%	**577,139.99**	527,367.84	**72,323.47**	64,170.17
51 - 70%	**1,042,245.97**	1,013,327.24	**14,520.50**	13,990.99
71 - 100%	**3,850,486.32**	3,670,238.10	**7,278.30**	4,988.59
Above 100%	**946,203.12**	653,338.83	**23,011.94**	33,898.27
	6,416,075.40	5,864,272.01	**117,134.21**	117,048.03

Gross value of credit impaired loans to value of collateral:

Rs. in lakhs

Loan To Value	Gross Value of Retail loans in stage 3		Gross Value of SME loans in stage 3	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Upto 50%	**12,405.55**	7,514.19	**9,528.06**	7,820.98
51 - 70%	**14,099.09**	11,186.35	**1,046.17**	1,009.71
71 - 100%	**40,597.81**	37,337.72	**771.73**	1,889.09
Above 100%	**481,347.20**	327,860.20	**7,952.05**	6,935.63
	548,449.65	383,898.47	**19,298.01**	17,655.41

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognizing the loss allowances.

Fair value of collateral held against Credit Impaired assets

Rs. in lakhs

31 March 2020	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	548,449.65	380,919.96	-	-	-	(54,736.61)	326,183.35	222,266.30	155,276.38
SME Loans	19,298.01	3,762.00	10,206.56	24,663.58	1,202.50	(27,081.55)	12,753.09	6,544.92	15,823.87

31 March 2019	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	383,898.47	269,751.57	-	-	-	(33,156.49)	236,595.08	147,303.39	64,550.72
SME Loans	17,655.41	2,110.00	9,393.69	17,066.17	-	(17,643.57)	10,926.29	6,729.12	6,878.76

50.3 Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning:

Particulars	Rs in Lakhs Amount
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	762,429.12
ii) Respective amount where asset classification benefits is extended	83,589.48
iii) Provisions made during the Q4 - FY2020 #	-
In respect of accounts in default but standard where moratorium upto 3 months is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 5 per cent of the total outstanding of such accounts as applicable for the quarter ended 31 March 2020 within the overall provision requirement of 10% of the total outstanding to be spread equally over two quarters. Balance general provision of not less than 5% of the total outstanding of such accounts is to be made for the quarter ending 30 June 2020.	
iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

Since the effective impairment allowance rate (as per ECL model) applied on standard assets outstanding equivalent Stage-1 and Stage-2 assets under Ind AS financial statements is much higher than the prescribed general provision of 5% for the current quarter (out of 10% provision to be spread equally over two quarters), the Company has not made any additional provision under this head in Ind AS financial statements for the quarter and year ended 31 March 2020. However, the Company has made an additional general provision of Rs.4,169.62 lakhs at 5% of the total outstanding for the quarter and year ended 31 March 2020 as per IRAC norms and the same is included in relevant disclosures as applicable to the Company.

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.4 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

a) Maturity profile of non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.
To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2020				
Trade Payable :	**63,574.79**	**-**	**-**	**-**
Debt Securities :				
- Principal	**623,700.00**	**409,720.83**	**285,856.11**	**461,165.30**
- Interest	**142,834.57**	**252,315.83**	**126,640.04**	**152,459.23**
Borrowings (Other than Debt Securities) :				
- Principal	**1,065,615.90**	**1,683,880.19**	**201,275.05**	**-**
- Interest	**174,428.68**	**151,283.89**	**13,471.24**	**-**
Deposit :				
- Principal	**166,223.58**	**610,885.66**	**108,286.07**	**-**
- Interest	**53,243.82**	**112,845.11**	**39,617.29**	**-**
Subordinated liabilities :				
- Principal	**27,220.00**	**22,515.78**	**41,445.96**	**253,608.62**
- Interest	**30,643.76**	**54,809.33**	**55,705.96**	**94,421.68**
Other financial liabilities :	**157,359.26**	**61,101.83**	**7,808.97**	**5,125.97**
Total	**2,504,844.35**	**3,359,358.45**	**880,106.69**	**966,780.80**
31 March 2019				
Trade Payable :	101,365.00	-	-	-
Debt Securities :				
- Principal	990,938.45	768,136.12	192,096.94	286,415.30
- Interest	139,737.70	151,381.08	80,187.55	75,044.51
Borrowings (Other than Debt Securities) :				
- Principal	796,693.23	1,171,392.07	164,770.45	-
- Interest	149,581.56	138,536.45	7,594.16	-
Deposit :				
- Principal	137,787.00	367,398.25	64,702.42	-
- Interest	34,180.33	78,489.98	18,944.05	-
Subordinated liabilities :				
- Principal	14,500.00	42,735.78	21,013.72	281,040.86
- Interest	29,181.27	58,861.91	52,095.23	122,841.52
Other financial liabilities :	162,144.54	28,054.83	1,607.48	749.98
Total	2,556,109.09	2,804,986.48	603,012.00	766,092.17

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.4 Liquidity Risk Management *(Continued)*

b) Maturity profile of derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
31 March 2020				
Gross settled:				
Foreign exchange forward contracts				
- Payable	**18.21**	**2,791.47**	-	-
- Receivable	**61.79**	**2,595.34**	-	-
Interest Rate swaps				
- Payable	**-**	**1,468.82**	-	-
- Receivable	**-**	**-**	-	-
Currency swaps				
- Payable	**-**	**-**	-	-
- Receivable	**692.75**	**6,276.99**	-	-
Total	**772.75**	**13,132.62**	**-**	**-**
31 March 2019				
Gross settled:				
Foreign exchange forward contracts				
- Payable	13.62	2564.11	-	-
- Receivable	963.09	-	-	-
Interest Rate swaps				
- Payable	-	32.52	-	-
- Receivable	-	90.93	-	-
Currency swaps				
- Payable	-	5090.76	-	-
- Receivable	-	-	-	-
Total	976.71	7778.32	-	-

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.5 a) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in lakhs

Financial assets/ financial liabilities	**Fair Value**				**Fair value hierarchy**	**Valuation technique(s)**	**Key inputs**	**Significant unobservable input(s) for level 3 hierarchy**	**Relationship of unobservable inputs to fair value and sensitivity**
	Financial assets / financial liabilities	**Category**	**As at 31 March 2020**	**As at 31 March 2019**					
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	**(1,693.03)**	**(1,258.33)**	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2) Currency options	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	**6,969.74**	**(5,437.81)**	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	**324,125.20**	**62,349.01**	Level 1	Quoted market price			
4) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	**2,891.83**	**1,154.65**	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the company discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
5) Investment in convertible debentures	Financial Assets	Financial instrument measured at FVOCI	**-**	**1,088.52**	Level 3				
6) Investment in Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	**24,776.37**	**-**	Level 1	Quoted market price			

The company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.5 b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in lakhs

Particulars	Unquoted Equity investment	Convertible debentures	Bonds	Govt Securities	Total
31 March 2020					
Opening balance	**1,154.65**	**1,088.52**	-	-	**2,243.17**
Total gains or losses recognized:					
In Profit or loss					
a) in profit or loss	-	-	-	-	-
b) in other comprehensive income	**278.20**	-	**332.94**	**424.60**	**1,035.74**
Fair value of -					
Purchases made during the year	**1,458.98**	-	**10,141.82**	**13,877.01**	**25,477.81**
Disposals made during the year		**(1,088.52)**	-	-	**(1,088.52)**
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Closing balance	**2,891.83**	-	**10,474.76**	**14,301.61**	**27,668.20**
31 March 2019					
Opening balance	700.00	-	-	-	700.00
Total gains or losses recognized:					
In Profit or loss					
a) in profit or loss	-	-	-	-	-
b) in other comprehensive income	454.65	788.52	-	-	1,243.17
Fair value of -					
Purchases made during the year		300.00			300.00
Transfers into Level 3	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Closing balance	1,154.65	1,088.52	-	-	2,243.17

c) Equity Investments designated at Fair value through Other Comprehensive Income

The Company has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring. And accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs in lakhs

	31 March 2020	31 March 2019
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited)		
Fair Value of Investments	**2891.83**	1154.65
Dividend income on investments held	-	-
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	**1,218.53**	-
Dividend income on investments held	-	-

There are no disposal of investment during the year ended 31 March 2020 and 2019 respectively.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.5 d) Financial Instruments measured at amortized cost

Rs in lakhs

Particulars	Carrying Value	Fair value	Fair value Level 1	Fair value Level 2	Fair value Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	**67,679.04**	**67,679.04**	**67,679.04**		
b) Bank balances other than cash and cash equivalent	**74,899.44**	**74,899.44**	**74,899.44**		
c) Trade Receivables	**858.71**	**858.71**		**858.71**	
d) Loans and advances to customers	**6,499,347.04**	**6,488,459.65**			**6,488,459.65**
e) Financial investments - at amortized cost	**112,822.76**	**120,367.53**	**105,594.07**	**14,773.46**	
f) Other financial assets	**47,665.27**	**48,773.85**		**48,773.85**	
Total	**6,803,272.26**	**6,801,038.22**	**248,172.55**	**64,406.02**	**6,488,459.65**
Financial liabilities					
a) Trade Payables	**63,574.79**	**63,574.79**		**63,574.79**	
b) Debt securities	**1,774,487.73**	**1,892,262.55**	**1,892,262.55**		
c) Borrowings other than debt securities	**2,948,734.27**	**2,884,790.94**		**2,884,790.94**	
d) Deposits	**881,213.98**	**909,544.36**		**909,544.36**	
e) Subordinated Liabilities	**341,794.57**	**382,366.57**	**382,366.57**		
f) Other financial liability	**231,396.03**	**231,621.93**		**231,621.93**	
Total	**6,241,201.37**	**6,364,161.14**	**2,274,629.12**	**4,089,532.02**	**-**
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	50,167.74	50,167.74	50,167.74		
b) Bank balances other than cash and cash equivalent	45,681.43	45,681.43	45,681.43		
c) Trade Receivables	519.19	519.19		519.19	
d) Loans and advances to customers	6,124,962.80	6,094,529.46			6,094,529.46
e) Financial investments - at amortized cost	120,194.53	123,733.97	74,461.59	49,272.38	
f) Other financial assets	16,895.13	16,895.13		16,895.13	
Total	6,358,420.82	6,331,526.92	170,310.76	66,686.70	6,094,529.46
Financial liabilities					
a) Trade Payables	101,365.00	101,365.00		101,365.00	
b) Debt securities	2,231,937.92	2,242,711.51	1,985,466.88	257,244.63	
c) Borrowings other than debt securities	2,130,153.03	2,108,644.43		2,108,644.43	
d) Deposits	566,718.41	582,144.94		582,144.94	
e) Subordinated Liabilities	355,883.82	381,699.51	281,699.51		
f) Other financial liability	192,662.95	192,662.95		192,662.95	
Total	5,578,721.13	5,609,228.34	2,267,166.39	3,242,061.95	-

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purposes only.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.5 d) Financial Instruments measured at amortized cost *(Continued)*

There were no transfers between Level 1 and Level 2 during the year.

Short-term financial assets and liabilities
For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers
The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments
For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt
The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public
The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cumulative/ non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

Rs. in lakhs

51 Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in lakhs

	31 March 2020			31 March 2019		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	**67,679.04**	**-**	**67,679.04**	50,167.74	-	50,167.74
Bank balance	**74,899.44**	**-**	**74,899.44**	45,681.43	-	45,681.43
Derivative financial instruments	**707.37**	**8,585.39**	**9,292.76**	1,006.39	-	1,006.39
Trade receivables	**858.71**	**-**	**858.71**	519.19	-	519.19
Loans	**2,511,926.27**	**3,987,420.77**	**6,499,347.04**	2,667,650.59	3,457,312.21	6,124,962.80
Investments	**335,108.81**	**255,987.81**	**591,096.62**	218,775.01	160,395.36	379,170.37
Other financial assets	**9,065.93**	**38,599.34**	**47,665.27**	6,878.75	10,016.38	16,895.13
Current tax assets (Net)	**-**	**23,995.98**	**23,995.98**	-	30,210.00	30,210.00
Deferred tax Assets (Net)	**-**	**48,962.66**	**48,962.66**	-	37,172.53	37,172.53
Property, plant and equipment	**-**	**33,794.74**	**33,794.74**	-	13,250.02	13,250.02
Capital work-in-progress	**-**	**-**	**-**	-	-	-
Intangible assets under development	**-**	**-**	**-**	-	-	-
Other Intangible assets		**2,555.33**	**2,555.33**	-	3,056.15	3,056.15
Other non-financial assets	**4,867.57**	**2,106.11**	**6,973.68**	4,499.38	1,207.45	5,706.83
Total Assets	**3,005,113.14**	**4,402,008.13**	**7,407,121.27**	2,995,178.48	3,712,620.10	6,707,798.58
Liabilities						
Financial Liabilities						
Derivative financial instruments	**17.77**	**3,998.29**	**4,016.06**	45.20	7,657.33	7,702.53
Trade Payables			**-**			-
i) total outstanding dues of micro enterprises and small enterprises			**-**			-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**63,574.79**	**-**	**63,574.79**	101,365.00	-	101,365.00
Debt Securities	**621,063.59**	**1,153,424.14**	**1,774,487.73**	988,467.80	1,243,470.12	2,231,937.92
Borrowings (Other than Debt Securities)	**1,065,745.58**	**1,882,988.69**	**2,948,734.27**	796,574.47	1,333,578.56	2,130,153.03
Deposits	**165,438.58**	**715,775.40**	**881,213.98**	137,020.74	429,697.67	566,718.41
Subordinated Liabilities	**27,146.48**	**314,648.09**	**341,794.57**	14,362.52	341,521.30	355,883.82
Other financial liabilities	**157,359.26**	**74,036.77**	**231,396.03**	162,299.91	30,363.03	192,662.94
Non-Financial Liabilities						-
Current tax liabilities (Net)	**1,392.09**	**-**	**1,392.09**	1,392.09	-	1,392.09
Provisions	**5,735.20**	**8,587.63**	**14,322.83**	12,722.49	7,930.21	20,652.70
Other non-financial liabilities	**8,558.22**	**1,245.21**	**9,803.43**	6,974.15	1,553.69	8,527.84
Total Liabilities	**2,116,031.56**	**4,154,704.22**	**6,270,735.78**	2,221,224.37	3,395,771.91	5,616,996.28
Net	**889,081.58**	**247,303.91**	**1,136,385.49**	773,954.11	316,848.19	1,090,802.30
Other undrawn commitments	**23,945.91**	**-**	**23,945.91**	34,199.41	-	34,199.41
Total commitments	**23,945.91**	**-**	**23,945.91**	34,199.41	-	34,199.41

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Holding Company**	Mahindra & Mahindra Limited
b)	**Subsidiary Companies:**	Mahindra Insurance Brokers Limited
	(entities on whom control is exercised)	Mahindra Rural Housing Finance Limited
		Mahindra Asset Management Co.Pvt. Ltd.
		Mahindra Trustee Co. Pvt. Ltd.
		Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust
		MRHFL Employees Welfare Trust
		Mahindra Finance CSR Foundation
c)	**Fellow Subsidiaries:**	
	(entities with whom the Company has transactions)	Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Retail Private Limited
		Mahindra Integrated Business Solutions Ltd.
		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Bristlecone India Limited
		Mahindra Water Utilities Limited
		Mahindra Engineering & Chemical Products Ltd
		Mahindra Holidays & Resorts India Limited
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Agri Solutions Limited
		Mahindra Intertrade Limited
		New Democratic Electoral Trust
d)	**Joint Ventures / Associates:**	Mahindra Finance USA, LLC
	(entities on whom control is exercised)	Ideal Finance Limited (w.e.f. February 28, 2020)
e)	**Joint Ventures / Associates of Holding Company:**	Tech Mahindra Limited
	(entities with whom the Company has transactions)	Swaraj Engines Ltd
		Smartshift Logistics Solutions Pvt. Ltd. (Formerly known as Resfeber Labs Private Limited)
		Mahindra Summit Agriscience Ltd
		PSL Media & Communications Ltd
f)	**Key Management Personnel:**	Mr. Ramesh Iyer (Vice-Chairman & Managing Director)
	(where there are transactions)	Mr. V Ravi (Executive Director & Chief Financial Officer)
		Mr. Dhananjay Mungale (Chairman & Independent Director)
		Mr. C. B. Bhave (Independent Director)
		Ms. Rama Bijapurkar (Independent Director)
		Mr. Milind Sarwate (Independent Director)
		Mr. Arvind Sonde (Independent Director)
		Mr. V. S. Parthasarthy (Director)
g)	**Relatives of Key Management Personnel**	Ms. Janaki Iyer
	(where there are transactions)	Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramanium
		Ms. Prema Mahadevan
		Ms. Sudha Bhave
		Mr. V Murali
		Ms. Srilatha Ravi
		Mr. Siddharth Ravi
		Ms. Asha Ramaswamy

Notes forming part of the Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Loan income												
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	**306.59**	-	-	-	-	-	-	-
Subvention income												
- Mahindra & Mahindra Limited	**2,310.08**	3,183.79	-	-	-	-	-	-	-	-	-	-
Lease rental income												
- Mahindra & Mahindra Limited	**607.29**	-	-	-	-	-	-	-	-	-	-	-
Interest income												
- Mahindra Rural Housing Finance Limited	-	-	-	37.97	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	-	-	-	0.66	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	-	9.68	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	-	7.10	-	-	-	-	-	-	-	-
Income from sharing services												
- Mahindra Rural Housing Finance Limited	-	-	**863.83**	744.98	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**247.42**	272.88	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	**21.29**	48.04	-	-	-	-	-	-	-	-
- Mahindra Trustee Company Pvt Ltd.	-	-	**1.12**	-	-	-	-	-	-	-	-	-
Dividend Income												
- Mahindra Rural Housing Finance Limited	-	-	**2,419.05**	1,636.09	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**618.56**	371.13	-	-	-	-	-	-	-	-
Interest expense												
- Mahindra & Mahindra Limited	**1,903.06**	3,524.01	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**319.48**	552.53	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	**1,193.42**	2,112.45	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	**65.97**	45.62	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	**118.90**	731.87	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	**58.41**	35.12	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	**57.86**	2.20	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	**1.16**	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	**6.63**	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	-	-	**13.36**	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	**7.16**	4.28	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	**6.36**	0.07	-	-
- Mr. C. B. Bhave	-	-	-	-	-	-	-	-	**6.33**	3.97	-	-
- Others	-	-	-	-	-	-	-	-	-	-	**32.84**	19.71

Notes forming part of the Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: ***(Continued)***

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Other expenses												
- Mahindra & Mahindra Limited	**2,336.78**	2,865.67	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**6,843.80**	6,971.18	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	**8.25**	19.96	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	**1,524.77**	1,402.17	-	-	-	-	-	-
- Bristlecone India Limited	-	-	-	-	**103.66**	91.68	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	**70.49**	124.38	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	**1,591.19**	943.39	-	-	-	-	-	-
- Mahindra Retail Pvt Limited	-	-	-	-	**678.48**	642.91	-	-	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	**11.50**	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	**91.32**	110.71	-	-	-	-	-	-
Donations												
- National Democratic Electoral Trust	-	-	-	-	**600.00**	240.00	-	-	-	-	-	-
Remuneration												
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	**655.94**	715.72	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	**337.50**	281.77	-	-
Reimbursement from parties												
- Mahindra & Mahindra Limited	**170.15**	2,664.63	-	-	-	-	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	-	-	**58.86**	9.24	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	**8.26**	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**6.09**	-	-	-	-	-	-	-	-	-
Reimbursement to parties												
- Mahindra Insurance Brokers Limited	-	-	**23.54**	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	**18.97**	-	-	-	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	**259.41**	188.00	-	-	-	-	-	-
Purchase of fixed assets												
- Mahindra & Mahindra Limited	**191.31**	275.91	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	10.27	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	-	11.97	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	**176.09**	118.00	-	-	-	-	-	-

Notes forming part of the Financial Statements *(Continued)*

for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: ***(Continued)***

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Sale of fixed assets												
- Mahindra Rural Housing Finance Limited	-	-	**9.18**	2.51	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	-	8.94	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	-	-	300.34	-	-	-	-	-	-
Investments made												
- Mahindra Rural Housing Finance Limited	-	-	-	15,000.00	-	-	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	**5,000.00**	4,000.00	-	-	-	-	-	-	-	-
- Mahindra Finance USA, LLC	-	-	-	-	-	-	-	963.21	-	-	-	-
- Ideal Finance Ltd	-	-	-	-	-	-	**4,399.60**	-	-	-	-	-
- Mahindra Finance CSR Foundation	-	-	**0.10**	-	-	-	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	**250.00**	-	-	-	-	-	-	-
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	-	-	**1,000.00**	2,075.00	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	**124.00**	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	**100.00**	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	-	-	**1,590.00**	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	**172.10**	40.39	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	**100.00**	8.13	-	-
- Mr. C. B. Bhave	-	-	-	-	-	-	-	-	**30.00**	30.00	-	-
- Others	-	-	-	-	-	-	-	-	-	-	**420.23**	247.97
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	-	-	**1,550.00**	5,725.00	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	**80.00**	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	**65.72**	61.48	-	-
- Others	-	-	-	-	-	-	-	-	-	-	**212.33**	200.23
Dividend paid												
- Mahindra & Mahindra Limited	**20,553.50**	12,648.31	-	-	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	-	-	**186.00**	129.64	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	**51.52**	31.12	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	**34.53**	21.25	-	-
- Ms. Rama Bijapurkar	-	-	-	-	-	-	-	-	**1.95**	1.20	-	-
- Mr. Dhananjay Mungale	-	-	-	-	-	-	-	-	**3.25**	2.00	-	-
- Mr. V. S. Parthasarthy	-	-	-	-	-	-	-	-	**0.02**	0.01	-	-
- Others	-	-	-	-	-	-	-	-	-	-	**0.07**	0.03

Notes forming part of the Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: *(Continued)*

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	**10,000.00**	70,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**5,575.00**	10,175.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	40,000.00	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	30,000.00	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	**1,000.00**	1,000.00	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	**1,575.00**	350.00	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	-	1,100.00	-	-	-	-	-	-
Inter corporate deposits repaid / matured												
- Mahindra & Mahindra Limited	**40,000.00**	70,000.00	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**3,750.00**	11,900.00	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	**40,000.00**	10,000.00	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	**10,000.00**	20,000.00	-	-	-	-	-	-
- Swaraj Engines Limited					**1,000.00**							
- Mahindra Water Utilities Limited	-	-	-	-	**1,050.00**	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	**1,000.00**	100.00	-	-	-	-	-	-
Debentures issued												
- Mahindra & Mahindra Limited	**19,500.00**	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt repaid												
- Mahindra Rural Housing Finance Limited	-	-	-	700.00	-	-	-	-	-	-	-	-
Inter corporate deposits given												
- Mahindra First Choice Services Limited	-	-	-	-	-	700.00	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	-	1,000.00	-	-	-	-	-	-	-	-
Inter corporate deposits refunded												
- Mahindra First Choice Services Limited	-	-	-	-	-	700.00	-	-	-	-	-	-
- Mahindra Asset Management Co. Ltd.	-	-	-	1,000.00	-	-	-	-	-	-	-	-

Notes forming part of the Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

iii) Balances as at the end of the year: ***(Continued)***

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Balances as at the end of the period												
Receivables												
- Mahindra & Mahindra Limited	**297.83**	2,744.91	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Rural Housing Finance Limited	**-**	-	**140.59**	82.64	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Asset Management Co. Ltd.	**-**	-	**3.08**	3.08	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Trustee Co. Pvt. Ltd.	**-**	-	**1.00**	-	**-**	-	**-**	-	**-**	-	**-**	-
- NBS International Limited	**-**	-	**-**	-	**-**	26.11	**-**	-	**-**	-	**-**	-
- Mahindra First Choice Services Limited	**-**	-	**-**	-	**-**	135.09	**-**	-	**-**	-	**-**	-
Loan given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	**-**	-	**-**	-	**334.33**	334.33	**-**	-	**-**	-	**-**	-
- Smartshift Logistics Solutions Pvt Ltd.	**-**	-	**-**	-	**1,879.96**	1,700.00	**-**	-	**-**	-	**-**	-
Inter corporate deposits given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	**-**	-	**-**	-	**113.38**	113.38	**-**	-	**-**	-	**-**	-
Investments												
- Mahindra Rural Housing Finance Limited	**-**	-	**79,929.79**	51,252.22	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Insurance Brokers Limited	**-**	-	**45.16**	45.16	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Asset Management Co. Ltd.	**-**	-	**21,000.00**	16,000.00	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Trustee Co. Pvt. Ltd.	**-**	-	**50.00**	50.00	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Finance CSR Foundation	**-**	-	**0.10**	-	**-**	-	**-**	-	**-**	-	**-**	-
- Mahindra Finance USA, LLC	**-**	-	**-**	-	**-**	-	**21,054.81**	21,054.81	**-**	-	**-**	-
- Ideal Finance Ltd	**-**	-	**-**	-	**-**	-	**4,399.60**	-	**-**	-	**-**	-
- New Democratic Electoral Trust	**-**	-	**-**	-	**1.00**	1.00	**-**	-	**-**	-	**-**	-
- Smartshift Logistics Solutions Pvt Ltd.	**-**	-	**-**	-	**950.00**	700.00	**-**	-	**-**	-	**-**	-

Notes forming part of the Financial Statements *(Continued)*

for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

iii) Balances as at the end of the year: ***(Continued)***

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Payables												
- Mahindra Insurance Brokers Limited	-	-	**1,237.38**	2,815.15	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	-	**349.46**	239.58	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	**161.38**	58.60	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	-	-	**129.08**	53.94	-	-	-	-	-	-
- NBS International Limited					**23.34**	-						
- Mahindra Retail Pvt Ltd					**93.36**	39.24						
- Others	-	-	-	-	**16.96**	56.89	-	-	-	-	-	-
Inter corporate deposits taken (including interest accrued but not due)												
- Mahindra & Mahindra Limited	**10,212.46**	41,718.79	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	**2,152.13**	316.23	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	41,642.19	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	10,066.88	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	**1,019.65**	1,041.05	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	**881.66**	351.98	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	-	1,029.78	-	-	-	-	-	-
Debentures (including interest accrued but not due)												
- Mahindra & Mahindra Limited	**20,109.37**	-	-	-	-	-	-	-	-	-	-	-
Fixed deposits (including interest accrued but not due)												
- Mahindra Insurance Brokers Limited	-	-	**3,299.05**	4,001.72	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	**125.04**	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	**104.25**	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	-	-	**1,602.03**	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	**175.82**	41.83	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	**113.97**	8.19	-	-
- Mr. C. B. Bhave	-	-	-	-	-	-	-	-	**88.24**	52.54	-	-
- Others	-	-	-	-	-	-	-	-	-	-	**486.47**	288.74

Key Management Personnel as defined in Ind AS 24

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

iv) Details of related party transactions with Key Management Personnel (KMP) are as under :

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. Accordingly, the Company considers any Director, including independent and non-executive directors, to be key management personnel for the purposes of IND AS 24 - Related Party Disclosures.

Rs. in lakhs

Name of the KMP	Nature of transactions	31 March 2020	31 March 2019
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)			
	Gross Salary including perquisites	**469.72**	446.15
	Commission	**164.12**	116.69
	Stock Option	**7.10**	139.91
	Others - Contribution to Funds	**29.70**	26.05
		670.64	728.80
Mr. V. Ravi (Executive Director & Chief Financial Officer)			
	Gross Salary including perquisites	**242.43**	227.51
	Commission	**95.07**	53.05
	Stock Option	**-**	1.21
	Others - Contribution to Funds	**9.00**	10.63
		346.50	292.40
Mr. Dhananjay Mungale (Chairman & Independent Director)			
	Commission	**28.00**	26.00
	Other benefits	**11.30**	10.00
		39.30	36.00
Ms. Rama Bijapurkar (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**8.50**	6.70
		29.50	25.70
Mr. C.B. Bhave (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**9.90**	9.10
		30.90	28.10
Mr. Milind Sarwate (Independent Director)			
(Appointed w.e.f. 1 April 2019)	Commission	**-**	-
	Other benefits	**9.70**	-
		9.70	-
Mr. Arvind V. Sonde (Independent Director)			
(Appointed w.e.f. 9 December 2019)	Commission	**-**	-
	Other benefits	**1.40**	-
		1.40	-

Rs. in lakhs

52 Related party disclosures: *(Continued)*

v) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2020

Rs. in lakhs

Particulars	Relation	Balance as on 1 April 2019	Advances / investments	Repayments/ sale	Balance as on 31 March 2020
(A) Loans and advances					
Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
Mahindra Retail Pvt Ltd	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	-	-	-	-
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	**1,700.00**	**800.00**	**637.18**	**1,862.82**
		1,700.00	**800.00**	**637.18**	**1,862.82**
(B) Unsecured redeemable non-convertible subordinate debentures					
Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
		-	-	-	-
(C) Investments					
Mahindra Insurance Brokers Ltd.	Subsidiary	**45.16**	-	-	**45.16**
Mahindra Rural Housing Finance Ltd.	Subsidiary	**51,252.22**	**28,677.57**	-	**79,929.79**
Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	**16,000.00**	**5,000.00**	-	**21,000.00**
Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	**50.00**	-	-	**50.00**
Mahindra Finance CSR Foundation	Wholly owned Subsidiary	-	**0.10**	-	**0.10**
Mahindra Finance USA, LLC	Joint Venture	**21,054.81**	-	-	**21,054.81**
Ideal Finance Limited, Sri Lanka	Joint Venture	-	**4,399.60**	-	**4,399.60**
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	**700.00**	**250.00**	-	**950.00**
New Democratic Electoral Trust	Fellow subsidiary	**1.00**	-	-	**1.00**
		89,103.19	**38,327.27**	-	**127,430.46**
Total		**90,803.19**	**39,127.27**	**637.18**	**129,293.28**

As at 31 March 2019

Rs. in lakhs

Particulars	Relation	Balance as on 1 April 2018	Advances / investments	Repayments/ sale	Balance as on 31 March 2019
(A) Loans and advances					
Mahindra Rural Housing Finance Ltd.	Subsidiary	-	-	-	-
Mahindra Retail Pvt Ltd	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	-	-	-	-
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	-	1,700.00	-	1,700.00
		-	1,700.00	-	1,700.00
(B) Unsecured redeemable non-convertible subordinate debentures					
Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	-	700.00	-
		700.00	-	700.00	-
(C) Investments					
Mahindra Insurance Brokers Ltd.	Subsidiary	45.16	-	-	45.16
Mahindra Rural Housing Finance Ltd.	Subsidiary	36,252.22	15,000.00		51,252.22
Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	12,000.00	4,000.00		16,000.00
Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	50.00	-	-	50.00
Mahindra Finance USA, LLC	Joint Venture	20,091.60	963.21	-	21,054.81
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	700.00	-	-	700.00
New Democratic Electoral Trust	Fellow subsidiary	1.00	-	-	1.00
		69,139.98	19,963.21	-	89,103.19
Total		69,839.98	21,663.21	700.00	90,803.19

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

v) Disclosure required under Section 186 (4) of the Companies Act, 2013 *(Continued)*

Notes :

i) Above loans & advances and investments have been given for general business purposes and figures are at historical cost.

ii) There were no guarantees given / securities provided during the year

iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former.
Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognized as per Ind AS 109 - Financial Instruments.

Notes forming part of the Financial Statements *(Continued)*

for the year ended 31 March 2020

Rs. in lakhs

53 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Rs. in lakhs

Sr. No.	Particulars	As at 31 March 2020 Amount Outstanding	As at 31 March 2020 Amount Overdue	As at 31 March 2019 Amount Outstanding	As at 31 March 2019 Amount Overdue
	Liabilities				
1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :**				
	(a) Debentures :				
	- Secured	**1,845,457.15**	**-**	2,065,266.41	-
	- Unsecured	**43,030.23**	**-**	21,515.42	-
	(b) Deferred Credits	**-**	**-**	-	-
	(c) Term Loans	**1,736,234.10**	**-**	1,380,336.19	-
	(d) Inter-corporate loans and Other Borrowings	**14,265.90**	**-**	96,166.87	-
	(e) Commercial Paper	**0.00**	**-**	257,244.63	-
	(f) Public Deposits	**880,799.31**	**-**	568,523.11	-
	(g) Fixed Deposits accepted from Corporates	**42,653.61**	**-**	27,295.47	-
	(h) FCNR Loans	**18,302.03**	**-**	63,424.85	-
	(i) External Commercial Borrowings	**275,690.59**	**-**	138,084.98	-
	(j) Associated liabilities in respect of securitization transactions	**889,320.81**	**-**	435,362.66	-
	(k) Subordinate debt (including NCDs issued through Public issue)	**366,749.00**	**-**	378,369.51	-
	(l) Other Short Term Loans and credit facilities from banks	**26,400.74**	**-**	28,454.72	-
2)	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
	(a) In the form of Unsecured debentures	**-**	**-**	-	-
	(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security	**-**	**-**	-	-
	(c) Other public deposits	**880,799.31**	**-**	568,523.11	-

Sr. No.	Particulars	As at 31 March 2020 Amount Outstanding	As at 31 March 2019 Amount Outstanding
	Asset side:		
3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		
	(a) Secured	**-**	-
	(b) Unsecured	**265,447.86**	320,688.21
4)	**Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities :**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	**-**	-
	(b) Operating lease	**63.16**	18.85
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	**-**	-
	(b) Repossessed Assets	**-**	-
	(iii) Other loans counting towards AFC activities :		
	(a) Loans where assets have been repossessed	**45,870.06**	26,319.22
	(b) Loans other than (a) above	**6,188,824.67**	5,778,455.71
5)	**Break-up of Investments :**		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	**-**	-
	(b) Preference	**-**	-
	(ii) Debentures and Bonds	**2,477.16**	3,662.07
	(iii) Units of mutual funds	**324,125.20**	62,148.40
	(iv) Government Securities	**499.85**	-
	2. Unquoted :		
	(i) Shares : (a) Equity	**-**	-
	(b) Preference	**-**	-
	(ii) Debentures and Bonds	**-**	-
	(iii) Units of mutual funds	**-**	-
	(iv) Government Securities	**-**	-
	(v) Certificate of Deposits with Banks	**-**	46,910.08
	(vi) Commercial Papers	**-**	81,065.33
	(vii) Investments in Pass Through Certificates under securitization transactions	**8,006.59**	20,509.33

Rs. in lakhs

53 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ***(Continued)***

Rs. in lakhs

	Particulars	As at 31 March 2020 Amount Outstanding	As at 31 March 2019 Amount Outstanding
5)	**Break-up of Investments : (Continued)**		
	Long Term Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds (Bonds of FCI NCDs of NABARD)	**10474.76**	2474.37
	(iii) Units of mutual funds	**0.00**	200.61
	(iv) Government Securities	**111851.06**	70922.15
	2. Unquoted :		
	(i) Shares : (a) Equity	**129372.29**	89557.84
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	1,088.52
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Investments in Pass Through Certificates under securitization transactions	**4,289.71**	631.67

6) Borrower group-wise classification assets financed as in (3) and (4) above :

Category	As at 31 March 2020 Amount net of provisions Secured	Unsecured	Total	As at 31 March 2019 Amount net of provisions Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	**6,234,694.73**	**265,511.02**	**6,500,205.75**	5,804,774.93	320,707.06	6,125,481.99
Total	**6,234,694.73**	**265,511.02**	**6,500,205.75**	5,804,774.93	320,707.06	6,125,481.99

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	As at 31 March 2020 Market Value/ Break up or fair value or NAV	Book Value (net of provisions)	As at 31 March 2019 Market Value/ Break up or fair value or NAV	Book Value (net of provisions)
1. Related Parties				
(a) Subsidiaries	**101,025.05**	**101,025.05**	67,347.38	67,347.38
(b) Companies in the same group	**26,816.73**	**26,816.73**	22,210.46	22,210.46
(c) Other related parties	-	-	-	-
2. Other than related parties	**463,079.05**	**462,942.86**	289,895.05	289,612.53
Total	**590,920.83**	**590,784.64**	379,452.89	379,170.37

8) Other information:

Particulars	As at 31 March 2020 Amount	As at 31 March 2019 Amount
i) Gross Non-Performing Assets :		
(a) Related parties	**473.39**	473.39
(b) Other than related parties	**574,200.47**	406,583.29
ii) Net Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	**396,647.41**	329,070.49
iii) Assets acquired in satisfaction of debt :	-	-

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.

The CRAR as of 31 March 2019 as disclosed in the comparative period numbers below was computed based on the carrying values as reflected in the financial statements prepared in accordance with requirements of Ind AS. The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, the CRAR as of 31 March 2020 has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

I) Capital

Particulars	As at 31 March 2020	As at 31 March 2019
CRAR (%)	19.6%	20.3%
CRAR-Tier I Capital (%)	15.4%	15.5%
CRAR-Tier II Capital (%)	4.2%	4.8%
Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs)	-	33,687.23
Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Value of Investments		
(i) Gross Value of Investments		
(a) In India	**565,778.40**	358,398.08
(b) Outside India	**25,454.41**	21,054.81
(ii) Provisions for Depreciation		
(a) In India	**136.19**	282.52
(b) Outside India	**-**	-
(iii) Net Value of Investments		
(a) In India	**565,642.21**	358,115.56
(b) Outside India	**25,454.41**	21,054.81
Movement of provisions held towards depreciation on investments.		
(i) Opening balance	**282.52**	1,299.21
(ii) Add : Provisions made during the year	**-**	-
(iii) Less : Write-off / write-back of excess provisions during the year	**(146.33)**	(1,016.69)
(iv) Closing balance	**136.19**	282.52

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

	As at 31 March 2020	As at 31 March 2019
(i) The notional principal of swap agreements	283,298.87	202,969.68
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the Company upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book (Asset / (Liability))	5,276.71	(6,696.14)

Exchange Traded Interest Rate (IR) Derivative
The Company has not entered into any exchange traded derivative.

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

III) Derivatives ***(Continued)***

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) Foreign currency non-repatriate loans availed:

Rs. in lakhs

	As at 31 March 2020		**As at 31 March 2019**	
	Currency Derivatives	**Interest Rate Derivatives**	**Currency Derivatives**	**Interest Rate Derivatives**
i) Derivatives (Notional Principal Amount)				
- For hedging		**283,298.87**		202,969.68
ii) Marked to Market Positions [1]				
(a) Asset (+) Estimated gain	**9,292.77**	**-**	917.97	88.42
(b) Liability (-) Estimated loss	**(2,559.18)**	**(1,456.88)**	(7,670.52)	(32.01)
iii) Credit Exposure [2]	**-**	**-**	-	-
iv) Unhedged Exposures	**-**	**-**	-	-

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

IV) Disclosures relating to Securitization

a) Disclosures in the notes to the accounts in respect of securitization transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in lakhs

Sr. no.	Particulars	As at 31 March 2020	As at 31 March 2019
1)	No of SPVs sponsored by the NBFC for securitization transactions	**24**	19
2)	Total amount of securitized assets as per books of the SPVs sponsored	**888,170.82**	434,734.49
3)	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss-		
	Credit enhancement in form of corporate undertaking	**111,533.49**	51,128.05
	Others	**-**	-
	b) On-balance sheet exposures		
	First loss-		
	Cash collateral term deposits with banks	**48,533.64**	24,538.60
	Others-		
	Retained interest in pass through certificates (excluding accrued interest)	**-**	3.43
4)	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	**-**	-
	Loss	**-**	-
	Excess Interest Spread	**119,409.11**	53,652.25
	(ii) Exposure to third party securitizations		
	First loss		
	Others	**-**	-
	b) On-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	-	-
	Others-	-	-
	Cash collateral term deposits with banks	-	-
	(ii) Exposure to third party securitizations		
	First loss	-	-
	Others	-	-

b) Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction

During the current year and the previous year, the Company has not sold any financial assets to Securitization /Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-

Notes forming part of the Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

IV) Disclosures relating to Securitization *(Continued)*

d) Details of non-performing financial assets purchased / sold

i) Details of non-performing financial assets purchased:

During the current year and the previous year the Company has not purchased any non -performing financial assets.

ii) Details of Non-performing Financial Assets sold:

During the current year and the previous year the Company has not sold any non -performing financial assets.

V) Exposures

a) Exposure to Real Estate Sector

Rs. in lakhs

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
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.	-	-
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	**1,119.45**	-
iii Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	-	-
a. Residential	-	-
b Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	**1,119.45**	**-**

b) Exposure to Capital Market

Rs. in lakhs

	Particulars	**As at 31 March 2020**	**As at 31 March 2019**
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**129,372.29**	90,646.36
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	**129,372.29**	90,646.36

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

V) Exposures *(Continued)*

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2019-20, 40% (31 March 2019: 41%) of the financing was towards parent company products.

d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

e) Unsecured Advances

As at 31 March 2020, the amount of unsecured advances stood at Rs. 2,74,410.28 Lakhs (31 March 2019: Rs.3,29,945.84 Lakhs).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(refer note 52)

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating -

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'and Principal protected market linked debenture: IND PP-MLD AAA emr/Stable. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

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

VII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Accounts in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 2.6 under Summary of Significant Accounting Policies)

IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

Additional Disclosures :

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

X) Provisions and Contingencies

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	**(146.33)**	(1,016.69)
Provision towards non-performing assets	**122,022.00**	(111,011.91)
Provision made towards Income tax	**55,693.89**	57,024.06
Other Provision and Contingencies (with details)	**(165.08)**	(827.27)
Provision for diminution in the fair value of restructured advances	**-**	-
Provision for Standard Assets	**-**	-

Draw Down from Reserves

Year ended March 31, 2020 : Nil

Year ended March 31, 2019 : Nil

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Deposits of twenty largest depositors	**44,606.16**	40,098.03
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	**5.1%**	6.7%

b) Concentration of Advances

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Advances to twenty largest borrowers	**73,391.51**	86,229.26
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	**1.1%**	1.4%

c) Concentration of Exposures

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to twenty largest borrowers / customers	**73,391.51**	86,229.26
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**1.1%**	1.4%

d) Concentration of NPAs

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to top four NPA accounts	**6,705.44**	8,870.67

Notes forming part of the Financial Statements *(Continued)*

for year ended 31 March 2020

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

XI) Concentration of Deposits, Advances, Exposures and NPAs *(Continued)*

e) Sector-wise NPAs

Particulars	**As at 31 March 2020** **Percentage of NPAs to Total Advances in that sector**	**As at 31 March 2019** **Percentage of NPAs to Total Advances in that sector**
i) Agriculture & allied activities	**10.7%**	8.9%
ii) Auto loans	**7.8%**	6.0%
iii) MSME	**7.6%**	5.2%
iv)Corporate borrowers	**10.4%**	3.7%
v) Unsecured personal loans	**1.7%**	1.6%
vi) Other personal loans	**-**	-
vii) Services	-	-

f) Movement of NPAs

Rs. in lakhs

	As at 31 March 2020	**As at 31 March 2019**
i) Net NPAs to Net Advances (%)	**5.98%**	**5.3%**
ii) Movement of NPAs (Gross)		
(a) Opening balance	407,056.68	502,697.70
(b) Additions during the year	326,085.80	196,269.02
(c)Reductions during the year	(158,468.62)	(291,910.04)
(d)Closing balance	**574,673.86**	**407,056.68**
iii) Movement of Net NPAs		
(a) Opening balance	329,070.49	331,090.28
(b) Additions during the year	172,588.56	140,920.06
(c) Reductions during the year	(105,011.64)	(142,939.85)
(d)Closing balance	**396,647.41**	**329,070.49**
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	77,986.19	171,607.42
(b)Provisions made during the year	153,497.24	55,348.96
(c)Write-off / write-back of excess provisions	(53,456.98)	(148,970.19)
(d)Closing balance	**178,026.45**	**77,986.19**

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in lakhs

Name of the Joint Venture/ Subsidiary	**Other Partner in the JV**	**Country**	**Total Assets** **As at 31 March 2020**	**As at 31 March 2019**
Mahindra Finance USA, LLC	**De Lage Landen Financial Services**	**USA**	**395,636.17**	360,470.90
Mahindra Ideal Finance Limited	**Ideal Finance Limited, Sri Lanka**	**Sri Lanka**	**7,782.86**	N/A

XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored -	
Domestic	**Overseas**
N/A	N/A

Rs. in lakhs

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2020

Rs. in lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	**10,480.14**	**10,738.50**	**12,923.85**	**40,811.75**	**90,484.34**	**608,000.72**	**107,774.68**	**-**	**881,213.98**
Advances	**540,634.79**	**42,040.84**	**236,176.26**	**589,818.93**	**1,103,255.45**	**3,115,566.24**	**864,779.92**	**7,074.61**	**6,499,347.04**
Reserves & surplus	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,124,078.54**	**1,124,078.54**
Investments	**324,812.99**	**1,187.38**	**1,306.39**	**2,686.68**	**5,115.37**	**10,794.26**	**7,600.75**	**237,592.80**	**591,096.62**
Borrowings	**164,054.50**	**53,999.64**	**224,886.33**	**420,435.91**	**832,285.21**	**1,838,976.41**	**492,681.02**	**745,624.65**	**4,772,943.67**
Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign Currency liabilities	**-**	**-**	**-**	**-**	**18,294.06**	**273,778.84**	**-**	**-**	**292,072.90**

As at March 31, 2019

Rs. in lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	10,294.70	12,280.52	10,181.56	37,170.58	67,093.38	365,355.07	64,342.60	-	566,718.41
Advances	677,857.57	253,427.37	217,580.89	517,840.42	1,000,944.34	2,756,627.06	698,528.03	2,157.12	6,124,962.80
Reserves & surplus	-	-	-	-	-	-	-	1,078,504.75	1,078,504.75
Investments	76,100.26	7,198.15	110,825.62	18,529.85	6,121.13	7,795.30	5,446.76	147,153.30	379,170.37
Borrowings	151,738.31	229,814.73	147,144.48	464,617.25	742,686.06	1,848,990.24	368,974.44	563,208.52	4,517,174.03
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	16,208.14	47,195.83	137,396.77	-	-	200,800.74

XV Disclosure of complaints

Customer complaints

	Year ended 31 March 2020	Year ended 31 March 2019
(a) No. of complaints pending at the beginning of the year	**681**	315
(b) No. of complaints received during the year	**10,002**	3,041
(c) No. of complaints redressed during the year	**8,990**	2,675
(d) No. of complaints pending at the end of the year	**1,693**	681

Rs. in lakhs

55 Disclosures as required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019

Public disclosure on liquidity risk :

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in lakhs)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	19	3,431,365.82	N/A	54.72%

ii) Top 20 large deposits (amount in Rs. in lakhs and % of total deposits)

Description	Amount (Rs. in lakhs)	% of Total deposits
Total for Top 20 large deposits	44,606.16	5.06%

iii) Top 10 borrowings (amount in Rs. in lakhs and % of total borrowings)

Description	Amount (Rs. in lakhs)	% of Total borrowings
Total for Top 10 borrowings	2,686,667.69	45.18%

iv) Funding Concentration based on significant instrument/product

Sr. no.	Name of the instrument/product	Amount (Rs. in lakhs)	% of Total liabilities
1	Non-convertible debentures (Secured)	1,739,521.31	27.74%
2	Term loans from banks (including FCNR loans)	1,772,784.62	28.27%
3	External Commercial Borrowings	273,778.83	4.37%
4	Associated liabilities in respect of securitization transactions	888,170.82	14.16%
5	Public deposits	881,213.98	14.05%
6	Subordinated redeemable non-convertible debentures	341,794.57	5.45%
		5,897,264.13	**94.04%**
	Funding Concentration pertaining to insignificant instruments/products	48,966.42	0.78%
	Total borrowings under all instruments/products	**5,946,230.55**	**94.83%**

v) Stock Ratios

Sr. no.	Name of the instrument/product	Amount (Rs. in lakhs)	% of total public funds	% of total liabilities	% of total assets
a)	Commercial papers (CPs)	Nil	Nil	Nil	Nil
b)	Non-convertible debentures (NCDs) with original maturity of less than one year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	226,238.34	3.80%	3.61%	3.05%

vi) Institutional set-up for liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The ALCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities to hedge against unexpected requirements.

In order to achieve above, the Company also has an Investment Policy to ensure that safety, liquidity and return on the surplus funds are given appropriate weightages and are placed in that order of priority. The Investment Committee frames the strategy, sets the operational parameters and framework within the limits as may be set by the Board for investment. The Committee approaches the Board for revising the limit as and when required. The policy is also reviewed periodically in the background of developments in the money markets and the Investment Committee depending on the external factors proactively to reduce the risk in the investments. A well-defined front and back office mechanism is in place to ensure a system of checks and balances.

Rs. in lakhs

55 Disclosures as required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019 *(Continued)*

Public disclosure on liquidity risk *(Continued)* :

Definition of terms as used in the table above:

a) *Significant counterparty:*
A “Significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) *Significant instrument/product:*
A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) *Total liabilities:*
Total liabilities include all external liabilities (other than equity).

d) *Public funds:*
“Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.
It includes total borrowings outstanding under all types of instruments/products.

e) *Other short-term liabilities:*
All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

Rs. in lakhs

56 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2020

Rs . in lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	5,589,022.84	54,711.21	5,534,311.63	22,356.09	32,355.12
	Stage 2	645,207.52	75,960.80	569,246.72	6,750.45	69,210.35
Subtotal for standard		**6,234,230.36**	**130,672.01**	**6,103,558.35**	**29,106.54**	**101,565.47**
Non-Performing Assets (NPA)						
Substandard	Stage 3	300,533.42	92,195.54	208,337.88	33,492.04	58,703.50
Doubtful - up to 1 year	Stage 3	144,652.81	44,425.57	100,227.24	71,439.99	(27,014.42)
1 to 3 years	Stage 3	102,056.70	25,763.50	76,293.20	82,955.08	(57,191.58)
More than 3 years	Stage 3	15,536.44	3,771.52	11,764.92	15,359.02	(11,587.50)
Subtotal for doubtful		**262,245.95**	**73,960.59**	**188,285.36**	**169,754.09**	**(95,793.50)**
Loss	Stage 3	11,894.49	11,870.32	24.17	11,894.45	(24.13)
Subtotal for NPA		**574,673.86**	**178,026.45**	**396,647.41**	**215,140.58**	**(37,114.13)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	250.20	(250.20)	-	250.20
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	250.20	(250.20)	-	250.20
Total	**Stage 1**	**5,589,022.84**	**54,961.41**	**5,534,061.43**	**22,356.09**	**32,605.32**
	Stage 2	**645,207.52**	**75,960.80**	**569,246.72**	**6,750.45**	**69,210.35**
	Stage 3	**574,673.86**	**178,026.45**	**396,647.41**	**215,140.58**	**(37,114.13)**
	Total	**6,808,904.21**	**308,948.66**	**6,499,955.56**	**244,247.12**	**64,701.54**

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2020, no amount is required to be transferred to ‘Impairment Reserve’. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the ‘Impairment Reserve’ (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

ii) In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.

As at 31 March 2020, there are no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 3+ ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

iii) Policy for sales / transfers out of amortized cost business model portfolios

Sale/ transfer of portfolios out of amortized cost business model:
As a short-term financing arrangement, the Company has been transferring or selling certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction. As a part of annual budgetary planning and with the objective of better liquidity and risk management, the Company, at the beginning of the year, obtains approval of Asset Liability Committee and Risk Management Committee of the Board of Directors for undertaking securitization transactions of certain value of standard assets comprising the collateral based loan receivables at appropriate times during the year.

Rs. in lakhs

56 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards *(Continued)*

iii) Policy for sales / transfers out of amortized cost business model portfolios *(continued)*

These transactions are carried out after complying with RBI guidelines on securitization of standard assets. The consideration received through such securitization transactions is utilized for funding regular vehicle loan disbursements to customers who service their loans through fixed installments over a specified period of loan tenor. Besides using securitization as alternate financing tool, it is also being used as a effective Balance sheet management through better liquidity and risk management by transfer of assets from risk averse to risk takers.

When the assets in the form of loan receivables are sold / transferred to an SPV/Bank through securitization transaction, then on a consolidated portfolio level, such sale/transfer does not change the Company's business objective of holding financial assets to collect contractual cash flows.

The Company remains exposed to credit risk, being the expected losses that will be incurred on the securitized loan portfolio to the extent of the credit enhancement provided. Any increase in losses as compared to the expected loss shall require the Company to present its credit enhancement / cash collateral to help compensate the investors. This is as per the requirement of the Reserve Bank of India. Thus, the Company as per Ind AS 109 has retained substantially all the risks and rewards of ownership of the financial asset.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. Accordingly, the securitized financial assets are derecognized from the financial statements prepared as per IRACP norms.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Accordingly, these financial assets are not de-recognized by the Company from the financial statements prepared under Ind AS. Since the contractual terms of these financial assets give rise to cash flows, that are solely payments of principal and interest, on specified dates, these assets meet the SPPI criterion and are thus continued to be recognized in the books at amortized cost.

Notes forming part of the Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

57 Events after the reporting date

During the year ended 31 March 2020, the Company along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MIAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. This sale transaction has been recorded in the books of accounts on 29 April 2020.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries.

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 57

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataraman Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate and its joint venture, which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, associate and joint venture as were audited by the other auditors, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B S R & Co (a partnership firm with Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi Mumbai - 400 011. India

Independent Auditors’ Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Emphasis of Matter

As described in Note 50.2(i) to the Consolidated Financial Statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in Note 50.2(ii) to the Consolidated Financial Statements, the extent to which the COVID-19 pandemic will impact the Group’s financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Impairment Loss Allowance

Refer note 2.11(h) and 50.2 to the Consolidated Financial Statements

The key audit matter	**How the matter was addressed in our audit**
The Group has recognized impairment loss allowance of Rs. 366,900.65 lakhs as at 31 March 2020 and has recognized an expense for Rs. 142,960.16 lakhs in its statement of profit and loss. The determination of impairment loss allowance is inherently judgmental and relies on managements’ best estimate due to the following: • Increased level of data inputs for capturing the historical data to calculate the Probability of Default (‘PDs’) and Loss Given Default (“LGD”) and the completeness and accuracy of that data • Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows • Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company’s board approved policy, read with the RBI COVID-19 regulatory package. • In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy	We performed the following key audit procedures: • Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the Company’s impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Obtained understanding of management’s revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package • Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes. • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Key Audit Matters *(Continued)*

Impairment Loss Allowance *(Continued)*

Refer note 2.11(h) and 50.2 to the Consolidated Financial Statements *(Continued)*

The key audit matter	How the matter was addressed in our audit
The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.	• Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of management overlays, particularly in response to COVID-19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements *(Continued)*

The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (the Company and subsidiaries) as well as associate and joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associate and joint venture to express an opinion on the Consolidated Financial Statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Other Matters

(a) We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets of Rs. 68,044.36 lakhs as at 31 March 2020, total revenues of Rs. 35,874.22 lakhs and net cash flows amounting to Rs. 770.45 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial information have been audited by other auditors whose reports have been furnished to us by Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

(b) The Consolidated Financial Statements also include the Group's share of net profit (and other comprehensive income) of Rs. 4,589.73 lakhs for the year ended 31 March 2020, as considered in the Consolidated Financial Statements, in respect of one associate and one joint venture, whose financial information have not been audited by us or by other auditors. These unaudited financial information have been furnished to us by Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these associate and joint venture, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate and joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

(A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditors' Report *(Continued)*

Mahindra & Mahindra Financial Services Limited

Report on Other Legal and Regulatory Requirements ***(Continued)***

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, associate and joint ventures as noted in the 'Other Matters' paragraph:

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group, its associate and joint venture - Refer Note 43 to the Consolidated Financial Statements.

ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 47 to the Consolidated Financial Statements in respect of such items as it relates to the Group, its associate and joint venture.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAACN4391

Mumbai
15 May 2020

Annexure A to the Independent Auditors' report on the Consolidated Financial Statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Mahindra & Mahindra Financial Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

Annexure A to the Independent Auditors' report on the Consolidated Financial Statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2020 *(Continued)*

Auditors' Responsibility ***(Continued)***

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial Statements

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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to six subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAACN4391

Mumbai
15 May 2020

Consolidated Balance Sheet

as at 31 March 2020

Rs. in lakhs

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial Assets			
a) Cash and cash equivalents	*3*	**78,260.23**	53,722.32
b) Bank balance other than (a) above	*4*	**74,899.44**	45,681.43
c) Derivative financial instruments	*5*	**9,292.76**	1,006.39
d) Receivables			
i) Trade receivables	*6*	**5,291.06**	5,360.31
ii) Other receivables		**-**	-
e) Loans	*7*	**72,86,378.45**	68,93,899.97
f) Investments	*8*	**5,34,035.78**	3,32,735.30
g) Other financial assets	*9*	**51,978.71**	21,207.08
		80,40,136.43	73,53,612.80
Non-financial Assets			
a) Current tax assets (Net)		**25,783.00**	31,212.81
b) Deferred tax Assets (Net)	*10 (i)*	**57,883.42**	44,969.75
c) Property, plant and equipment	*11*	**42,775.57**	16,818.54
d) Intangible assets under development		**55.68**	79.41
e) Other intangible assets	*12*	**2,760.26**	3,326.44
f) Other non-financial assets	*13*	**9,863.45**	7,577.16
		1,39,121.38	1,03,984.11
Total Assets		**81,79,257.81**	**74,57,596.91**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Derivative financial instruments	*14*	**4,016.06**	7,702.53
b) Payables	*15*		
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises		**25.61**	23.72
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**69,297.22**	1,11,406.58
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		**17.40**	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**2,944.47**	3,164.54
c) Debt Securities	*16*	**19,74,461.07**	24,71,588.50
d) Borrowings (Other than Debt Securities)	*17*	**33,32,713.60**	24,63,272.12
e) Deposits	*18*	**8,78,138.98**	5,63,093.41
f) Subordinated Liabilities	*19*	**3,78,110.37**	3,82,208.09
g) Other financial liabilities	*20*	**2,99,417.34**	2,84,074.55
		69,39,142.12	62,86,787.33
Non-Financial Liabilities			
a) Current tax liabilities (Net)		**1,737.93**	1,392.09
b) Provisions	*21*	**21,138.99**	25,493.93
c) Other non-financial liabilities	*22*	**11,370.10**	9,170.85
		34,247.02	36,056.87
EQUITY	*23*		
a) Equity Share capital		**12,306.95**	12,297.54
b) Other Equity		**11,84,593.52**	11,14,604.29
Equity attributable to owners of the Company		**11,96,900.47**	11,26,901.83
Non-controlling interests		**8,968.20**	7,850.88
		12,05,868.67	11,34,752.71
Total Liabilities and Equity		**81,79,257.81**	**74,57,596.91**

Consolidated Balance Sheet *(Continued)*
as at 31 March 2020

Rs. in lakhs

The accompanying notes form an integral part of the consolidated financial statements. *1 to 55*

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services Limited

Consolidated Statement of profit and loss

for year ended 31 March 2020

Rs. in lakhs

	Particulars	*Note*	**Year ended 31 March 2020**	Year ended 31 March 2019
	Revenue from operations			
i)	Interest income	*24*	**11,45,761.28**	9,96,952.90
ii)	Dividend income		**2,715.21**	1,524.27
iii)	Rental income		**874.93**	71.45
iv)	Fees and commission Income	*25*	**10,413.36**	11,638.82
v)	Net gain on fair value changes	*26*	**2,561.56**	761.75
vi)	Sale of services	*27*	**25,968.81**	26,220.90
I	**Total Revenue from operations**		**11,88,295.15**	10,37,170.09
II	Other income	*28*	**11,350.46**	5,915.38
III	**Total income (I+II)**		**11,99,645.61**	10,43,085.47
	Expenses			
	i) Finance costs	*29*	**5,39,056.37**	4,43,227.98
	ii) Fees and commission expense		**12,489.86**	12,968.10
	iii) Impairment on financial instruments	*30*	**2,31,897.83**	71,710.83
	iv) Employee benefits expenses	*31*	**1,60,982.02**	1,47,794.76
	v) Depreciation, amortization and impairment	*32*	**14,687.38**	7,553.32
	vi) Others expenses	*33*	**84,918.91**	80,447.20
IV	**Total expenses (IV)**		**10,44,032.37**	7,63,702.19
V	**Profit before share of profit of associate and joint venture and tax (III-IV)**		**1,55,613.24**	2,79,383.28
VI	Share of Profit of Associate and Joint Venture		**4,589.73**	4,692.88
VII	**Profit before tax (V -VI)**		**1,60,202.97**	2,84,076.16
VIII	**Tax expense :**	*10 (ii)*		
	(i) Current tax		**64,730.05**	70,650.27
	(ii) Deferred tax		**(12,989.05)**	26,211.44
	(iii) (Excess) / Short Provision for Income Tax - earlier years		**(119.80)**	486.26
			51,621.20	97,347.97
IX	**Profit for the year (VII-VIII)**		**1,08,581.77**	1,86,728.19
X	**Other Comprehensive Income (OCI)**			
	(A) (i) Items that will not be reclassified to profit or loss			
	-Remeasurement gain / (loss) on defined benefit plans		**(1,581.38)**	(1,481.98)
	-Net gain / (loss) on equity instruments through OCI		**268.65**	454.65
	(ii) Income tax impact thereon	*10 (iii)*	**40.59**	353.97
	Subtotal (A)		**(1,272.14)**	(673.36)
	(B) (i) Items that will be reclassified to profit or loss			
	-Exchange differences in translating the financial statements of foreign operations		**3,900.25**	2,398.78
	-Net gain / (loss) on debt instruments through OCI		**767.09**	788.52
	(ii) Income tax impact thereon	*10 (iii)*	**(115.97)**	(275.54)
	Subtotal (B)		**4,551.37**	2,911.76
	Other Comprehensive Income (A + B)		**3,279.23**	2,238.40
XI	**Total Comprehensive Income for the year (IX+X)**		**1,11,861.00**	1,88,966.59
	Profit for the year attributable to:			
	Owners of the Company		**1,07,514.53**	1,82,729.83
	Non-controlling interests		**1,067.24**	3,998.36
			1,08,581.77	1,86,728.19
	Other Comprehensive Income for the year attributable to:			
	Owners of the Company		**3,323.67**	2,252.51
	Non-controlling interests		**(44.44)**	(14.11)
			3,279.23	2,238.40
	Total Comprehensive Income for the year attributable			
	Owners of the Company		**1,10,838.20**	1,84,982.34
	Non-controlling interests		**1,022.80**	3,984.25
			1,11,861.00	1,88,966.59
XII	Earnings per equity share (Face value Rs.2/- per equity share)	*34*		
	Basic (Rupees)		**17.48**	29.73
	Diluted (Rupees)		**17.44**	29.67

Consolidated Statement of profit and loss *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

The accompanying notes form an integral part of the consolidated financial statements. *1 to 55*

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataraman Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services Limited

Consolidated Statement of Changes in Equity

for year ended 31 March 2020

Rs. in lakhs

A. Equity Share Capital

Rs. in lakhs

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2018	**12,289.54**
Changes during the year:	
Allotment of shares by ESOS Trust to employees	8.00
Balance as at 31 March 2019	**12,297.54**
Balance as at 1 April 2019	**12,297.54**
Changes during the year:	
Allotment of shares by ESOS Trust to employees	9.41
Balance as at 31 March 2020	**12,306.95**

	Reserves and Surplus							Item of Other Comprehensive Income			Total Other Equity	Non-controlling Interests	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings or Profit & loss account	Debt instruments through OCI	Equity instruments through OCI	Foreign Currency Translation Reserve			
Balance as at 1 April 2018	**1,50,106.01**	**5,000.00**	**4,14,146.15**	**65,727.62**	**7,702.98**	**2,227.61**	**3,28,249.89**	**-**	**-**	**50.63**	**9,73,210.89**	**14,509.79**	**9,87,720.68**
Profit for the year							1,82,729.83				1,82,729.83	3,998.36	1,86,728.19
Other Comprehensive Income							(955.02)	512.98	295.78	2,398.77	2,252.51	(14.11)	2,238.40
Total Comprehensive Income	-	-	-	-	-	-	1,81,774.81	512.98	295.78	2,398.77	1,84,982.34	3,984.25	1,88,966.59
Dividend paid on equity shares (including tax thereon)							(29,661.39)				(29,661.39)		(29,661.39)
Expenses incurred in respect of issue of equity shares							(10.41)				(10.41)		(10.41)
Transfers to Securities premium on exercise of employee stock options			1,066.44			(1,066.44)					-		-
Employee stock options expired				4.91		(4.91)					-		-
Share based payment expense			-			2,503.52					2,503.52		2,503.52
Transfers to Statutory reserves	38,517.00						(38,517.00)				-		-
Transfers to General reserves				15,571.00			(15,571.00)				-		-
Transfers to Debenture redemption reserves					14,667.61		(14,667.61)				-		-
Changes in Group's Interest												233.60	233.60
Gross obligation at fair value to acquire non-controlling interest							(15,865.28)				(15,865.28)		(15,865.28)
Transaction with non-controlling interest	(558.77)			3.39			-				(555.38)	(10,876.76)	(11,432.14)
													-
Balance as at 31 March 2019	**1,88,064.24**	**5,000.00**	**4,15,212.59**	**81,306.92**	**22,370.59**	**3,659.78**	**3,95,732.01**	**512.98**	**295.78**	**2,449.40**	**11,14,604.29**	**7,850.88**	**11,22,455.17**

Consolidated Statement of Changes in Equity *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

A. Equity Share Capital *(Continued)*

Particulars	Reserves and Surplus							Item of Other Comprehensive Income			Total Other Equity	Non-controlling Interests	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings	Debt instruments through OCI	Equity instruments through OCI	Foreign Currency Translation Reserve			
Balance as at 1 April 2019	**1,88,064.24**	**5,000.00**	**4,15,212.59**	**81,306.92**	**22,370.59**	**3,659.78**	**3,95,732.01**	**512.98**	**295.78**	**2,449.40**	**11,14,604.29**	**7,850.88**	**11,22,455.17**
Profit for the year							1,07,514.53				1,07,514.53	1,067.24	1,08,581.77
Other Comprehensive Income							(1,473.18)	651.12	245.48	3,900.25	3,323.67	(44.44)	3,279.23
Total Comprehensive Income	-	-	-	-	-	-	1,06,041.35	651.12	245.48	3,900.25	1,10,838.20	1,022.80	1,11,861.00
Dividend paid on equity shares (including tax thereon)							(48,425.89)				(48,425.89)		(48,425.89)
Transfers to Securities premium on exercise of employee stock options			1,462.56			(1,462.56)					-		-
Employee stock options expired				7.54		(7.54)					-		-
Share based payment expense			-			3,180.77					3,180.77		3,180.77
Transfers to Statutory reserves	22,279.00						(22,279.00)				-		-
Transfers from Debenture Redemption Reserve (refer note no. 23)					(22,370.59)		22,370.59				-		-
Changes in Group's Interest											-	94.52	94.52
Gross obligation at fair value to acquire non-controlling interest							4,357.53				4,357.53		4,357.53
Others			38.62								38.62		38.62
Balance as at 31 March 2020	**2,10,343.24**	**5,000.00**	**4,16,713.77**	**81,314.46**	**-**	**5,370.45**	**4,57,796.59**	**1,164.10**	**541.26**	**6,349.65**	**11,84,593.52**	**8,968.20**	**11,93,561.72**

The accompanying notes 1 to 55 form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Mahindra & Mahindra Financial Services

Consolidated Statement of Cash Flows
for year ended 31 March 2020

Rs. in lakhs

Particulars			Year ended 31 March 2020	Year ended 31 March 2019
A)	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before exceptional items and taxes		**1,55,613.24**	2,79,383.28
	Adjustments to reconcile profit before tax to net cash flows:			
	Add: Non-cash expenses			
	Depreciation, amortization and impairment		**14,687.38**	7,553.34
	Impairment on financial instruments		**1,48,475.29**	(1,04,665.86)
	Bad debts and write offs		**83,736.68**	1,76,376.70
	Net loss in fair value of derivative financial instruments		**(11,972.85)**	2,693.63
	Unrealised foreign exchange gain/loss		**19,173.16**	826.29
	Remeasurement gain / (loss) on defined benefit plans		**(17.57)**	(4.03)
	Share based payments to employees		**3,175.41**	2,430.56
			2,57,257.50	85,210.63
	Less: Income considered separately			
	Net gain on fair value changes		**(2,561.05)**	(710.34)
	Income from investing activities		**(13,854.42)**	(19,226.46)
	Dividend income		**(2,636.52)**	(1,511.34)
	Net gain on derecognition of property, plant and equipment		**(45.20)**	(67.82)
	Net gain on sale investments		**(5,093.66)**	56.72
			(24,190.85)	(21,459.24)
	Operating profit before working capital changes	**I**	**3,88,679.89**	3,43,134.67
	Changes in -			
	Loans		**(6,19,739.85)**	(15,03,646.33)
	Trade receivables		**203.21**	(4,024.30)
	Interest accrued on other deposits		**(3,667.81)**	311.77
	Other financial assets		**2,423.07**	(3,649.28)
	Other financial liabilities		**20,673.70**	33,244.22
	Other non-financial assets		**(946.56)**	(2,451.62)
	Trade Payables		**(35,972.66)**	215.15
	Other non-financial liabilities		**1,115.29**	2,253.25
	Derivative financial instruments		**-**	1,427.65
	Provisions		**(5,456.68)**	7,780.20
	Cash used in operations	**II**	**(6,41,368.29)**	(14,68,539.29)
	Income taxes paid (net of refunds)		**(58,834.60)**	(82,389.37)
	NET CASH USED IN OPERATING ACTIVITIES (A)		**(3,11,523.00)**	(12,07,793.99)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Property, plant and equipment and intangible assets		**(11,826.83)**	(13,550.99)
	Proceeds from sale of Property, plant and equipment		**216.97**	213.35
	Purchase of investments at amortised cost		**(5,92,357.86)**	(44,869.94)
	Proceeds from sale of investments at amortised cost		**5,88,377.31**	1,24,063.95
	Purchase of investments at FVOCI		**(24,389.29)**	(300.00)
	Purchase of investments at FVTPL		**(73,04,128.98)**	(34,76,945.36)
	Proceeds from sale of investments at FVTPL		**71,47,407.36**	33,06,075.83
	Purchase of investments at cost		**(33,077.17)**	(963.21)
	Proceeds from term deposits with banks (net)		**(58,312.37)**	(37,802.46)
	Dividend income received		**6,379.28**	3,648.21
	Interest income received on investments measured at amortised cost, FVOCI, FVTPL and at cost		**9,825.09**	19,138.27
	Increase in Earmarked balances with banks		**2,976.27**	(12.54)
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)		**(2,68,910.22)**	(1,21,304.89)

Consolidated Statement of Cash Flows *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares (net of issue expenses)	**-**	(10.93)
Expenses incurred on issuance of Non-convertible debentures	**-**	(2,143.51)
Proceeds from borrowings through Debt Securities	**14,17,780.00**	34,80,912.24
Repayment of borrowings through Debt Securities	**(19,15,431.40)**	(32,01,672.60)
Proceeds from Borrowings (Other than Debt Securities)	**30,67,768.81**	31,52,262.34
Repayment of Borrowings (Other than Debt Securities)	**(21,96,458.97)**	(23,41,343.42)
Proceeds from borrowings through Subordinated Liabilities	**10,000.00**	37,187.23
Repayment of borrowings through Subordinated Liabilities	**(13,976.88)**	(1,680.00)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	**(22,600.50)**	(2,205.46)
Increase / (decrease) in Fixed deposits (net)	**3,14,373.92**	2,59,800.55
Payments for principal portion of lease liability	**(4,802.62)**	-
Dividend paid (including tax on dividend)	**(51,681.23)**	(32,153.90)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**6,04,971.13**	13,48,952.54
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**24,537.91**	19,853.66
Cash and Cash Equivalents at the beginning of the year	**53,722.32**	33,868.66
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**78,260.23**	53,722.32

Components of Cash and Cash Equivalents

Particulars		
Cash and cash equivalents at the end of the year		
- Cash on hand	**1,519.28**	**4,366.26**
- Cheques and drafts on hand	**409.04**	**1,601.77**
- Balances with banks in current accounts	**56,331.91**	**47,754.29**
-Term deposits with original maturity up to 3 months	**20,000.00**	**-**
Total	**78,260.23**	**53,722.32**

Notes :
The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

Notes to the Consolidated Financial Statements
for the year ended 31 March 2020

Rs. in lakhs

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited ('the Company'), is a public limited company, headquartered in Mumbai, India and incorporated under the provisions of the Companies Act, 1956. The Company is a Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The Equity shares of the Company are listed on the National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai 400001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

The consolidated financial statements of Mahindra & Mahindra Financial Services Limited and its subsidiaries ('the Group') and its associate and joint venture have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act.

Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These consolidated financial statements have been approved by the Company's Board of Directors and authorized for issue on 15 May 2020.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the functional currency of the Group. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, associate and joint venture.

Subsidiaries

Subsidiaries are entities over which the Group has control. Subsidiaries are consolidated on a line-by-line basis from the date the control is transferred to the Group. They are deconsolidated from the date that control ceases. Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted as equity transactions. The carrying amount of the Company's interests and the non-controlling interests ("NCI") are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Associates

Associates are the entities over which the Group has significant influence. Investment in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have the rights to the net assets of the arrangement. Investment in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Measurement of fair values

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
The Group has established policies and procedures with respect to the measurement of fair values.
Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.6 Use of estimates and judgments and Estimation uncertainty

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgment or complexity in determining the carrying amount of some assets and liabilities.

Effective Interest Rate (EIR) Method
The Group recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of Financial Assets
The measurement of impairment losses on loan assets and commitments, requires judgment, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Group's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgments and estimates include:
- The Group's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Group's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 50).

Provisions and other contingent liabilities
The reliable measure of the amounts pertaining to litigations and the regulatory proceedings in the ordinary course of the Group's business are disclosed as contingent liabilities.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Provision for income tax and deferred tax assets:
The Group uses estimates and judgments based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid/recovered for uncertain tax postions. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Group exercises its judgment to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Use of estimates and judgments and Estimation uncertainty *(Continued)*

Defined Benefit Plans:
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Estimation uncertainty relating to the global health pandemic from COVID-19:
The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.
The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Management believe are reasonable in the circumstances. There is a considerable degree of judgment involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these consolidated Financial Statements. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions (refer note 50).

2.7 Revenue recognition :

a) Recognition of interest income on loans

Effective Interest Rate (EIR) method -

Interest income is recognised in Statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

The Group calculates interest income related to financing business by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Revenue recognition :

b) Subvention income

Subvention income received from manufacturers / dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognised in Statement of profit and loss using the effective interest method over the tenor of such loan for all financial instruments measured at amortised cost. In cases where the subvention income is determined based on achievement of certain volume or business target and right to receive such subvention is established, it is recognized fully in the Statement of profit and loss using straight line method over the tenor of such loan contracts.

c) Rental Income

Income from operating leases is recognised in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognised over and above minimum commitment charges based on usage pattern and make/model of the asset.

d) Fee and commission income :

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.
Commission and brokerage income earned for the services rendered are recognised as and when they are due.

e) Sale of services:

Income from sale of services are recognised on rendering of such services.
Brokerage Income, Handling Charges & Broker Retainer Fees is recognised for net of Goods and Service Tax (GST) amount on rendering of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier. The revenue from rendering of consultancy services is recognised in proportion to the stage of completion of the transaction at the reporting date.

Investment Management Fees are recognised on an accrual basis and are billed to each mutual fund scheme in accordance with the terms of the Scheme Information Document of each Scheme managed by the Group. Portfolio Management Fees and Fees for Advisory Services is recognised on an accrual basis when the services are rendered and an enforceable right to receive the fees has arisen in accordance with the terms of the agreement.

Trustee fees are recognised as revenue when the trustee services are performed for the schemes of Mahindra Mutual Fund.

f) Dividend and interest income on investments:

- Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- Interest income from on investments is recognised when it is certain that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.8 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

In accordance with Ind AS 116 - Leases, applicable effective from 1 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The estimated useful lives used for computation of depreciation are as follows:

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Property, Plant and Equipments (PPE) *(Continued)*

Buildings ………………………………………………	60 years
Computers and Data processing units …………………	3 to 6 years
Furniture and fixtures ………………………………….	10 years
Office equipments ……………………………………..	5 years
Vehicles ………………………………………………..	4 years to 10 years
Vehicles under lease	8 years
Right-Of-Use assets (Leasehold premises)	2 to 10 years

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

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognised.

2.9 a) Intangible assets :

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortisation is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

b) Intangible assets under development :

The Group, initially recognizes intangible asset under development at cost during the development phase based on the management's judgement that technological and economic feasibility is confirmed. Upon completion of the development phase, the amount is capitalized as intangible asset.

2.10 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 date.

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.11 Financial instruments :

a) *Recognition and initial measurement -*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments :*(Continued)*

b) Classification and subsequent measurement -
- Financial assets
On initial recognition, a financial asset is classified as measured at
- Amortised cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

Amortised cost -
The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Group measures Bank balances, Loans, Trade receivables and other financial instruments at amortised cost.

FVOCI - debt instruments -
The Group measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -
The Group subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

All financial asset not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Financial assets: Subsequent measurement and gains and losses -

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Group makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognised in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments :*(Continued)*

c) Financial liabilities and equity instruments:

Classification as debt or equity -
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Group are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

d) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.
Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:
- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) *Derecognition*

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities
A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) *Offsetting*
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments :*(Continued)*

g) Derivative financial instruments

The Group enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in Statement of profit and loss.

h) ***Impairment of financial instruments***

Equity instruments are not subject to impairment under Ind AS 109.

The Group recognises lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information (refer note 50).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Group's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

The Group recognises lifetime ECL for trade, lease and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the respective businesses of the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

i) Collateral repossessed -

Based on operational requirements, the Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalisation at their fair market value.

In the normal course of business, the Group does not physically repossess assets/properties or other assets in its retail portfolio, but engages external agents to recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the assets / properties under legal repossession processes are not recorded on the balance sheet.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Financial instruments :*(Continued)*

j) Write offs -

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Group determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

2.12 Employee benefits:

a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund and ESIC and National Pension Scheme -

Group's contribution paid/payable during the year to provident fund, ESIC and National Pension Scheme is recognised in the Statement of profit and loss.

c) Gratuity -

The Group's liability towards gratuity schemes is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

d) Superannuation fund -

The Group 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 Group has no obligation to the scheme beyond its contributions.

e) Leave encashment / compensated absences / sick leave -

The Group 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.

f) Employee stock options :

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock option at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.13 Finance costs :

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost - bank term loans, non-convertible debentures, fixed deposits mobilised, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Group's weighted average incremental borrowing rate has been included under finance costs.

2.14 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

a) Current tax :

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

b) Deferred tax :

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extant that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extant that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.15 Securities issue expenses :

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

2.16 Impairment of assets other than financial assets :

The Group reviews the carrying amounts of its tangible (PPE , including assets given on operating lease) and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Provisions :

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.18 Gross obligation value of written put options to Non-controlling Interest (NCI) :

For the written put options held by the Group for acquiring remaining interest in its subsidiary, gross obligation is recognised by debit to Other Equity for the expected amount payable in case of exercise of the put by the NCI.

2.19 Leases :

Where the Group is the lessee -

As a lessee, the Group's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain hat they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Group's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Where the Group is the lessor -

At the inception of the lease, the Group classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Group has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognised in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Costs including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct costs are recognised immediately in Statement of profit and loss.

Rs. in lakhs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Leases : *(Continued)*

Transition to Ind AS 116
Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31,2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no.41.

2.20 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.21 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 Group’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 is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.22 Standards issued but not yet effective :

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2020.

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

3 Cash and cash equivalents

Rs. in lakhs

	31 March 2020	31 March 2019
Cash on hand	**1,627.41**	4,366.26
Cheques and drafts on hand	**300.91**	1,601.77
Balances with banks in current accounts	**56,331.91**	47,754.29
Term deposits with original maturity up to 3 months	**20,000.00**	-
	78,260.23	53,722.32

4 Bank balances other than cash and cash equivalents

Rs. in lakhs

	31 March 2020	31 March 2019
Earmarked balances with banks -		
- Unclaimed dividend accounts	**68.66**	89.78
Term deposits with maturity less than 12 months -		
- Free	**4,575.00**	15,001.00
- Under lien #	**70,255.78**	30,590.65
	74,899.44	45,681.43

 # Details of Term deposits

Rs. in lakhs

Particulars	As at 31 March 2020 Bank balances other than cash and cash equivalents (Note 4)	As at 31 March 2020 Other financial assets (Note 9)	As at 31 March 2020 Total	As at 31 March 2019 Bank balances other than cash and cash equivalents (Note 4)	As at 31 March 2019 Other financial assets (Note 9)	As at 31 March 2019 Total
For Statutory Liquidity Ratio	**22,501.00**	**20,000.00**	**42,501.00**	5,517.23	7,500.00	13,017.23
For securitization transactions	**46,208.47**	**4,330.00**	**50,538.47**	24,538.61	-	24,538.61
Legal deposits	**21.31**	**60.25**	**81.56**	9.81	71.50	81.31
For towards Constituent Subsidiary General Ledger (CSGL) account	**1,500.00**	**-**	**1,500.00**	500.00	-	500.00
Collateral deposits with banks for Aadhaar authentication	**25.00**	**100.00**	**125.00**	25.00	-	25.00
Total	**70,255.78**	**24,490.25**	**94,746.03**	**30,590.65**	**7,571.50**	**38,162.15**

5 Derivative financial instruments

	31 March 2020 Notional amounts	31 March 2020 Fair value of Assets	31 March 2019 Notional amounts	31 March 2019 Fair value of Assets
i) Currency derivatives :				
Forward contracts	**58,205.49**	**2,323.02**	59,659.22	917.97
Options	**2,05,079.75**	**6,969.74**	-	88.42
Total derivative financial instruments	**2,63,285.24**	**9,292.76**	**59,659.22**	**1,006.39**

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

6 Receivables

	31 March 2020	31 March 2019
a) Trade receivables		
i) Secured, considered good		
- Lease rental receivable on operating lease transactions	**64.64**	18.85
Less : Impairment loss allowance	**(1.48)**	-
	63.16	18.85
ii) Unsecured, considered good :		
- Subvention and other income receivables	**5,227.90**	5,341.46
iii) Credit impaired :		-
- Trade receivable on hire purchase transactions	**373.39**	373.39
- Subvention and other income receivables	**241.95**	109.75
	615.34	483.14
Less : Impairment loss allowance	**(615.34)**	(483.14)
	-	-
	5,291.06	5,360.31

There is no due by directors or other officers of the company or any firm or private company in which any director is a partner, a director or a member.

7 Loans

	31 March 2020	31 March 2019
A) Loans (at amortised cost) :		
Retail loans	**64,43,978.16**	58,74,147.34
Small and Medium Enterprise (SME) financing	**1,86,440.83**	1,88,053.12
Loans under housing finance business	**8,44,389.35**	8,04,874.76
Bills of exchange	**53,166.01**	61,534.86
Trade Advances	**1,23,934.89**	1,87,430.56
Inter corporate deposits to related parties	**100.00**	100.00
Other loans and advances	**23.42**	12.27
Total (Gross)	**76,52,032.66**	71,16,152.91
Less : Impairment loss allowance	**(3,65,654.21)**	(2,22,252.94)
Total (Net)	**72,86,378.45**	68,93,899.97
B) i) Secured by tangible assets	**73,74,911.86**	67,86,072.79
ii) Secured by intangible assets	**-**	-
iii) Covered by bank / Government guarantees	**-**	-
iv) Unsecured	**2,77,120.80**	3,30,080.12
Total (Gross)	**76,52,032.66**	71,16,152.91
Less : Impairment loss allowance	**(3,65,654.21)**	(2,22,252.94)
Total (Net)	**72,86,378.45**	68,93,899.97
C) i) Loans in India		
a) Public Sector	**-**	-
b) Others	**76,52,032.66**	71,16,152.91
Total (Gross)	**76,52,032.66**	71,16,152.91
Less : Impairment loss allowance	**(3,65,654.21)**	(2,22,252.94)
Total (Net) - C (i)	**72,86,378.45**	68,93,899.97
ii) Loans outside India	**-**	-
Less : Impairment loss allowance	**-**	-
Total (Net) - C (ii)	**-**	-
Total (Net) - C (i+ii)	**72,86,378.45**	68,93,899.97

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

8 Investments

Investments	31 March 2020						31 March 2019					
	Amortised cost	At Fair Value			Others (at cost)	Total	Amortised cost	At Fair Value			Others (at cost)	Total
		Through OCI	Through profit or loss	Sub-total				Through OCI	Through profit or loss	Sub-total		
Units of mutual funds		-	3,39,750.56	3,39,750.56	-	**3,39,750.56**	-	-	63,412.45	63,412.45	-	63,412.45
Government securities	98,049.30	14,301.61	-	14,301.61		**1,12,350.91**	70,922.15					70,922.15
Debt securities -				-								
i) Secured redeemable non-convertible debentures	2,500.00	-	-	-	-	**2,500.00**	6,200.00	-	-	-	-	6,200.00
ii) Investments in Pass Through Certificates under securitization transactions	12,409.65	-	-	-	-	**12,409.65**	21,359.96	-	-	-	-	21,359.96
iii) Commercial Papers	-		-	-	-	-	21,994.94	-	59,070.39	59,070.39	-	81,065.33
iv) Certificate of deposits with banks	-	-	-	-	-	-	-		46,910.08	46,910.08	-	46,910.08
v) Investment in Bonds of Food Corporation of India and NCDs of NABARD	-	10,474.76	-	10,474.76	-	**10,474.76**		-	-	-	-	-
vi) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited	-	-	-	-	-	-		-	1,088.52	1,088.52	-	1,088.52
Equity instruments of associate -												
49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC. in United States of America)	-	-	-	-	49,371.81	**49,371.81**	-	-	-	-	40,894.08	40,894.08
Equity instruments of joint venture -												
38.20% Ownership in Ideal Finance Limited, Sri Lanka (Joint venture entity with Ideal Finance Limited in Sri Lanka)	-	-	-	-	4,411.85	**4,411.85**	-	-	-	-	-	-
Equity instruments of other entities -												
i) 'Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	1,361.32	-	1,361.32	-	**1,361.32**	-	1,154.65	-	1,154.65	-	1,154.65
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	311.98	-	311.98	-	**311.98**	-	-	-	-	-	-
iii) 'Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted in to equity shares on exercise of conversion option after meeting applicable terms and conditions)	-	1,218.53	-	1,218.53	-	**1,218.53**	-	-	-	-	-	-
iv) 'New Democratic Electoral Trust	-	-	-	-	1.00	**1.00**			-	-	1.00	1.00
v) 'Equity investment in MF Utilities Limited	-	9.60	-	9.60	-	**9.60**	-	9.60	-	9.60	-	9.60
Total - Gross (A)	**1,12,958.95**	**27,677.80**	**3,39,750.56**	**3,67,428.36**	**53,784.66**	**5,34,171.97**	**1,20,477.05**	**1,164.25**	**1,70,481.44**	**1,71,645.69**	**40,895.08**	**3,33,017.82**
i) Investments outside India	-	-	-	-	53,783.66	53,783.66	-	-	-	-	40,894.08	40,894.08
ii) Investments in India	1,12,958.95	27,677.80	3,39,750.56	3,67,428.36	1.00	8,47,816.67	1,20,477.05	1,164.25	1,70,481.44	1,71,645.69	1.00	4,63,769.43
Total - Gross (B)	**1,12,958.95**	**27,677.80**	**3,39,750.56**	**3,67,428.36**	**53,784.66**	**5,34,171.97**	**1,20,477.05**	**1,164.25**	**1,70,481.44**	**1,71,645.69**	**40,895.08**	**3,33,017.82**
Less : Allowance for Impairment loss (C)	136.19	-	-	-	-	136.19	282.52	-	-	-	-	282.52
Total - Net D (A-C)	**1,12,822.76**	**27,677.80**	**3,39,750.56**	**3,67,428.36**	**53,784.66**	**5,34,035.78**	**1,20,194.53**	**1,164.25**	**1,70,481.44**	**1,71,645.69**	**40,895.08**	**3,32,735.30**

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

9 Other financial assets

	31 March 2020	31 March 2019
Interest accrued on investments	**2,393.28**	1,564.09
Interest accrued on other deposits	**4,615.09**	946.97
Security Deposits	**3,791.88**	3,487.02
Term deposits with banks (remaining maturity more than 12 months)		
- Free	**15,444.49**	3,281.49
- Under lien	**24,490.25**	7,571.50
Others	**1,243.72**	4,356.01
	51,978.71	21,207.08

10 Deferred tax assets (net) and Tax expense

(i) Deferred tax assets (net)

Rs. in lakhs

	Balance as at 1 April 2018	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities :									
- Share based payments	(703.06)	(470.85)	-	-	(1,173.91)	11.70	-	-	(1,162.21)
- Application of EIR on financial assets & liabilit	(3,903.52)	(4,058.68)	-	-	(7,962.20)	3,226.79	-	-	(4,735.41)
- FVTPL financial asset	(9.37)	(238.98)	-	-	(248.35)	(589.21)	-	-	(837.56)
- Others	(959.09)	(580.61)	(749.03)	-	(2,288.73)	(3,626.92)	-	-	(5,915.65)
	(5,575.04)	**(5,349.12)**	**(749.03)**	**-**	**(11,673.19)**	**(977.64)**	**-**	**-**	**(12,650.83)**
Tax effect of items constituting deferred tax assets :									
- Provision for employee benefits	2,430.87	129.74	-	512.84	3,073.45	570.15	-	63.76	3,707.36
- Derivatives	2,130.60	1,909.02	-	-	4,039.62	2,385.86	-	-	6,425.48
- Depreciation on fixed assets	190.73	108.52	-	-	299.25	(1.98)	-	-	297.27
- Application of EIR on financial liabilities	292.37				292.37	(81.79)	-	-	210.58
- Allowance for ECL	65,664.40	(24,462.72)	-	-	41,201.68	14,672.21	-	-	55,873.89
- Others	6,717.84	1,453.14	-	(434.41)	7,736.57	(3,577.76)	-	(139.14)	4,019.67
	77,426.81	**(20,862.30)**	**-**	**78.43**	**56,642.94**	**13,966.69**	**-**	**(75.38)**	**70,534.25**
Net deferred tax assets	**71,851.77**	**(26,211.43)**	**749.03**	**78.43**	**44,969.75**	**12,989.05**	**-**	**(75.38)**	**57,883.42**

(ii) Income tax recognized in Statement of profit and loss

Rs. in lakhs

	31 March 2020	31 March 2019
Current tax:		
In respect of current year	**64,730.05**	70,650.28
In respect of prior years	**(119.80)**	486.26
	64,610.25	71,136.54
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(25,152.61)**	26,211.43
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change) #	**12,163.56**	-
	(12,989.05)	26,211.43
Total Income tax recognised in Statement of profit and loss	**51,621.20**	97,347.97

(iii) Income tax recognized in Other Comprehensive Income

Rs. in lakhs

	31 March 2020	31 March 2019
Income tax related to items recognised in Other Comprehensive Income during the year :		
Net fair value gains on investments in debt instruments at FVTPL		
Remeasurement of defined employee benefits	**63.76**	**512.84**
Net gain / (loss) on equity instruments through OCI	**(23.17)**	**(158.87)**
Net gain / (loss) on debt instruments through OCI	**(115.97)**	**(275.54)**
Total Income tax recognised in Other Comprehensive Income	**(75.38)**	**78.43**

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

10 Deferred tax assets (net) *(Continued)*

(iv) Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:

Rs. in lakhs

	As at 31 March 2020	As at 31 March 2019
Profit before tax	**1,55,613.24**	2,79,383.28
Applicable income tax rate	**25.168%**	34.944%
Expected income tax expense	**39,164.74**	97,627.69
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(1,439.60)**	(1,233.25)
Effect of expenses / provisions not deductible in determining taxable profit	**369.27**	(843.59)
Effect of tax incentives and concessions	**61.71**	251.54
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change) #	**12,163.56**	-
Adjustment related to tax of prior years	**(119.80)**	486.26
Tax not recognised	**1,807.06**	1,380.24
Others	**(385.74)**	(320.92)
Reported income tax expense	**51,621.20**	97,347.97

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 which provides for an option to domestic companies to pay income tax at a concessional rate. The Group has elected to apply the concessional tax rate. Accordingly, the respective businesses of the Group has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs.12,163.56 lakhs recognised as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

Rs. in lakhs

11 Property, plant and equipments

Rs. in lakhs

Particulars	Land	Buildings #	Building - Leasehold	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machinery under lease	Right-Of-Use Assets (Leasehold premises)	Total
GROSS CARRYING AMOUNT											
Balance as at 1 April 2018	81.40	132.04		10,087.09	8,812.76	10,072.40	8,084.63	13.75		-	37,284.07
Additions during the year			177.81	2,596.37	1,293.37	1,705.21	2,307.36	1,216.43		-	9,296.55
Disposals / deductions during the year				196.68	134.02	373.40	971.52			-	1,675.62
Balance as at 31 March 2019	**81.40**	**132.04**	**177.81**	**12,486.78**	**9,972.11**	**11,404.21**	**9,420.47**	**1,230.18**	**-**	**-**	**44,905.00**
Balance as at 1 April 2019	81.40	132.04	177.81	12,486.78	9,972.11	11,404.21	9,420.47	1,230.18	-	25,183.63	70,088.63
Additions during the year			36.61	775.09	777.46	939.25	2,546.45	4,054.47	19.06	4,533.27	**13,681.66**
Disposals / deductions during the year				477.97	200.41	561.54	991.08			-	**2,231.00**
Balance as at 31 March 2020	**81.40**	**132.04**	**214.42**	**12,783.90**	**10,549.16**	**11,781.92**	**10,975.84**	**5,284.65**	**19.06**	**29,716.90**	**81,539.29**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES											
Balance as at 1 April 2018	-	25.78	-	6,616.18	5,421.19	6,845.81	4,634.77	0.74		-	23,544.47
Additions during the year	-	2.22	10.05	1,968.43	1,062.60	1,514.67	1,461.64	44.79		-	6,064.40
Disposals / deductions during the year	-	-		194.64	114.32	363.63	849.82	-		-	1,522.41
Balance as at 31 March 2019	**-**	**28.00**	**10.05**	**8,389.97**	**6,369.47**	**7,996.85**	**5,246.59**	**45.53**	**-**	**-**	**28,086.46**
Balance as at 1 April 2019	-	28.00	10.05	8,389.97	6,369.47	7,996.85	5,246.59	45.53		-	28,086.46
Additions during the year	-	2.22	25.15	1,958.80	1,018.00	1,470.22	1,838.87	438.83	1.39	6,015.18	12,768.66
Disposals / deductions during the year	-	-		477.17	186.09	553.61	874.53	-		-	2,091.40
Balance as at 31 March 2020	**-**	**30.22**	**35.20**	**9,871.60**	**7,201.38**	**8,913.46**	**6,210.93**	**484.36**	**1.39**	**6,015.18**	**38,763.72**
NET CARRYING AMOUNT											
As at 31 March 2019	81.40	104.04	167.76	4,096.81	3,602.64	3,407.36	4,173.88	1,184.65	-	-	16,818.54
As at 31 March 2020	**81.40**	**101.82**	**179.22**	**2,912.30**	**3,347.78**	**2,868.46**	**4,764.91**	**4,800.29**	**17.67**	**23,701.72**	**42,775.57**

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

12 Intangible assets

Rs. in lakhs

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2018	3,998.08
Additions during the year	3,889.43
Deductions during the year	-
Balance as at 31 March 2019	7,887.51
Balance as at 1 April 2019	7,887.51
Additions during the year	1,375.71
Deductions during the year	45.31
Balance as at 31 March 2020	**9,217.91**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2018	3,072.15
Additions during the year	1,488.92
Deductions during the year	-
Balance as at 31 March 2019	4,561.07
Balance as at 1 April 2019	4,561.07
Additions during the year	1,918.72
Deductions during the year	22.14
Balance as at 31 March 2020	**6,457.65**
NET CARRYING AMOUNT	
As at 31 March 2019	3,326.44
As at 31 March 2020	**2,760.26**

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

13 Other non-financial assets

Rs. in lakhs

	31 March 2020	31 March 2019
Capital advances	**2,201.03**	896.25
Prepaid expenses	**4,397.82**	3,188.81
Balances with Government Authorities	**1,221.09**	1,224.00
Unamortised placement and arrangement fees paid on borrowing instruments	**302.36**	401.48
Insurance advances	**290.94**	185.59
Others	**1,450.21**	1,681.03
	9,863.45	7,577.16

14 Derivative financial instruments

Rs. in lakhs

	31 March 2020		31 March 2019	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency derivatives :				
Forward contracts	**20,013.63**	**2,559.18**	20,231.96	2,176.30
Options	**-**	**1,456.88**	1,23,078.50	5,526.23
Total derivative financial instruments		**4,016.06**		**7,702.53**

15 Payables

Rs. in lakhs

		31 March 2020	31 March 2019
I)	**Trade Payables**		
	i) total outstanding dues of micro enterprises and small enterprises	**25.61**	23.72
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**69,297.22**	1,11,406.58
II)	**Other Payables**		
	i) total outstanding dues of micro enterprises and small enterprises	**17.40**	253.29
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**2,944.47**	3,164.54
		72,284.70	1,14,848.13

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in lakhs

		31 March 2020	31 March 2019
a)	Dues remaining unpaid to any supplier at the year end		
	- Principal	**42.50**	27.42
	- Interest on the above	**-**	-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	**49.47**	-
	- Interest paid in terms of Section 16 of the MSMED Act	**0.93**	-
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**-**	-
d)	Amount of interest accrued and remaining unpaid	**-**	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**-**	-
		92.90	27.42

Rs. in lakhs

16 Debt Securities

Rs. in lakhs

	31 March 2020	31 March 2019
At Amortised cost		
Non-convertible debentures (Secured)	**18,99,694.63**	21,50,047.33
Non-convertible debentures (Unsecured)	**39,800.02**	19,893.55
Commercial Papers (Unsecured)	**-**	3,01,647.62
Rupee Denominated Secured Bonds overseas (Masala Bonds)	**34,966.42**	-
Total (A+B)	**19,74,461.07**	24,71,588.50
Debt securities in India	**19,39,494.65**	24,71,588.50
Debt securities outside India	**34,966.42**	-
Total	**19,74,461.07**	24,71,588.50

Note: There is no debt security measured at FVTPL or designated at FVTPL.

The Secured Non-convertible debentures are secured by paripassu charges on office premises, PPE, book debts and exclusive charges on receivables under loan contracts to the extend of 100% of outstanding secured debentures.

Details of Non-convertible debentures (Secured) :

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**7.10%-9.40%**	**7,03,050.00**	7.29%-9.45%	7,66,000.00
Maturing between 1 year to 3 years	**7.00%-9.75%**	**4,55,980.00**	7.35% - 9.75 %	8,85,300.00
Maturing between 3 years to 5 years	**7.45%-9.25%**	**2,26,800.00**	7.82% - 9.25%	1,44,500.00
Maturing beyond 5 years	**7.75%-9.18%**	**3,38,760.00**	8.30% - 9.18%	1,84,010.00
Sub-total at face value (A)		**17,24,590.00**		**19,79,810.00**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**9.00%-9.05%**	**40,540.83**	9.00%-9.15%	94,096.94
Maturing between 3 years to 5 years	**9.10%-9.15%**	**53,556.11**		
Maturing beyond 5 years	**9.20%-9.30%**	**86,915.30**	9.20%-9.30%	86,915.30
Sub-total at face value (B)		**1,81,012.24**		**1,81,012.24**
Total at face value (A+B)		**19,05,602.24**		**21,60,822.24**
Less: Unamortised discounting charges		**5,907.61**		10,774.91
Total amortised cost		**18,99,694.63**		**21,50,047.33**

Details of Non-convertible debentures (Unsecured) - :

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :				
Maturing beyond 5 years	**8.53%**	**40,000.00**	8.53%	20,000.00
Total at face value		**40,000.00**		20,000.00
Less: Unamortised discounting charges		**199.98**		106.45
Total amortised cost		**39,800.02**		**19,893.55**

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

16 Debt Securities *(Continued)*

Details of Commercial Papers (Unsecured):

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate Range	Amount	Interest Rate Range	Amount
Repayable on maturity :				
Maturing within 1 year	-	-	7.70% - 9.05%	3,10,000.00
Total at face value		-		**3,10,000.00**
Less: Unamortised discounting charges		-		8,352.38
Total amortised cost		-		**3,01,647.62**

Rupee Denominated Secured Bonds overseas (Masala Bonds)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate	Amount	Interest Rate	Amount
Repayable on maturity :				
Maturing between 3 years to 5 years	**7.40%**	**35,000.00**		-
Total at face value		**35,000.00**		-
Less: Unamortised discounting charges		**33.58**		-
Total amortised cost		**34,966.42**		-

17 Borrowings (Other than Debt Securities)

Rs. in lakhs

	31 March 2020	31 March 2019
At Amortised cost		
a) Term loans		
i) Secured -		
- from banks	**20,80,872.19**	16,82,292.65
- from banks in foreign currency	**18,294.06**	63,403.97
- External Commercial Borrowings	**2,73,778.83**	1,37,396.77
- Associated liabilities in respect of securitisation transactions	**8,88,170.82**	4,34,734.49
- from other parties	**22.70**	3,180.20
ii) Unsecured -		
- from banks	**26,400.00**	5,813.54
b) Other loans and advances (other than related parties)		
Unsecured -		
- Inter-corporate deposits (ICDs)	**45,175.00**	1,13,850.00
c) Loans repayable on demand		
Secured -		
- Cash credit facilities with banks	**-**	22,600.50
Total	**33,32,713.60**	24,63,272.12
Borrowings in India	**30,58,934.77**	23,25,875.35
Borrowings outside India	**2,73,778.83**	1,37,396.77
Total	**33,32,713.60**	24,63,272.12

Note: There is no Borrowing designated at FVTPL

The term loans are secured by exclusive charges on receivables under loan contracts and book debts to the extend of 100% of outstanding secured loans.

The borrowings have not been guaranteed by directors or others. Also the Group has not defaulted in repayment of principal and interest.

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

17 Borrowings (Other than Debt Securities) *(Continued)*

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	**6.55%-9.75%**	**2,48,635.00**	8.20% -9.50%	1,66,400.00
Maturing between 1 year to 3 years	**6.95% -9.50%**	**2,62,500.00**	8.20% - 9.50%	1,00,500.00
Maturing between 3 years to 5 years			7.90% -9.50%	25,000.00
Total for repayable on maturity		**5,11,135.00**		**2,91,900.00**
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years	**7.85%**	**10,000.00**	8.91%	10,000.00
Sub-Total	**-**	**10,000.00**	-	**10,000.00**
ii) Quarterly -				
Maturing within 1 year	**5.45%-9.25%**	**1,72,923.61**	8.35% - 8.85%	1,05,313.49
Maturing between 1 year to 3 years	**5.45%-9.25%**	**3,02,711.31**	8.35% - 8.85%	2,21,666.67
Maturing between 3 years to 5 years	**8.00% - 8.20%**	**27,500.00**	8.70% - 8.85%	28,968.25
Sub-Total	**-**	**5,03,134.92**	-	**3,55,948.41**

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
iii) Half yearly -				
Maturing within 1 year	**7.15% - 10.50%**	**1,85,944.44**	7.45% - 10.50%	1,61,666.67
Maturing between 1 year to 3 years	**6.80% - 10.50%**	**3,49,554.90**	7.45% - 10.50%	3,33,666.67
Maturing beyond 3 years to 5 years	**7.75% - 10.50%**	**1,20,667.33**	8.55% - 10.50%	63,000.00
Sub-Total		**6,56,166.67**		**5,58,333.34**
iv) Yearly -				
Maturing within 1 year	**8.05%-9.70%**	**1,37,066.67**	8.20%-9.34%	75,333.33
Maturing between 1 year to 3 years	**8.05%-9.70%**	**2,38,983.33**	8.20%-9.70%	3,18,133.33
Maturing between 3 years to 5 years	**8.65%-9.70%**	**24,000.00**	8.20%-9.70%	73,050.00
Sub-Total		**4,00,050.00**		**4,66,516.67**
Total for repayable in installments		**15,69,351.59**		**13,90,798.41**
Total (1+2) (As per contractual terms)		**20,80,486.59**		**16,82,698.41**
Less Unamortized Finance Cost		**(385.60)**		405.76
Total Amortized Cost		**20,80,872.19**		**16,82,292.65**

Details of Secured term loans from banks in foreign currency

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**LIBOR plus spread 1.44% - 2.20%**	**18,297.55**	LIBOR plus spread 2.00% - 2.20%	63,399.36
Total		**18,297.55**		**63,399.36**
Less Unamortized Finance Cost		**3.49**		(4.61)
Total Amortized Cost		**18,294.06**		**63,403.97**

Rs. in lakhs

17 Borrowings (Other than Debt Securities) *(Continued)*

Details of External Commercial Borrowings (USD & Euro)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
Maturing between 1 year to 3 years	**LIBOR plus spread 1.10 - 1.50%**	**2,76,243.96**	LIBOR plus spread 1.10%	1,39,698.35
		2,76,243.96		**1,39,698.35**
Less Unamortized Finance Cost		**2,465.13**		2,301.58
Total		**2,73,778.83**		**1,37,396.77**

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
Maturing within 1 year	**8.73% - 9.03%**	**3,86,697.24**	5.2%-9.25%	1,94,427.46
Maturing between 1 year to 3 years	**8.80% - 9.03%**	**4,48,365.86**	5.2%-9.25%	2,13,893.72
Maturing between 3 years to 5 years	**9.03%**	**53,107.72**	5.2%-9.25%	26,413.31
		8,88,170.82		**4,34,734.49**
Less Unamortized Finance Cost		**-**		-
Total		**8,88,170.82**		**4,34,734.49**

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

Details of Secured term loans from NHB

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
1) Repayable in installments :				
Quarterly -				
Maturing within 1 year	**8.85%**	**22.70**	9.05%-9.65%	2,206.40
Maturing between 1 year to 3 years		**-**	9.30%-9.55%	973.80
Total		**22.70**		**3,180.20**
Less Unamortized Finance Cost		**-**		-
Total Amortized Cost		**22.70**		**3,180.20**

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.80% - 9.00%**	**26,400.00**	8.00% - 8.40%	5,813.54
Total		**26,400.00**		**5,813.54**
Less Unamortized Finance Cost		**-**		-
Total Amortized Cost		**26,400.00**		**5,813.54**

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

17 Borrowings (Other than Debt Securities) *(Continued)*

Details of Inter-corporate deposits (ICDs) other than related parties :

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.20%-8.50%**	**30,000.00**	7.75% - 9.40%	1,13,850.00
Maturing between 1 year to 3 years	**7.55%-7.90%**	**15,175.00**		-
Total		**45,175.00**		**1,13,850.00**
Less Unamortized Finance Cost		**-**		-
Total Amortized Cost		**45,175.00**		**1,13,850.00**

Loans repayable on demand - Cash credit facilities with banks (Secured)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :				
Maturing within 1 year		-	8.70%-9.80%	22,600.50
Total		-		**22,600.50**
Less Unamortized Finance Cost		-		-
Total Amortized Cost		-		**22,600.50**

18 Deposits

Rs. in lakhs

	31 March 2020	31 March 2019
At amortised cost		
Deposits (Unsecured)		
- Public deposits	**8,78,138.98**	5,63,093.41
Total	**8,78,138.98**	5,63,093.41

Note: There is no other deposit measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits :

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
Repayable on maturity :				
Maturing within 1 year	**7.00% - 9.60%**	**1,66,223.58**	7.30% - 10.10%	1,36,237.00
Maturing between 1 year to 3 years	**6.9% - 9.15%**	**6,07,810.66**	7.35% - 9.60%	3,65,323.25
Maturing beyond 3 years	**7.65% - 9.15%**	**1,08,286.07**	7.35% - 10.10%	64,702.42
Total at face value		**8,82,320.31**		**5,66,262.68**
Less: Unamortised discounting charges		**4,181.33**		3,169.27
Total amortised cost		**8,78,138.98**		**5,63,093.41**

19 Subordinated liabilities

	31 March 2020	31 March 2019
At Amortised cost		
Subordinated redeemable non-convertible debentures - private placement	**1,32,106.39**	1,36,491.33
Subordinated redeemable non-convertible debentures - retail public issue	**2,46,003.98**	2,45,716.76
Total	**3,78,110.37**	3,82,208.09
Subordinated liabilities in India	**3,78,110.37**	3,82,208.09
Subordinated liabilities outside India	**-**	-
Total	**3,78,110.37**	3,82,208.09

Note: There is no Subordinated liability measured at FVTPL or designated at FVTPL.

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

19 Subordinated liabilities *(Continued)*

Details of Subordinated liabilities (at Amortised cost) - Subordinated redeemable non-convertible debentures:

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest Rate range	Amount	Interest Rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	**9.50% - 9.80%**	**27,220.00**	9.85% - 10.02%	14,500.00
Maturing between 1 year to 3 years	**9.80% - 10.50%**	**17,050.00**	9.50% - 10.50%	37,270.00
Maturing between 3 years to 5 years	**8.40% - 9.70%**	**35,280.00**	9.50% - 10.15%	19,780.00
Maturing beyond 5 years	**8.90% - 9.50%**	**53,000.00**	8.40% - 9.60%	65,500.00
Sub-total at face value (A)		**1,32,550.00**		**1,37,050.00**
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	**8.34% - 8.70%**	**5,465.78**	8.34% - 8.70%	5,465.78
Maturing between 3 years to 5 years	**7.75% - 8.80%**	**7,165.96**	8.44% - 8.80%	1,233.72
Maturing beyond 5 years	**7.90% - 9.50%**	**2,36,108.62**	7.75% - 9.50%	2,42,040.86
Sub-total at face value (B)		**2,48,740.36**		**2,48,740.36**
Total at face value (A+B)		**3,81,290.36**		**3,85,790.36**
Less: Unamortised discounting charges		**3,179.99**		3,582.27
Total amortised cost		**3,78,110.37**		**3,82,208.09**

20 Other financial liabilities

Rs. in lakhs

	31 March 2020	31 March 2019
Interest accrued but not due on borrowings	**2,14,357.63**	1,90,089.74
Unclaimed dividends	**68.66**	89.36
Unclaimed matured deposits and interest accrued thereon	**522.20**	504.63
Deposits / advances received against loan agreements	**5,744.55**	6,937.36
Insurance premium payable	**1,401.75**	2,974.74
Salary, Bonus and performance payable	**7,167.57**	5,263.32
Provision for expenses	**7,917.22**	7,835.53
Gross obligation at fair value to acquire non-controlling interest	**35,560.00**	68,595.10
Lease liabilities (refer note 41)	**24,914.27**	-
Others	**1,763.49**	1,784.77
Total	**2,99,417.34**	2,84,074.55

21 Provisions

Rs. in lakhs

	31 March 2020	31 March 2019
Provision for employee benefits		
- Gratuity	**3,406.06**	3,594.94
- Leave encashment	**8,960.31**	7,056.12
- Bonus, incentives and performance pay	**8,279.19**	13,920.97
Provision for loan commitment	**493.43**	921.90
Total	**21,138.99**	25,493.93

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

22 Other non-financial liabilities

Rs. in lakhs

	31 March 2020	31 March 2019
Deferred subvention income	**2,691.27**	2,692.81
Statutory dues and taxes payable	**8,036.90**	5,820.29
Others	**641.93**	657.75
Total	**11,370.10**	9,170.85

23 Equity Share capital

Rs. in lakhs

	As at 31 March 2020	As at 31 March 2019
Authorised:		
70,00,00,000 (31 March 2019: 70,00,00,000) Equity shares of Rs.2/- each	**14,000.00**	14,000.00
50,00,000 (31 March 2019: 50,00,000) Redeemable preference shares of Rs.100/- each	**5,000.00**	5,000.00
Issued, Subscribed and paid-up:		
61,77,64,960 (31 March 2019: 61,77,64,960) Equity shares of Rs.2/- each fully paid up	**12,355.30**	12,355.30
Less : 24,17,256 (31 March 2019: 28,88,245) Equity shares of Rs.2/- each fully paid up issued to ESOS Trust but not yet allotted to employees	**48.35**	57.76
Adjusted Issued, Subscribed and paid-up Share capital	**12,306.95**	12,297.54

		31 March 2020		31 March 2019	
		No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares and amount outstanding:**				
	Issued, Subscribed and paid-up:				
	Balance at the beginning of the year	**61,77,64,960**	**12,355.30**	61,77,64,960	12,355.30
	Add : Fresh allotment of shares :	-	-	-	-
	Balance at the end of the year	**61,77,64,960**	**12,355.30**	61,77,64,960	12,355.30
	Less: Shares issued to ESOS Trust but not yet allotted to employees	**24,17,256**	**48.35**	28,88,245	57.76
	Adjusted Issued, Subscribed and paid-up Share capital	**61,53,47,704**	**12,306.95**	**61,48,76,715**	**12,297.54**
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:**				
	Holding and ultimate holding company : Mahindra & Mahindra Limited	**31,62,07,660**	**6,324.15**	31,62,07,660	6,324.15
	Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%
c)	**Shareholders holding more than 5 percent of the aggregate shares:**				
	Mahindra & Mahindra Limited	**31,62,07,660**	**6,324.15**	31,62,07,660	6,324.15
	Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%

d) **Terms / rights attached to equity shares :**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Rs. in lakhs

23 Equity Share capital *(Continued)*

Other Equity

Description of the nature and purpose of Other Equity :

Statutory reserve
Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Capital redemption reserve (CRR)
Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilised by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve
General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Debenture Redemption Reserve (DRR)
Until issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the Companies Act, 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company was required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may be utilised only to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and written-back the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

Employee stock options outstanding
The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Retained earnings
Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

23 Equity Share capital *(Continued)*

Details of dividends proposed

Rs. in lakhs

	31 March 2020	31 March 2019
Face value per share (Rupees)	**2.00**	2.00
Dividend percentage	0%	325%
Dividend per share (Rupees)	-	6.50
Dividend on Equity shares	-	40,154.72
Estimated dividend distribution tax	-	7,631.31
Total dividend including estimated dividend distribution tax	-	**47,786.03**

The dividends proposed for the financial year ended 31 March 2019 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant Annual General Meeting. The proposed dividend of 325% pertaining to financial year ended 31 March 2019 included special dividend of 125%.

The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2020.

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

24 Interest income

Rs. in lakhs

		31 March 2020	31 March 2019
I)	**On financial instruments measured at Amortised cost**		
	Interest on loans	**11,22,483.82**	9,72,258.70
	Income from bill discounting	**6,157.37**	6,535.21
	Interest income from investments	**10,254.47**	16,117.25
	Interest on term deposits with banks	**6,864.35**	2,017.44
	Other interest income	**1.27**	17.90
II)	**On financial instruments measured at fair value through OCI**		
	Interest income from investments in debt instruments	**-**	6.40
	Total	**11,45,761.28**	9,96,952.90

Note: There is no loan asset measured at FVTPL.

25 Fees and commission income

Rs. in lakhs

	31 March 2020	31 March 2019
Fees / charges on loan transactions	**7,483.16**	8,606.49
Commission / brokerage received from mutual fund distribution/other debt products	**1,744.30**	2,424.02
Collection fees related to transferred assets under securitisation transactions	**1,185.90**	608.31
Total	**10,413.36**	11,638.82

26 Net gain / (loss) on fair value changes

Rs. in lakhs

		31 March 2020	31 March 2019
A)	Net gain / (loss) on financial instruments at FVTPL		
	i) On trading portfolio		
	- Investments	**(191.35)**	191.35
	ii) On financial instruments designated at FVTPL	**(53.54)**	77.88
B)	Others - Mutual fund units	**2,806.45**	492.52
C)	Total Net gain / (loss) on financial instruments at FVTPL	**2,561.56**	761.75
	Fair value changes :		
	- Realised	**-**	51.26
	- Unrealised	**2,561.56**	710.49
D)	Total Net gain / (loss) on financial instruments at FVTPL	**2,561.56**	761.75

27 Sale of services

Rs. in lakhs

	31 March 2020	31 March 2019
Income from insurance broking business services	**24,682.92**	23,890.65
Income from mutual fund business	**1,285.89**	2,330.25
Total	**25,968.81**	26,220.90

Rs. in lakhs

28 Other income

Rs. in lakhs

	31 March 2020	31 March 2019
Net gain on derecognition of property, plant and equipment	**70.09**	80.41
Net gain on sale of investments measured at amortised cost	**5,093.66**	(108.13)
Income from shared services	**6,143.05**	5,844.25
Others	**43.66**	98.85
Total	**11,350.46**	5,915.38

29 Finance costs

Rs. in lakhs

	31 March 2020	31 March 2019
On financial liabilities measured at Amortised cost		
Interest on deposits	**67,242.25**	35,708.17
Interest on borrowings	**1,95,988.64**	1,52,024.29
Interest on debt securities	**2,47,778.04**	2,18,504.92
Interest on subordinated liabilities	**34,232.87**	31,950.77
Net loss in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
Interest expense on lease liabilities (refer note 41)	**2,016.58**	-
Other borrowing costs	**3,770.84**	2,346.20
Total	**5,39,056.37**	4,43,227.98

Note: There is no financial liability measured at FVTPL.

30 Impairment on financial instruments

Rs. in lakhs

	31 March 2020	31 March 2019
On financial instruments measured at Amortised cost		
Bad debts and write offs	**88,937.67**	1,80,171.45
Loans	**1,43,219.35**	(1,06,616.66)
Investments	**(146.33)**	(1,016.69)
Loan commitment	**(165.08)**	(827.27)
Trade receivables and other contracts	**52.22**	-
Total	**2,31,897.83**	71,710.83

Note: There is no financial instrument measured at FVOCI.

31 Employee benefits expenses

Rs. in lakhs

	31 March 2020	31 March 2019
Salaries and wages	**1,39,494.36**	1,31,625.15
Contribution to provident funds and other funds	**11,293.47**	8,853.61
Share based payments to employees	**5,889.70**	3,109.42
Staff welfare expenses	**4,304.49**	4,206.58
Total	**1,60,982.02**	1,47,794.76

32 Depreciation, amortization and impairment

Rs. in lakhs

	31 March 2020	31 March 2019
Depreciation on Property, Plant and Equipment	**6,753.48**	6,064.40
Amortization and impairment of intangible assets	**1,918.72**	1,488.92
Depreciation on Right of Use Asset (refer note 41)	**6,015.18**	-
Total	**14,687.38**	7,553.32

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

33 Other expenses

Rs. in lakhs

	31 March 2020	31 March 2019
Rent # (refer note 41)	**3,857.35**	8,415.45
Rates and taxes, excluding taxes on income	**2,599.75**	248.96
Electricity charges	**2,214.47**	2,606.04
Repairs and maintenance	**1,453.86**	1,889.34
Communication Costs	**3,331.79**	3,662.44
Printing and Stationery	**1,519.00**	2,013.91
Advertisement and publicity	**2,020.32**	3,707.52
Directors' fees, allowances and expenses	**567.80**	464.31
Auditor's fees and expenses -		
- Audit fees	**100.90**	106.67
- Taxation matters	**1.64**	4.14
- Other services	**69.25**	101.94
- Reimbursement of expenses	**2.66**	3.45
Legal and professional charges	**10,953.42**	11,803.84
Insurance	**5,339.57**	3,871.57
Manpower outsourcing cost	**5,205.65**	3,848.01
Donations	**3,334.57**	2,923.23
Corporate Social Responsibility (CSR) expenses	**869.62**	581.23
Conveyance and travel expenses	**18,318.37**	18,350.25
Other expenditure	**23,158.92**	15,844.90
Total	**84,918.91**	80,447.20

The Group has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognise short-term lease payments and payments for leases of low-value assets, which are not included in the measurement of the lease liability and ROU asset, as expense on a straight line basis over the lease term in the statement of profit or loss.

Accordingly, rent expenses for the year ended 31 March 2020 comprises of short-term lease payments and payments for leases of low-value assets recognized as per Ind AS 116, Leases.

34 Earning Per Share (EPS)

Rs. in lakhs

	31 March 2020	31 March 2019
Profit for the year (Rs. in lakhs)	**1,07,514.53**	1,82,729.83
Weighted average number of Equity Shares used in computing basic EPS	**61,50,43,690**	61,46,21,661
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	**13,31,431**	13,32,128
Weighted average number of Equity Shares used in computing diluted EPS	**61,63,75,121**	61,59,53,789
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	**17.48**	29.73
Diluted Earnings per share (Rs.)	**17.44**	29.67

35 Accumulated Other Comprehensive Income

Rs. in lakhs

		31 March 2020	31 March 2019
A)	**Items that will not be reclassified to profit or loss**		
	Balance at the beginning of the year	**295.78**	-
	- Net gain / (loss) on equity instruments through OCI	**268.65**	454.65
	Income tax impact thereon	**(23.17)**	(158.87)
	Balance at the end of the year : Subtotal (A)	**541.26**	295.78
B)	**Items that will be reclassified to profit or loss**		
	Balance at the beginning of the year	**2,962.38**	50.62
	- Exchange differences in translating the financial statements of a foreign associate	**3,900.25**	2,398.78
	- Net gain / (loss) on debt instruments through OCI	**767.09**	788.52
	Income tax impact thereon	**(115.97)**	(275.54)
	Balance at the end of the year : Subtotal (B)	**7,513.75**	2,962.38
	Accumulated Other Comprehensive Income (A + B)	**8,055.01**	3,258.16

Rs. in lakhs

36 Employee Stock Option Plan

The Company had allotted 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on 3 February 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. Upon exercise of stock options under the scheme by eligible employees, the Trust had issued 32,13,044 equity shares to employees up to 31 March 2020 (31 March 2019: 27,42,055 equity shares), of which 4,70,989 equity shares (31 March 2019: 3,99,748 equity shares) were issued during the current year.

a) The terms and conditions of the Employees stock option scheme 2010 are as under :

Particulars	**Terms and conditions**
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 months from the date of grant
	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant
	20% on expiry of 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

b) Options granted during the year:

During the year ended 31 March 2020, the Company has not granted any stock options (31 March 2019: 21,94.249) to the eligible employees under the Employees' Stock option scheme 2010. The details of stock options are as under:

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
	N/A	Grant dated 24 October 2018
Exercise price (Rs.)		2.00
No. of years vesting		5
Fair value of option (Rs.)		355.34

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables#	**Year ended 31 March 2020**	**Year ended 31 March 2019**
	N/A	Grant dated 24 October 2018
1) Risk free interest rate		7.77%
2) Expected life		4.51 years
3) Expected volatility		37.61%
4) Dividend yield		1.07%
5) Price of the underlying share in the market at the time of option grant (Rs.)		374.35

the values mentioned against each of the variables are based on the weighted average vesting period.

Rs. in lakhs

36 Employee Stock Option Plan *(Continued)* :

c) Summary of stock options:

Particulars	As at 31 March 2020 No. of stock options	Weighted average exercise price (Rs.)	As at 31 March 2019 No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	28,66,916	2.00	10,83,987	2.00
Options granted during the year	-	2.00	21,94,249	2.00
Options forfeited / lapsed during the year	42,882	2.00	9,684	2.00
Options expired during the year	2,703	2.00	1,888	2.00
Options exercised during the year	4,70,989	2.00	3,99,748	2.00
Options outstanding at the end of the year	23,50,342	2.00	28,66,916	2.00
Options vested but not exercised at the end of the year	5,02,244	2.00	1,76,151	2.00

d) Information in respect of options outstanding :

Exercise price	As at 31 March 2020 No. of stock options	Weighted average remaining life	As at 31 March 2019 No. of stock options	Weighted average remaining life
Rs.2.00	23,50,342	54 months	28,66,916	62 months

e) Average share price at recognised stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2020		Year ended 31 March 2019	
Date of exercise	Weighted average share price (Rs.)	Date of exercise	Weighted average share price (Rs.)
27 April 2019 to 22 March 2020	335.73	27 April 2018 to 22 March 2019	441.05

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102. Consequently, Rs.2,941.80 lakhs (31 March 2019: Rs.2,255.02 lakhs) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs.51.60 lakhs (31 March 2019 : Rs. 27.40 lakhs) in respect of options granted to employees of the Company and excludes net recovery of Rs.56.96 lakhs (31 March 2019 : Rs.100.36 lakhs) from its subsidiaries for options granted to their employees.

Rs. in lakhs

37 Employee benefits

General description of defined benefit plans

Gratuity
The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Post retirement medical
The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility -
The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -
A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Inflation risk -
The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy -
The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Details of defined benefit plans as per actuarial valuation are as follows:

	Particulars	Funded Plan	
		Gratuity	
		Year ended 31 March	
		2020	2019
I.	**Amounts recognised in the Statement of Profit & Loss**		
	Current service cost	**1,435.15**	1,259.75
	Net Interest cost	**250.19**	174.07
	Past service cost	**17.57**	-
	Actuarial (gain)/loss	**(1,091.19)**	4.03
	Adjustment due to change in opening balance of Plan assets	**(339.69)**	(186.31)
	Total expenses included in employee benefits expense	**272.03**	1,251.54
II.	**Amount recognised in Other Comprehensive income**		
	Remeasurement (gains)/losses:		
	a) Actuarial (gains)/losses arising from changes in -		
	- demographic assumptions	**35.02**	(23.82)
	- financial assumptions	**(1,248.78)**	(1,329.02)
	- experience adjustments	**(364.72)**	(126.63)
	b) Return on plan assets, excluding amount included in net interest expense/ (income)	**(2.90)**	(2.51)
	Total amount recognised in other comprehensive income	**(1,581.38)**	(1,481.98)
III.	**Changes in the defined benefit obligation**		
	Opening defined benefit obligation	**8,804.50**	6,156.58
	Add/(less) on account of business combination/transfers	**(0.54)**	-
	Current service cost	**1,435.15**	1,259.75
	Past service cost	**(1,091.19)**	-
	Interest expense	**675.29**	474.74
	Remeasurement (gains)/losses arising from changes in -		
	- demographic assumptions	**(33.32)**	59.81
	- financial assumptions	**1,016.49**	87.74
	- experience adjustments	**214.73**	1,054.65
	Benefits paid	**(319.02)**	(288.76)
	Closing defined benefit obligation	**10,702.08**	8,804.51

Rs. in lakhs

37 Employee benefits *(Continued)*

Details of defined benefit plans as per actuarial valuation are as follows: *(Continued)*

	Particulars	Funded Plan Gratuity Year ended 31 March 2020	2019
IV.	**Change in the fair value of plan assets during the year**		
	Opening Fair value of plan assets	**5,209.55**	3,655.91
	Interest income	**353.36**	5.90
	Expected return on plan assets	**(278.79)**	46.50
	Contributions by employer	**2,024.73**	1,573.23
	Adjustment due to change in opening balance of Plan assets	**306.19**	216.77
	Actual Benefits paid	**(319.02)**	(288.76)
	Closing Fair value of plan assets	**7,296.02**	5,209.55
V.	**Net defined benefit obligation**		
	Defined benefit obligation	**10,702.08**	8,804.51
	Fair value of plan assets	**7,296.02**	5,209.55
	Surplus/(Deficit)	**3,406.06**	3,594.95
	Current portion of the above	**1,008.21**	900.54
	Non current portion of the above	**2,397.85**	2,694.40
Actuarial assumptions and Sensitivity			
I.	**Actuarial assumptions**		
	Discount Rate (p.a.)	6.90%	7.67%
	Attrition rate	12.41 for age upto 30, 8.21 for age 31-44, 21.00 for 44 and above	19%-43% for age upto 35, 3%-36% for age 36-45, 3%-17% for age 46 and above
	Expected rate of return on plan assets (p.a.)		
	Rate of Salary increase (p.a.)	7.00%	5-7%
	In-service Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
II.	**Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:**		
	One percentage point increase in discount rate	**(1,019.28)**	(1469.99)
	One percentage point decrease in discount rate	**1,184.34**	1501.60
	One percentage point increase in Salary growth rate	**1,170.81**	1498.94
	One percentage point decrease in Salary growth rate	**(1,026.91)**	(1490.60)
III.	**Maturity profile of defined benefit obligation**		
	Within 1 year	**2,012.57**	1,775.85
	Between 1 and 5 years	**10,768.55**	8,575.72

The estimate of future salary increases, considered in actuarial valuation, considers inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plan assets have been primarily invested in government securities and corporate bonds.

The Company's contribution to provident fund, superannuation fund and national pension scheme aggregating to Rs.9025.72 lakhs (31 March 2019: Rs. 5314.58 lakhs) has been recognized in the Statement of profit and loss under the head " Employee benefits expense".

38 Funds raised by issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds")

During the quarter and year ended 31 March 2020, the Company had raised funds in the overseas market amounting to Rs. 35,000.00 lakhs (equivalent to USD 50 million) through issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds") under External Commercial Borrowings (ECB) accessed through approval route requiring prior approval of RBI as per ECB Master directions. These are unlisted instruments, issued on 13 February 2020 for total duration of 4 years, carrying a fixed coupon rate of 7.40%, repayable at par on maturity on 13 February 2024.

The net proceeds from the issue of these Notes were applied for the purpose of on-lending, in accordance with the approvals granted by the RBI and the ECB Master Directions.

Rs. in lakhs

39 Funds raised by issue of debt instruments through public issue

During the year ended 31 March 2020, there was no capital raised by issue of debt instruments through public issue.

During the corresponding previous year ended 31 March 2019, the Company has raised an amount of Rs. 2,14,699.47 lakhs by way of Public Issuance of Secured Redeemable Non-Convertible Debentures (NCD's) and Unsecured Subordinated Redeemable Non-Convertible Debentures of the face value of Rs.1,000.00 each. The NCD's issued during the previous year were allotted on 18 January 2019 and these were listed on the BSE. The entire amount of proceeds from these issuances were used for the purposes as stated in its 'Placement Document' and there was no unutilised amount pertaining to these issuances. The issue expenses of Rs.2100.00 lakhs has been adjusted against underlying NCD liabilities for amortisation at effective interest rate over the tenor of respective NCDs as per the accounting policy. The details are as follows.

Proceeds from issue of NCDs:

Rs. in lakhs

Sr. No.	**Particulars**	**Year ended 31 March 2020**	Year ended 31 March 2019
i)	Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	33,687.23
ii)	Secured Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	-	1,81,012.24
	Total	-	2,14,699.47
	Issue expenses [transferred to amortisation account for charge off at effective interest rate of respective instruments over the tenor]	-	2,100.00

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no.18 (7) and applicable SEBI Issue and Listing of Debt Securities) Regulations, 2008, the Company has transferred Rs.14,667.61 lakhs to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2019, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and written-back an amount of Rs. 22,370.59 lakhs being the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

40 Capital management

The Group's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The Group determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio of the Group.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, as applicable, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI, details of which are given below :-

Regulatory capital

	As at 31 March 2020	As at 31 March 2019
Tier - I capital	**9,62,920.99**	10,02,787.58
Tier - II capital	**2,64,543.44**	3,08,102.15
Total Capital	**12,27,464.43**	**13,10,889.73**
Risk weighted assets	**62,48,547.10**	64,59,392.68
Tier - I capital ratio	**15.4%**	15.5%
Total Capital ratio	**19.6%**	20.3%

The housing finance business of the Group is subject to the capital adequacy requirements of the National Housing Bank (NHB) and has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB.

Rs. in lakhs

41 Leases

I) In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Group's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Group, previously classified these leases as operating leases under Ind AS 17 based on its assessment that the lessor effectively retained substantially all the risks and benefits incidental to ownership of the underlying asset and hence, the lease payments were recognized as an expense in the Statement of profit and loss.

The Group has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Group has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and ROU asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments in relation to leases which has been previously classified as operating leases under Ind AS 17 subject to certain practical expedients as allowed by the Standard.

The following is the summary of practical expedients elected on initial application of Ind AS 116.
a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
b) Availed the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
d) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
e) Used hindsight to determine the lease term of contracts.
The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The weighted average of Group's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was in the range of 9.00-9.75%.

Transition date reconciliation as at 1 April 2019 :

	Rs. in lakhs
Operating lease commitments as per Ind AS 17 as at 31 March 2019	39,790.53
Present value using incremental borrowing rate	27,416.97
Less:- Adjustments for recognising exemption for short term leases	2,233.34
Lease liabilities recognised as at 1 April 2019	25,183.63

Maturity Analysis - Contractual Undiscounted Cash Flow as at 31 March 2020:

	Rs. in lakhs
Less than 1 year	**6,507.79**
1 - 3 years	**9,960.65**
3 - 5 years	**6,781.58**
More than 5 years	**5,607.55**
Total undiscounted lease liabilities as at 31 March 2020	**28,857.57**

Other disclosures:

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognise short-term lease payments and payments for leases of low-value assets which are not included in the measurement of the lease liability and ROU as expense on a straight line basis over the lease term in the statement of profit or loss. Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped.

Rs. in lakhs

		Amount for the year ended / As at 31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 32 "Depreciation, amortization and impairment")	6,015.18
ii)	Interest expense on lease liabilities (presented under note - 29 "Finance costs")	2,016.58
iii)	Expense relating to short-term leases (included in Rent expenses under note 33 " Other expenses")	2,481.85
iv)	Expense relating to leases of low-value assets (included in Rent expenses under note 33 " Other expenses")	1,375.50
v)	Payments for principal portion of lease liability	4,802.62
vi)	Additions to right-of-use assets during the year	4,533.27
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -	
	- Property taken on lease for office premises (presented under note - 11 "Property, plant and equipments")	23,701.72
viii)	Lease liabilities (presented under note - 20 "Other financial liabilities")	24,914.27

Rs. in lakhs

41 Leases *(Continued)*

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease are as below :

i) New vehicles to retail customers for a maximum period of 48 months with a minimum holding period of 24 months.
ii) Used and refurbished vehicles to travel operators / taxi aggregators with a initial agreement validity period of 36 months to 48 months and provision for extension for such period and on such terms and conditions as may be agreed by both the parties. The lease agreement also provides for minimum lock in period 6 months from the date of execution and cancellation with 3 months' notice from either parties. The consideration payable by the lessee is either minimum commitment charges or variable rental charges based on usage, make/model of the vehicle and certain other terms and conditions forming part of the lease agreement.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

The Group is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Group accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Group does not have any sub-lease transactions.

Other details are as follows:

Rs. in lakhs

Particulars	**Year ended 31 March 2020**	**Year ended 31 March 2019**
i) New vehicles to retail customers on operating lease -		
Gross carrying amount	**4,925.95**	13.75
Depreciation for the year	**396.21**	0.74
Accumulated Depreciation	**427.88**	13.02
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Gross carrying amount	**358.71**	63.40
Depreciation for the year	**42.62**	0.30
Accumulated Depreciation	**56.49**	63.10

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
i) New vehicles to retail customers on operating lease -		
Not later than one year	**1,451.45**	357.77
Later than one year but not later than five years	**3,578.70**	1,253.64
Later than five years	-	-
	5,030.15	1,611.41
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Not later than one year	**50.92**	37.55
Later than one year but not later than five years	**33.71**	29.07
Later than five years	-	-
	84.63	66.62

Since there is no contingent rent applicable in respect of these lease arrangements, the Group has not recognised any income as contingent income during the year.

42 Frauds reported during the year

There were 381 cases (31 March 2019: 248 cases) of frauds amounting to Rs.525.51 lakhs (31 March 2019: Rs.880.16 lakhs) reported during the year. The Group has recovered an amount of Rs.178.22 lakhs (31 March 2019: Rs.112.73 lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

Rs. in lakhs

43 Contingent liabilities and commitments (to the extent not provided for)

Rs. in lakhs

	31 March 2020	31 March 2019
i) Contingent liabilities		
Claims against the Company not acknowledged as debts	**14,604.85**	22,279.22
Guarantees	**1,11,742.35**	51,236.91
Other money for which the Company is contingently liable	**86.46**	60.98
	1,26,433.66	73,577.11
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	**1,576.30**	615.58
Other commitments	**65,926.94**	97,877.80
	67,503.24	98,493.38
Total	**1,93,936.90**	1,72,070.49

The Group's pending litigations comprise of claims against the Group primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

Clarification on applicability of allowances for provident fund contributions under Employees Provident Fund Act, 1952

In February 2019, the Supreme Court of India in its judgment clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Group has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

44 Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

The Group has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitisation transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Group, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Group to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Group is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Group has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitisation transactions" under Note no.17.

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Securitisations -		
Carrying amount of transferred assets measured at amortised cost	**8,85,523.52**	4,31,200.15
Carrying amount of associated liabilities (Term Loan)	**8,88,170.82**	4,34,734.49
Fair value of assets (A)	**8,76,973.52**	3,62,188.41
Fair value of associated liabilities (B)	**8,16,917.73**	4,13,225.89
Net position at FV (A-B)	**60,055.79**	(51,037.48)

Rs. in lakhs

45 Corporate Social Responsibility (CSR)

During the year ended 31 March 2020, the Group has incurred an expenditure of Rs. 3,277.74 Lakhs (31 March 2019 : Rs. 3,037.49 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.298.40 Lakhs (31 March 2019: Rs. 208.26 Lakhs) towards the CSR activities undertaken by the Group.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Group during the year is Rs.3076.29 lakhs (31 March 2019: Rs. 3,255.24 lakhs).

b) Amount spent by the Group during the year :

Rs. in lakhs

Particulars	For the year ended 31 March 2020 In cash	Yet to be paid in cash	Total	For the year ended 31 March 2019 In cash	Yet to be paid in cash	Total
i) Construction / acquisition of any asset	-	-	-	-	-	-
ii) On purpose other than (i) above	3,593.88	-	**3,593.88**	3,261.54	-	3,261.54

The above expenditure includes Rs.17.74 lakhs (31 March 2019: Rs.15.79 lakhs) as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013.

46 During the year ended 31 March 2020, the Group had made a contribution of Rs.600.00 lakhs (31 March 2019: Rs.240.00 lakhs) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013.

47 The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

48 Reconciliation of movement of liabilities to cash flows arising from financing activities

Year ended 31 March 2020

Rs. in lakhs

Particulars	31 March 2019	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	New leases (including transition to Ind	31 March 2020
Debt securities	24,71,588.50	(4,97,651.40)	-	523.97	-	**19,74,461.07**
Borrowings (Other than debt securities)	24,63,272.12	8,48,709.34	19,173.16	1,558.98	-	**33,32,713.60**
Deposits	5,63,093.41	3,14,373.92	-	671.65	-	**8,78,138.98**
Subordinated liabilities	3,82,208.09	(3,976.88)	-	(120.84)	-	**3,78,110.37**
Lease liabilities	-	(4,802.62)	-	-	29,716.90	**24,914.27**
Dividend paid (including tax on dividend)	-	(51,681.23)		-	-	
Total liabilities from financing activities	**58,80,162.12**	**6,04,971.13**	**19,173.16**	**2,633.76**	**29,716.90**	**65,88,338.29**

Year ended 31 March 2019

Particulars	31 March 2018	Cash flows (net)	Exchange difference	Amortisation of loan origination	31 March 2019
Debt securities	21,94,435.96	2,79,239.64	-	(2,087.10)	24,71,588.50
Borrowings (Other than debt securities)	16,52,724.46	8,08,713.46	826.29	1,007.91	24,63,272.12
Deposits	3,05,205.07	2,59,800.55	-	(1,912.21)	5,63,093.41
Subordinated liabilities	3,46,249.80	35,507.23	-	451.06	3,82,208.09
Expenses incurred on issuance of Equity shares		(10.93)			
Expenses incurred on issuance of Non-convertible debentures		(2,143.51)			
Dividend paid (including tax on dividend)		(32,153.90)	-	-	
Total liabilities from financing activities	**44,98,615.29**	**13,48,952.54**	**826.29**	**(2,540.34)**	**58,80,162.12**

Notes to Consolidated Financial Statements *(Continued)*
as at 31 March 2020

Rs. in lakhs

49 Segment information

Primary segment (Business Segment)

The Group's business is organised in to following segments and the management reviews the performance based on the business segments as mentioned below:

Segment	Activities covered
Financing activities	Financing and leasing of automobiles, tractors, commercial vehicles, SMEs and housing finance.
Other reconciling items	Insurance broking, asset management services and trusteeship services

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis. Based on such allocation, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary segment (Geographical Segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Ind AS -108 on Operating Segments:

(Rs. in lakhs)

Particulars	Year ended 31st March 2020			Year ended 31st March 2019		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
External Revenue	**11,73,352.05**	**26,293.56**	**11,99,645.61**	10,16,528.10	26,557.37	10,43,085.47
Inter Segment Revenue	**3,922.26**	**9,580.48**	**13,502.74**	2,847.78	8,984.60	11,832.38
Total Revenue	**11,77,274.31**	**35,874.04**	**12,13,148.35**	10,19,375.88	35,541.97	10,54,917.85
Segment Results (Profit before tax and after interest on Financing Segment)	**1,51,765.86**	**3,847.38**	**1,55,613.24**	2,72,837.53	6,545.75	2,79,383.28
Share of profits in associates and joint venture	**4,589.73**	**-**	**4,589.73**	4,692.88	-	4,692.88
Less: Interest on Unallocated reconciling items	**-**	**-**	**-**	-	-	-
Net Profit before tax	**1,56,355.59**	**3,847.38**	**1,60,202.97**	2,77,530.41	6,545.75	2,84,076.16
Less: Income taxes	**-**	**-**	**51,621.20**	-	-	97,347.97
Net profit	**-**	**-**	**1,08,581.77**	-	-	1,86,728.19
Other information:						
Segment Assets	**80,54,496.33**	**42,832.99**	**80,97,329.32**	73,44,525.53	38,280.91	73,82,806.44
Unallocated corporate assets	**-**	**-**	**81,928.49**	-	-	74,790.47
Total Assets	**80,54,496.33**	**42,832.99**	**81,79,257.81**	73,44,525.53	38,280.91	74,57,596.91
Segment Liabilities	**69,59,253.63**	**14,135.51**	**69,73,389.14**	63,13,165.42	9,678.78	63,22,844.20
Unallocated corporate liabilities	**-**	**-**	**-**	-	-	-
Total Liabilities	**69,59,253.63**	**14,135.51**	**69,73,389.14**	63,13,165.42	9,678.78	63,22,844.20

Rs. in lakhs

50 Financial Risk Management Framework

In the course of its business, the Group is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Group's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the risk management policy which has been approved by the Board of Directors of the respective Group companies.

Board of Directors of financial services businesses have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

50.1 Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

a) Pricing Risk

The Group's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the Group does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 16,988.00 lakhs (31st March 2019 : Rs 3,177 lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Group's foreign currency exposures are managed within approved parameters. The Group manages its foreign currency risk by entering into forward contract and cross currency swaps.

The carrying amounts of the Group's foreign currency exposure at the end of the reporting period are as follows :

Rs. in lakhs

	US Dollar	**Euro**	**Total**
As at 31 March 2020			
Financial Assets	-	-	-
Financial Liabilities	2,72,141.24	19,931.66	2,92,072.90
As at 31 March 2019			
Financial Assets	-	-	-
Financial Liabilities	82,052.52	1,18,748.22	2,00,800.74

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

	Currency	**Change in rate**	**Effect on Profit Before Tax**
Year ended 31 March 2020	INR/EUR	**(+/-) 1.00%**	**(+/-) 199.32**
	INR/USD	**(+/-) 1.00%**	**(+/-) 2,721.41**
Year ended 31 March 2019	INR/EUR	(+/-) 0.31%	(+/-) 371.85
	INR/USD	(+/-) 0.50%	(+/-) 407.98

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

c) Interest Rate Risk

The Group uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.1 Market Risk *(Continued)*

c) Interest Rate Risk *(Continued)*

Interest Rate sensitivity
The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase / decrease in basis points (Range)	Effect on profit before tax
Year ended 31 March 2020	INR	50-270	43,562.93
Year ended 31 March 2019	INR	50-150	20,702.57

d) Off-setting of balances

The table below summarises the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet :

Financial assets subject to offsetting

Rs. in lakhs

Particulars	Offsetting recognised on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognised in balance sheet
Loan assets			
At 31 March' 2020	65,09,154.82	9,802.78	64,99,352.04
At 31 March' 2019	61,35,483.82	10,521.02	61,24,962.80

Financial liabilities subject to offsetting

Rs. in lakhs

Particulars	Offsetting recognised on the balance sheet		
	Gross liabilities before offset	Financial liabilities netted	Liabilities recognised in balance sheet
Other financial liabilities			
At 31 March' 2020	2,41,198.81	9,802.78	2,31,396.03
At 31 March' 2019	2,03,183.97	10,521.02	1,92,662.95

Note : The residential loan businesses has not offset financial assets and financial liabilities.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management

Credit risk is the risk that the Group will incur a loss because its customers fail to discharge their contractual obligations. The Group has a comprehensive framework for monitoring credit quality of its retail and other loans based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit quality of financial loans and investments

The following table sets out information about credit quality of loan assets and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Retail loan assets		
Neither Past due nor impaired	**49,49,484.43**	45,73,022.06
Past Due but not impaired		
30 days past due	**3,29,835.14**	3,99,846.71
31-90 days past due	**6,16,208.94**	5,17,380.10
Impaired (more than 90 days)	**5,48,449.65**	3,83,898.47
Total Gross carrying value as at reporting date	**64,43,978.16**	**58,74,147.34**

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Residential loan assets		
Neither Past due nor impaired	**4,97,117.82**	4,56,340.86
Past Due but not impaired		
30 days past due	**54,767.22**	83,187.48
31-90 days past due	**1,64,783.15**	1,60,582.65
Impaired (more than 90 days)	**1,27,721.16**	1,04,763.77
Total Gross carrying value as at reporting date	**8,44,389.35**	**8,04,874.76**

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	**1,62,662.60**	1,90,390.41
Past Due but not impaired		
30 days past due	**49,797.19**	38,294.97
31-90 days past due	**7,849.04**	3,247.19
Impaired (more than 90 days)	**19,298.01**	17,655.41
Total Gross carrying value as at reporting date	**2,39,606.84**	**2,49,587.98**

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Trade Advances		
Less than 60 days past due	**96,383.29**	1,78,777.59
61-90 days past due	**21,149.54**	3,134.21
Impaired (more than 90 days)	**6,402.06**	5,518.76
Total Gross carrying value as at reporting date	**1,23,934.89**	**1,87,430.56**

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	**1,12,958.95**	1,20,477.05
Past Due but not impaired		
30 days past due		-
31-90 days past due		-
Impaired (more than 90 days)		-
Total Gross carrying value as at reporting date	**1,12,958.95**	**1,20,477.05**

Notes to Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Credit quality of financial loans and investments *(Continued)*
The Group reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the group is into retail lending business, there is no significant credit risk of any individual customer that may impact adversely, and hence the Group has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model
In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Group categorises loan assets into stages primarily based on the Days Past Due status.
Stage 1 : 0-30 days past due
Stage 2 : 31-90 days past due
Stage 3 : More than 90 days past due

The Group applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances. The Group has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the respective businesses.

(i) RBI COVID-19 Regulatory Package
In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 and RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Group, as per the board approved policy of respective businesses and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e., stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairment loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(ii) Impact of COVID-19
The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Group's assessment of impairment loss allowance on its loans which are subject to a number of management judgments and estimates. In relation to COVID-19, judgments and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended March 2019, the Group has separately incorporated estimates, assumptions and judgments specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has recognized an overlay in the statement of profit and loss. The Group's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(iii) Definition of default
The Group considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(iv) Exposure at default
"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(v) Estimations and assumptions considered in ECL model
The Group has made the following assumptions in the ECL Model:
a) "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cash flows are discounted at loan EIR rate for arriving loss rate.
b) "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro economic factor.

(vi) Measurement of ECL
ECL is measured as follows:
- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.
- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the respective businesses of the Group if the commitment is drawn down and the cash flows that the respective businesses of the Group expects to receive.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Inputs considered in the ECL model (Continued)

(vii) Forward Looking Information

Historical PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable. Agriculture (real change % p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year). In case of SME and Bills Discounting portfolio, Real GDP (% change pa) is used as the macroeconomic variable.

The macroeconomic variables considered by the Group are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. As at 31 March 2020, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Group's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Group’s assessment of downside risks.

(viii) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group’s historical experience, including forward-looking information. The Group considers reasonable and supportable information that is relevant and available without undue cost and effort. The Group's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Group, the RBI moratorium relaxation offered to the customers recognising the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Group continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Group treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:
- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases where Group suspects fraud and legal proceedings are initiated.

(ix) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

(x) Analysis of inputs to the ECL model of <u>Retail Loan</u> with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Group has used the data source of Economist Intelligence Unit. The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		**0**	**70**	**30**
Agriculture (% real change p.a.)	2020	5.7	3.5	1.3
	2021	5.4	3.2	1.0
	2022	5.6	3.4	1.2
	2023	5.5	3.3	1.1
	2024	6.0	3.8	1.6
Real GDP (% change p.a.)	2020	7.7	6.7	5.7
	2021	7.8	6.8	5.8
	2022	7.7	6.7	5.7
	2023	7.5	6.5	5.5
	2024	7.4	6.4	5.4

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Inputs considered in the ECL model (Continued)

(xi) Analysis of inputs to the ECL model of Residential Loan with respect to macro economic variable

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		10%	65%	25%
Agriculture (% real change p.a.)	**2020**	5.7	3.5	1.3
	2021	5.4	3.2	1.0
	2022	5.6	3.4	1.2
	2023	5.5	3.3	1.1
	2024	6.0	3.8	1.6
	2025	5.3	3.1	0.9
	2026	6.2	4.0	1.8
	Subsequent Years	6.4	4.3	2.1

Impairment loss

The expected credit loss allowance provision for **Retail Loans** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	52,79,319.57	6,16,208.94	5,48,449.65	64,43,978.16
Expected credit loss rate	1.02%	11.75%	28.31%	
Carrying amount as at 31 March 2020 (net of impairment provision)	52,25,486.64	5,43,814.52	3,93,173.26	61,62,474.43
Gross Balance as at 31 March 2019	49,72,868.77	5,17,380.10	3,83,898.47	58,74,147.34
Expected credit loss rate	1.03%	11.01%	16.81%	
Carrying amount as at 31 March 2019 (net of impairment provision)	49,21,882.98	4,60,420.12	3,19,347.75	57,01,650.84

The expected credit loss allowance provision for **Residential Loans** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	5,51,885.04	1,64,783.15	1,27,721.16	8,44,389.35
Expected credit loss rate	1.04%	6.19%	32.45%	
Carrying amount as at 31 March 2020 (net of impairment provision)	5,46,159.15	1,54,578.84	86,270.01	7,87,008.00
Gross Balance as at 31 March 2019	5,39,528.34	1,60,582.65	1,04,763.77	8,04,874.76
Expected credit loss rate	0.93%	6.68%	19.32%	
Carrying amount as at 31 March 2019 (net of impairment provision)	5,34,536.73	1,49,860.84	84,527.33	7,68,924.90

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Impairment loss *(Continued)*

The expected credit loss allowance provision for **SME Loans including Bills of exchange** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	2,12,459.79	7,849.04	19,298.01	2,39,606.84
Expected credit loss rate	0.23%	27.21%	82.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	2,11,968.51	5,713.58	3,474.14	2,21,156.24
Gross Balance as at 31 March 2019	2,28,685.38	3,247.19	17,655.41	2,49,587.98
Expected credit loss rate	0.12%	2.61%	38.96%	
Carrying amount as at 31 March 2019 (net of impairment provision)	2,28,405.73	3,162.59	10,776.65	2,42,344.98

The expected credit loss allowance provision for **Trade Advances** is determined as follows:

Rs. in lakhs

	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2020	96,383.28	21,149.54	6,402.06	1,23,934.89
Expected credit loss rate	0.40%	6.77%	100.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	95,997.75	19,718.61	-	1,15,716.36
Gross Balance as at 31 March 2019	1,78,777.59	3,134.21	5,518.76	1,87,430.56
Expected credit loss rate	0.40%	7.33%	100.00%	
Carrying amount as at 31 March 2019 (net of impairment provision)	1,78,062.48	2,904.49	-	1,80,966.97

The expected credit loss allowance provision for **Financial Investments measured at amortised cost** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	1,12,958.95	-	-	1,12,958.95
Expected credit loss rate	0.12%			
Carrying amount as at 31 March 2020 (net of impairment provision)	1,12,822.76			1,12,822.76
Gross Balance as at 31 March 2019	1,20,477.05	-	-	1,20,477.05
Expected credit loss rate	1.03%			
Carrying amount as at 31 March 2019 (net of impairment provision)	1,20,194.53			1,20,194.53

Level of Assessment - Aggregation Criteria

The Group recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information. Considering the economic and risk characteristics, pricing range, sector concentration, the Group calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	**38,63,531.16**	**4,66,067.48**	**4,87,361.73**	**48,16,960.37**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,37,506.90	(1,04,222.42)	(33,284.47)	-
- Transfers to Stage 2	(3,54,349.96)	3,80,486.46	(26,136.50)	-
- Transfers to Stage 3	(1,18,290.12)	(70,194.12)	1,88,484.25	-
- Loans that have been derecognised during the period	(4,32,819.07)	(75,231.15)	(1,09,024.24)	(6,17,074.46)
New loans originated during the year	29,47,806.74	1,00,031.11	44,312.98	30,92,150.83
Write-offs	(138.14)	(1,198.79)	(1,16,927.08)	(1,18,264.01)
Remeasurement of net exposure	(10,70,378.74)	(1,78,358.47)	(50,888.18)	(12,99,625.39)
Gross carrying amount balance as at 31 March 2019	**49,72,868.77**	**5,17,380.10**	**3,83,898.47**	**58,74,147.34**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,36,418.58	(1,12,758.71)	(23,659.87)	-
- Transfers to Stage 2	(5,15,583.82)	5,28,647.95	(13,064.13)	-
- Transfers to Stage 3	(1,97,300.63)	(1,25,390.74)	3,22,691.37	-
- Loans that have been derecognised during the period	(4,89,909.75)	(76,625.39)	(82,173.29)	(6,48,708.43)
New loans originated during the year	26,86,576.49	79,956.70	26,066.66	27,92,599.85
Write-offs	(1.86)	(18.00)	(33,598.54)	(33,618.40)
Remeasurement of net exposure	(13,13,748.21)	(1,94,982.97)	(31,711.02)	(15,40,442.20)
Gross carrying amount balance as at 31 March 2020	**52,79,319.57**	**6,16,208.94**	**5,48,449.65**	**64,43,978.16**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**48,600.95**	**74,547.72**	**1,59,267.36**	**2,82,416.03**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	27,547.63	(16,670.43)	(10,877.20)	-
- Transfers to Stage 2	(4,457.51)	12,998.79	(8,541.28)	-
- Transfers to Stage 3	(1,488.02)	(11,227.58)	12,715.60	-
- Loans that have been derecognised during the period	(5,444.61)	(12,033.26)	(35,628.57)	(53,106.44)
New loans originated during the year	30,222.17	11,012.74	13,263.87	54,498.78
Write-offs	(1.74)	(191.75)	(88,849.18)	(89,042.67)
Net remeasurement of loss allowance	(43,993.08)	(1,476.25)	23,200.12	(22,269.21)
ECL allowance balance as at 31 March 2019	**50,985.79**	**56,959.98**	**64,550.72**	**1,72,496.50**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	16,392.25	(12,413.96)	(3,978.30)	-
- Transfers to Stage 2	(5,286.17)	7,482.85	(2,196.67)	-
- Transfers to Stage 3	(2,022.88)	(13,804.66)	15,827.54	-
- Loans that have been derecognised during the period	(5,022.94)	(8,435.93)	(13,817.05)	(27,275.92)
New loans originated during the year	24,539.86	9,113.32	6,329.97	39,983.15
Write-offs	(0.02)	(1.98)	(30,993.32)	(30,995.32)
Net remeasurement of loss allowance	(25,752.95)	33,494.79	1,19,553.49	1,27,295.33
ECL allowance balance as at 31 March 2020	**53,832.94**	**72,394.42**	**1,55,276.38**	**2,81,503.74**

The contractual amount outstanding on financial assets that has been written off by the Group for Retail loans during the year ended 31 March 2020 and that were still subject to enforcement activity was Rs 38,352.61 lakhs (31 March 2019 : Rs 1,18,264.00 lakhs).

The increase in ECL of the portfolio for Retail loans was driven by an increase in the gross size of the portfolio, movements between stages as a result of increases in credit risk and a deterioration in economic conditions, and management overlay of Rs 55,206 lakhs.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Residential Loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	**3,96,317.92**	**1,48,862.22**	**86,036.74**	**6,31,216.88**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	34,825.74	(29,849.86)	(4,975.88)	-
- Transfers to Stage 2	(54,642.54)	57,066.55	(2,424.01)	-
- Transfers to Stage 3	(14,821.78)	(15,088.54)	29,910.32	-
- Loans that have been derecognised during the period	(20,266.82)	(6,831.64)	(5,834.03)	(32,932.49)
New loans originated during the year	1,88,354.81	16,415.03	171.36	2,04,941.20
Write-offs	-	-	(6,119.10)	(6,119.10)
Remeasurement of net exposure	9,761.01	(9,991.11)	7,998.37	7,768.27
Gross carrying amount balance as at 31 March 2019	**5,39,528.34**	**1,60,582.65**	**1,04,763.77**	**8,04,874.76**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(89,415.09)	72,032.83	17,382.26	-
- Transfers to Stage 2	23,434.31	(42,431.27)	18,996.96	-
- Transfers to Stage 3	3,906.13	1,691.53	(5,597.66)	-
- Loans that have been derecognised during the period	(25,629.75)	(8,284.37)	(6,545.96)	(40,460.08)
New loans originated during the year	1,48,298.06	7,061.38	104.61	1,55,464.05
Write-offs	-	-	(8,676.93)	(8,676.93)
Remeasurement of net exposure	(48,236.96)	(25,869.60)	7,294.11	(66,812.45)
Gross carrying amount balance as at 31 March 2020	**5,51,885.04**	**1,64,783.15**	**1,27,721.16**	**8,44,389.35**

The contractual amount outstanding on financial assets that have been written off for Residential Loans during the year ended 31 March 2020 and were still subject to enforcement activity was Rs. 3,767.25 Lakhs Lakhs (31 March 2019 : Rs. 2,835.64 Lakhs)

Reconciliation of ECL balance on Residential Loans

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**2,617.86**	**13,212.91**	**15,134.44**	**30,965.21**
- Transfers to Stage 1	3,651.33	(2,649.77)	(1,001.56)	-
- Transfers to Stage 2	(362.54)	809.42	(446.88)	-
- Transfers to Stage 3	(98.72)	(1,339.41)	1,438.13	-
- Loans that have been derecognised during the period	(122.62)	(604.92)	(1,541.74)	**(2,269.28)**
New loans originated during the year	1,758.29	1,096.00	24.45	**2,878.74**
Write-offs	-	-	(853.39)	**(853.39)**
Net remeasurement of loss allowance	(2,451.99)	197.58	7,482.99	**5,228.58**
ECL allowance balance as at 31 March 2019	**4,991.61**	**10,721.81**	**20,236.44**	**35,949.86**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(891.81)	708.88	182.93	-
- Transfers to Stage 2	1,564.67	(2,833.06)	1,268.39	-
- Transfers to Stage 3	824.83	374.37	(1,199.20)	-
- Loans that have been derecognised during the period	(211.28)	(553.13)	(1,928.60)	**(2,693.01)**
New loans originated during the year	1,469.75	436.65	60.25	**1,966.65**
Write-offs	-	-	(1,264.61)	**(1,264.61)**
Net remeasurement of loss allowance	(2,021.88)	1,348.79	24,095.56	**23,422.47**
ECL allowance balance as at 31 March 2020	**5,725.89**	**10,204.31**	**41,451.16**	**57,381.36**

The increase in ECL of the portfolio for Residential loans was driven by an increase in the gross size of the portfolio, movements between stages as a result of increases in credit risk and a deterioration in economic conditions, and management overlay of Rs 15,451.93 lakhs.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans including Bills of exchange is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	**1,73,745.46**	**5,775.43**	**11,560.77**	**1,91,081.66**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	4,801.12	(2,331.50)	(2,469.61)	-
- Transfers to Stage 2	(385.03)	390.68	(5.65)	0.00
- Transfers to Stage 3	(6,576.32)	(1,451.36)	8,027.68	-
- Loans that have been derecognised during the period	(57,140.10)	(999.69)	(655.30)	(58,795.09)
New loans originated during the year	1,94,780.53	2,916.76	5,613.06	2,03,310.35
Write-offs	(163.80)	(685.88)	(3,324.28)	(4,173.97)
Net remeasurement of exposure	(80,376.47)	(367.25)	(1,091.26)	(81,834.98)
Gross carrying amount balance as at 31 March 2019	**2,28,685.38**	**3,247.19**	**17,655.41**	**2,49,587.98**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	4,636.64	(1,512.78)	(3,123.86)	-
- Transfers to Stage 2	(5,961.16)	6,210.80	(249.64)	(0.00)
- Transfers to Stage 3	(3,218.85)	(556.88)	3,775.73	-
- Loans that have been derecognised during the period	(98,112.98)	(1,181.89)	(2,599.30)	(1,01,894.17)
New loans originated during the year	1,76,770.61	4,499.39	5,018.60	1,86,288.60
Write-offs	-	-	-	-
Net remeasurement of exposure	(90,339.85)	(2,856.78)	(1,178.94)	(94,375.57)
Gross carrying amount balance as at 31 March 2020	**2,12,459.79**	**7,849.04**	**19,298.01**	**2,39,606.84**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**3,078.96**	**449.99**	**6,876.35**	**10,405.29**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	2,085.40	(191.27)	(1,894.12)	-
- Transfers to Stage 2	(7.86)	9.07	(1.21)	-
- Transfers to Stage 3	(148.56)	(154.92)	303.48	-
- Loans that have been derecognised during the period	5.79	(32.16)	(435.44)	(461.80)
New loans originated during the year	181.34	72.21	3,067.73	3,321.29
Write-offs	(0.01)	(42.60)	(2,025.69)	(2,068.29)
Net remeasurement of loss allowance	(4,915.42)	(25.72)	987.66	(3,953.48)
ECL allowance balance as at 31 March 2019	**279.65**	**84.59**	**6,878.76**	**7,243.00**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,649.55	(40.53)	(1,609.02)	-
- Transfers to Stage 2	(1.08)	137.06	(135.98)	-
- Transfers to Stage 3	(6.54)	(17.10)	23.64	-
- Loans that have been derecognised during the period	(41.44)	(25.78)	(726.64)	(793.86)
New loans originated during the year	256.85	50.52	4,039.87	4,347.25
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(1,645.73)	1,946.69	7,353.24	7,654.20
ECL allowance balance as at 31 March 2020	**491.26**	**2,135.46**	**15,823.87**	**18,450.59**

The contractual amount outstanding on financial assets that has been written off for the SME loans during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019 :Rs 4,051.38 lakhs).

The increase in ECL of the portfolio was driven by movements between stages as a result of increases in credit risk and a deterioration in economic conditions and management overlay of Rs 2195.05 lakhs.

Notes to Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to other undrawn commitments of Retail and Residential loans is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2018	**1,95,712.59**	**6,184.95**	**225.87**	**2,02,123.41**
New Exposures	96,099.05	901.12	1.94	97,002.11
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,93,695.97)	(6,075.04)	(189.32)	(1,99,960.33)
- Transfers to Stage 1	74.69	(74.49)	(0.20)	0.00
- Transfers to Stage 2	(261.64)	261.64	-	-
- Transfers to Stage 3	(6.38)	(6.92)	13.30	-
Write-offs	-	-	-	-
Net remeasurement of exposure	(1,248.18)	(187.84)	-	(1,436.02)
Gross carrying amount balance as at 31 March 2019	**96,674.16**	**1,003.42**	**51.59**	**97,729.17**
Changes due to loans recognised in the opening balance that have:				
New Exposures	64,786.82	328.82	0.60	65,116.24
Exposure derecognised or matured/ lapsed (excluding write-offs)	(94,233.67)	(992.57)	(51.59)	(95,277.83)
- Transfers to Stage 1	(114.15)	114.15	-	-
- Transfers to Stage 2	8.21	(8.21)	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of exposure	(1,572.04)	(68.60)	-	(1,640.64)
Gross carrying amount balance as at 31 March 2020	**65,549.33**	**377.01**	**0.60**	**65,926.94**

Reconciliation of ECL balance on loan commitments

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**1,831.55**	**549.04**	**39.22**	**2,419.81**
New Exposures	834.51	60.17	0.37	895.05
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,106.36)	-	-	(1,106.36)
- Transfers to Stage 1	6.65	(6.61)	(0.04)	-
- Transfers to Stage 2	(1.75)	1.75	-	-
- Transfers to Stage 3	(0.04)	(0.61)	0.65	-
- Loans that have been derecognised during the period	(711.75)	(539.28)	(32.87)	(1,283.90)
Net remeasurement of loss allowance	(15.27)	2.54	10.02	(2.71)
ECL allowance balance as at 31 March 2019	**837.54**	**67.00**	**17.35**	**921.89**
Changes due to loans recognised in the opening balance that have:				
New Exposures	466.99	20.36	0.19	487.54
Exposure derecognised or matured/ lapsed (excluding write-offs)	(279.09)	-	-	(279.09)
- Transfers to Stage 1	(0.78)	0.78	-	-
- Transfers to Stage 2	0.55	(0.55)	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(544.93)	(66.27)	(17.35)	(628.55)
Net remeasurement of loss allowance	(10.39)	2.03	-	(8.36)
ECL allowance balance as at 31 March 2020	**469.89**	**23.35**	**0.19**	**493.43**

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortised cost is, as follows :

Gross exposure reconciliation

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	**2,04,843.85**	**-**	**-**	**2,04,843.85**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(58,415.02)	-	-	(58,415.02)
New Investments originated during the year	31,115.10	-	-	31,115.10
Write-offs				
Net remeasurement of same stage continuing investments	(57,066.88)	-	-	(57,066.88)
Gross carrying amount balance as at 31 March 2019	**1,20,477.05**	**-**	**-**	**1,20,477.05**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(50,107.82)	-	-	(50,107.82)
New Investments originated during the year	43,494.80	-	-	43,494.80
Write-offs		-	-	-
Net remeasurement of same stage continuing investments	(905.08)	-	-	(905.08)
Gross carrying amount balance as at 31 March 2020	**1,12,958.95**	**-**	**-**	**1,12,958.95**

Reconciliation of ECL balance

Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	**1,299.20**	**-**	**-**	**1,299.20**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(330.19)	-	-	(330.19)
New Investments originated during the year	88.31	-	-	88.31
Write-offs		-	-	-
Net remeasurement of loss allowance	(774.80)	-	-	(774.80)
ECL allowance balance as at 31 March 2019	**282.52**	**-**	**-**	**282.52**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	-	-	-	-
- Transfers to Stage 2	-	-	-	-
- Transfers to Stage 3	-	-	-	-
- Investments that have been derecognised during the period	(245.20)	-	-	(245.20)
New Investments originated during the year	108.26	-	-	108.26
Write-offs		-	-	-
Net remeasurement of loss allowance	(9.38)	-	-	(9.38)
ECL allowance balance as at 31 March 2020	**136.19**	**-**	**-**	**136.19**

The contractual amount outstanding on financial investments that has been written off in relation to the financial investments during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019 : nil).

The decrease in ECL of the portfolio was on account of decrease in the size of the portfolio.

Significant changes in the gross carrying value that contributed to change in loss allowance

The Group mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Change in any single customer repayment will not impact significantly to companies provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the companies risk.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Concentration of Credit Risk - Retail and Residential Loans

Group's loan portfolio is predominantly to finance retail automobile and home loans. The Group manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and financial loans as at year end:

Rs. in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Concentration by Geographical region in India:		
North	20,05,106.00	27,68,106.85
East	17,43,746.02	9,29,341.66
West	22,37,354.15	19,10,172.12
South	16,65,803.07	15,08,520.01
Total Carrying Value as at reporting period	**76,52,009.24**	**71,16,140.64**

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers, residential property in case of housing loan and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking pari-passu and charge created by way of hypothecation on the receivables of the other company.

Notes to Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Quantitative Information of Collateral - Credit Impaired assets *(Retail and SME Loans)*
The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for Retail loans is derived by writing down the asset cost at origination by 20% p.a. on reducing balance basis. And the value of the collateral of Stage 3 Retail loans is based on the Indian Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held.

Gross value of total secured loans to value of collateral

Rs. in lakhs

Loan To Value	**Gross Value of Secured Retail loans**		**Gross Value of Secured SME loans**	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Upto 50%	**5,77,139.99**	5,67,301.57	**72,323.46**	64,170.17
51 - 70%	**10,42,245.97**	8,62,247.22	**14,520.50**	13,990.99
71 - 100%	**38,50,486.32**	32,56,690.19	**7,278.30**	4,988.59
Above 100%	**9,46,203.13**	11,78,033.03	**23,011.94**	33,898.27
	64,16,075.41	**58,64,272.01**	**1,17,134.21**	**1,17,048.03**

Gross value of credit impaired loans to value of collateral

Rs. in lakhs

Loan To Value	**Gross Value of Retail loans in stage 3**		**Gross Value of SME loans in stage 3**	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
Upto 50%	**12405.55**	123005.62	**9528.06**	7820.98
51 - 70%	**14099.09**	98687.85	**1046.17**	1009.71
71 - 100%	**40597.81**	108463.11	**771.73**	1889.09
Above 100%	**481347.20**	53741.69	**7952.04**	6935.62
	548449.65	**383898.27**	**19298.01**	**17655.40**

Quantitative Information of Collateral - Credit Impaired assets *(Residential Loans)*

The value of the collateral for residential housing loans is typically based on the collateral value at origination.

Gross value of total loans to value of collateral

Rs. in lakhs

Loan To Value	**Gross Value of total residential loans**	
	31 March 2020	**31 March 2019**
Upto 50%	3,26,461.95	3,17,060.81
51 - 70%	3,59,923.89	3,43,534.80
71 - 100%	1,57,888.43	1,44,157.14
Above 100%	-	-
	8,44,274.27	**8,04,752.75**

Loan commitments to value of collateral

Loan To Value	**Gross Value of commitments**	
	31 March 2020	**31 March 2019**
Upto 50%	17,755.64	29,891.08
51 - 70%	2,899.39	6,077.53
71 - 100%	1,793.23	3,613.08
Above 100%	-	-
	22,448.26	**39,581.68**

Gross value of credit impaired loans to value of collateral

Rs. in lakhs

Loan To Value	**Gross Value of loans in stage 3**	
	31 March 2020	**31 March 2019**
Upto 50%	42,500.99	36,175.56
51 - 70%	57,917.14	44,611.02
71 - 100%	27,290.87	23,963.25
Above 100%	-	-
	1,27,708.99	**1,04,749.83**

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.2 Credit Risk Management *(Continued)*

Quantitative Information of Collateral - Credit Impaired assets (for Retail and SME Loans)

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

Rs. in lakhs

		Fair value of collateral held against Credit Impaired assets							
31-Mar-20	**Maximum exposure to Credit Risk**	**Vehicles**	**Plant and Machinery**	**Land and Building**	**Book Debts, Inventory and other Working Capital items**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Retail Loans	5,48,449.65	**3,80,919.96**	-	-	-	**(54,736.61)**	3,26,183.35	2,22,266.30	1,55,276.38
SME Loans	19,298.01	**3,762.00**	10,206.56	24,663.58	1,202.50	**(27,081.55)**	12,753.09	6,544.92	15,823.87

31-Mar-19	**Maximum exposure to Credit Risk**	**Vehicles**	**Plant and Machinery**	**Land and Building**	**Book Debts, Inventory and other Working Capital items**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Retail Loans	3,83,898.47	**2,69,751.57**	-	-	-	**(33,156.49)**	2,36,595.08	1,47,303.39	64,550.72
SME Loans	17,655.41	**2,110.00**	9,393.69	17,066.17	-	**(17,643.57)**	10,926.29	6,729.12	6,878.76

Quantitative Information of Collateral - Credit Impaired assets (for Residential Loans)

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognising the loss allowances.

Rs. in lakhs

		Fair value of collateral held against Credit Impaired assets							
31-Mar-20	**Maximum exposure to Credit Risk**	**Vehicles**	**Plant and Machinery**	**Land and Building**	**Book Debts, Inventory and other Working Capital items**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Loans against assets	1,27,709.15			3,51,686.04		**(2,26,513.05)**	1,25,172.99	2,536.16	41,439.14
Others	12.01	**-**	-	-	-	**-**	-	12.01	12.01

31-Mar-19	**Maximum exposure to Credit Risk**	**Vehicles**	**Plant and Machinery**	**Land and Building**	**Book Debts, Inventory and other Working Capital items**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Loans against assets	1,04,749.71	**-**	-	1,98,088.82	-	**(95,234.47)**	1,02,854.35	1,895.36	20,235.22
Others	14.06	**-**	-	-	-	**-**	-	14.06	1.22

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.3 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The holding company also provides credit lines to its subsidiaries as and when necessary.

a) Maturity profile of non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. In lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-20				
Trade Payable :	72,284.70	-	-	-
Debt Securities :				
- Principal	7,03,050.00	4,96,520.83	3,15,356.11	4,65,675.30
- Interest	1,62,198.06	2,75,134.71	1,30,306.61	1,53,914.98
Borrowings (Other than Debt Securities) :				
- Principal	12,46,637.21	18,90,984.36	2,25,275.05	-
- Interest	2,04,326.92	1,74,015.09	14,934.04	-
Deposit :				
- Principal	1,66,223.58	6,07,810.66	1,08,286.07	-
- Interest	53,243.82	1,12,022.19	39,617.29	-
Subordinated liabilities :				
- Principal	27,220.00	22,515.78	42,445.96	2,93,808.62
- Interest	34,334.62	62,181.96	63,084.88	1,05,008.38
Other financial liabilities :	1,81,213.70	69,572.39	8,929.93	41,610.04
Total	**28,50,732.60**	**37,10,757.96**	**9,48,235.94**	**10,60,017.32**
31-Mar-19				
Trade Payable :	1,14,848.13	-	-	-
Debt Securities :				
- Principal	10,67,438.45	8,82,286.12	2,38,596.94	2,90,925.30
- Interest	1,49,997.10	1,84,187.12	88,372.26	76,906.37
Borrowings (Other than Debt Securities) :				
- Principal	9,11,010.74	13,31,032.54	2,23,931.56	-
- Interest	1,75,313.92	1,63,692.68	10,059.01	-
Deposit :				
- Principal	1,36,237.00	3,65,323.25	64,702.42	-
- Interest	33,738.30	77,907.59	18,944.05	-
Subordinated liabilities :				
- Principal	14,500.00	42,735.78	21,013.72	3,07,540.86
- Interest	31,553.86	63,619.41	56,851.84	1,30,622.06
Other financial liabilities :	1,90,603.14	28,054.83	1,607.48	750.98
Total	**28,25,240.65**	**31,38,839.33**	**7,24,079.28**	**8,06,745.57**

Notes to Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.3 Liquidity Risk Management *(Continued)*

b) Maturity profile of derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. In lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Derivative financial instruments				
31-Mar-20				
Gross settled:				
Foreign exchange forward contracts				
- Payable	18.21	2,791.47	-	-
- Receivable	61.79	2,595.34	-	-
Interest Rate swaps				
- Payable	-	1,468.82	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	-	-	-
- Receivable	692.75	6,276.99	-	-
Total	**772.75**	**13,132.62**	**-**	**-**
31-Mar-19				
Gross settled:				
Foreign exchange forward contracts				
- Payable	13.62	2,564.11	-	-
- Receivable	963.09	-	-	-
Interest Rate swaps				
- Payable	-	32.52	-	-
- Receivable	-	90.93	-	-
Currency swaps				
- Payable	-	5,090.76	-	-
- Receivable	-	-	-	-
Total	**976.71**	**7,778.32**	**-**	**-**

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.4 a) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in lakhs

Financial assets/ financial liabilities	Fair Value				Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
	Financial assets / financial liabilities	Category	As at 31 March 2020	As at 31 March 2019					
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL / FVOCI	**(1,693.03)**	**(1,258.33)**	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2) Currency options	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	**6,969.74**	**(5,437.81)**	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	**3,39,750.56**	**63,412.45**	Level 1	Quoted market price			
4) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	**9.60**	**9.60**	Level 3	Cost			
5) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	**2,891.83**	**1,154.65**	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the company discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
6) Investment in convertible debentures	Financial Assets	Financial instrument measured at FVOCI	**-**	**1,088.52**	Level 3				
7) Investment in Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	**24,776.37**	**-**	Level 1	Quoted market price			
8) Investment in Other financial instruments -CP, CD	Financial Assets	Financial instrument measured at FVTPL	**-**	**1,05,980.47**	Level 1	Quoted market price			

The company doesn’t carry any financial asset or liability which it fair values on a non recurring basis.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

50.4 b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs in lakhs

Particulars	Unquoted Equity investment	Convertible debentures	Bonds	Govt Securities	Total
31 March 2020					
Opening balance	1,164.25	1,088.52			2,252.77
Total gains or losses recognised:					
In Profit or loss					
a) in profit or loss					
b) in other comprehensive income	278.20	-	332.94	424.60	1,035.74
Fair value of -					
Purchases made during the year	1,458.98	-	10,141.82	13,877.01	25,477.81
Issues made during the year					-
Disposals made during the year		(1,088.52)	-	-	(1,088.52)
Transfers into Level 3					-
Transfers out of Level 3					
Closing balance	**2,901.43**	**-**	**10,474.76**	**14,301.61**	**27,677.80**
31 March 2019					
Opening balance	709.60	-			709.60
Total gains or losses recognised:					
In Profit or loss					
a) in profit or loss					
b) in other comprehensive income	454.65	788.52			1,243.17
Fair value of -					
Purchases made during the year		300.00			300.00
Transfers into Level 3					
Transfers out of Level 3					
Closing balance	**1,164.25**	**1,088.52**			**2,252.77**

c) Equity Investments designated at Fair value through Other Comprehensive Income

The Company has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring. And accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs in lakhs

	31 March 2020	31 March 2019
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited) #		
Fair Value of Investments	**1,673.30**	1,154.65
Dividend income on investments held		
Equity investment in MF Utilities Limited	**9.60**	9.60
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	**1,218.53**	
Dividend income on investments held	-	-

Including investment of Rs.311.98 lakhs in Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) of Smartshift Logistics Solutions Private Limited.

There are no disposal of investment during the year ended 31 March 2020 and 2019 respectively.

Notes to Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

d) Financial Instruments measured at amortised cost

Rs in lakhs

Particulars	Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	78,260.23	78,260.23	78,260.23	-	-
b) Bank balances other than cash and cash equivalent	74,899.44	74,899.44	74,899.44	-	-
c) Trade Receivables	5,291.06	5,291.06	-	5,291.06	-
d) Loans and advances to customers	72,86,378.45	72,72,814.74	-	23.41	72,72,791.33
e) Financial investments - at amortised cost	1,12,822.76	1,20,367.53	1,05,594.07	14,773.46	-
f) Other financial assets	51,978.71	53,087.29	-	53,087.29	-
Total	**76,09,630.65**	**76,04,720.29**	**2,58,753.74**	**73,175.22**	**72,72,791.33**
Financial liabilities					
a) Trade Payables	72,284.70	72,284.70	-	72,284.70	-
b) Debt securities	19,74,461.07	20,91,655.09	20,91,655.09	-	-
c) Borrowings other than debt securities	33,32,713.60	32,67,951.36	-	32,67,951.36	-
d) Deposits	8,78,138.98	9,06,469.36	-	9,06,469.36	-
e) Subordinated Liabilities	3,78,110.37	4,17,554.04	4,17,554.04	-	-
f) Other financial liability	2,99,417.34	2,99,643.24	-	2,99,643.24	-
Total	**69,35,126.06**	**70,55,557.79**	**25,09,209.12**	**45,46,348.67**	**-**
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	53,722.32	53,722.32	51,513.31	2,209.01	-
b) Bank balances other than cash and cash equivalent	45,681.43	45,681.43	45,681.43	-	-
c) Trade Receivables	5,360.31	5,360.31	-	5,360.31	-
d) Loans and advances to customers	68,93,899.97	68,53,299.11	-	12.27	68,53,286.84
e) Financial investments - at amortised cost	1,20,194.53	1,23,733.97	74,461.59	49,272.38	-
f) Other financial assets	21,207.08	21,207.08	-	20,891.98	315.10
Total	**71,40,065.64**	**71,03,004.23**	**1,71,656.33**	**77,745.95**	**68,53,601.94**
Financial liabilities					
a) Trade Payables	1,14,848.13	1,14,848.12	-	1,14,848.12	-
b) Debt securities	24,71,588.50	24,85,498.99	21,83,851.37	3,01,647.62	-
c) Borrowings other than debt securities	24,63,272.12	24,40,025.99	-	24,40,025.99	-
d) Deposits	5,63,093.41	5,78,519.94	-	5,78,519.94	-
e) Subordinated Liabilities	3,82,208.09	4,08,010.05	4,08,010.05	-	-
f) Other financial liability	2,84,074.55	2,84,074.55	-	2,84,074.55	-
Total	**62,79,084.80**	**63,10,977.64**	**25,91,861.42**	**37,19,116.22**	**-**

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. The valuation models the Company uses to value financial instruments employ only observable market data as inputs. This has not changed as a result of COVID-19. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Rs. in lakhs

50 Financial Risk Management Framework *(Continued)*

d) Financial Instruments measured at amortised cost *(Continued)*

Loans and advances to customers
The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments
For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt
The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public
The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cumulative/ non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

Notes forming part of the Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

51 Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in lakhs

	31 March 2020			31 March 2019		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	78,260.23	-	78,260.23	53,722.32	-	53,722.32
Bank balance	74,899.44	-	74,899.44	45,681.43	-	45,681.43
Derivative financial instruments	707.37	8,585.39	9,292.76	1,006.39	-	1,006.39
Trade receivables	5,291.06	-	5,291.06	5,360.31	-	5,360.31
Loans	27,41,259.22	45,45,119.23	72,86,378.45	29,18,008.12	39,75,891.85	68,93,899.97
Investments	3,51,136.66	1,82,899.12	5,34,035.78	2,19,340.52	1,13,394.78	3,32,735.30
Other financial assets	12,233.58	39,745.13	51,978.71	9,847.33	11,359.75	21,207.08
Current tax assets (Net)	-	25,783.00	25,783.00	-	31,212.81	31,212.81
Deferred tax Assets (Net)	-	57,883.42	57,883.42	-	44,969.75	44,969.75
Property, plant and equipment	-	42,775.57	42,775.57	-	16,818.54	16,818.54
Intangible assets under development	-	55.68	55.68	-	79.41	79.41
Other Intangible assets	-	2,760.26	2,760.26	-	3,326.44	3,326.44
Other non-financial assets	7,211.65	2,651.80	9,863.45	5,680.86	1,896.30	7,577.16
Total Assets	**32,70,999.21**	**49,08,258.60**	**81,79,257.81**	**32,58,647.28**	**41,98,949.63**	**74,57,596.91**
Liabilities						
Financial Liabilities			-			-
Derivative financial instruments	17.77	3,998.29	4,016.06	45.20	7,657.33	7,702.53
Trade Payables			-			-
i) total outstanding dues of micro enterprises and small enterprises	25.61	-	25.61	23.72	-	23.72
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	69,297.22	-	69,297.22	1,11,406.58	-	1,11,406.58
Other Payables						
i) total outstanding dues of micro enterprises and small enterprises	17.40	-	17.40	253.29	-	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2,944.47	-	2,944.47	3,164.54	-	3,164.54
Debt Securities	7,00,321.63	12,74,139.44	19,74,461.07	10,64,227.59	14,07,360.91	24,71,588.50
Borrowings (Other than Debt Securities)	12,29,446.47	21,03,267.13	33,32,713.60	9,10,891.98	15,52,380.14	24,63,272.12
Deposits	1,65,438.58	7,12,700.40	8,78,138.98	1,35,470.74	4,27,622.67	5,63,093.41
Subordinated Liabilities	27,146.48	3,50,963.89	3,78,110.37	14,362.52	3,67,845.57	3,82,208.09
Other financial liabilities	1,79,303.98	1,20,113.36	2,99,417.34	1,79,305.10	1,04,769.45	2,84,074.55
Non-Financial Liabilities						
Current tax liabilities (Net)	1,737.93	-	1,737.93	1,392.09	-	1,392.09
Provisions	10,216.34	10,922.65	21,138.99	15,807.19	9,686.74	25,493.93
Other non-financial liabilities	10,124.89	1,245.21	11,370.10	7,617.16	1,553.69	9,170.85
Total Liabilities	**23,96,038.77**	**45,77,350.37**	**69,73,389.14**	**24,43,967.70**	**38,78,876.50**	**63,22,844.20**
Net	**8,74,960.44**	**3,30,908.23**	**12,05,868.67**	**8,14,679.58**	**3,20,073.13**	**11,34,752.71**
Other undrawn commitments	67,503.24	-	67,503.24	98,493.38	-	98,493.38
Total commitments	**67,503.24**	**-**	**67,503.24**	**98,493.38**	**-**	**98,493.38**

Rs. in

52 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the

a)	**Holding Company**	Mahindra & Mahindra Limited
b)	**Fellow Subsidiaries :**	
	(entities with whom the Company has transactions)	Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Retail Private Limited
		Mahindra Integrated Business Solutions Ltd.
		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Bristlecone India Limited
		Mahindra Water Utilities Limited
		Mahindra Engineering & Chemical Products Ltd
		Mahindra Holidays & Resorts India Limited
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Agri Solutions Limited
		Mahindra Logistics Limited
		Mahindra Intertrade Limited
		New Democratic Electoral Trust
c)	**Joint Venture(s) / Associate(s):**	Mahindra Finance USA, Inc
	(entities on whom control is exercised)	Ideal Finance Ltd
d)	**Joint Venture(s) / Associate(s) of Holding Company:**	Tech Mahindra Limited
	(entities with whom the Company has transactions)	Swaraj Engines Ltd
		Smartshift Logistics Solutions Pvt. Ltd. (Formerly known as Resfeber Labs Private Limited)
		Mahindra Summit Agriscience Ltd
		PSL Media & Communications Ltd
e)	**Key Management Personnel:**	Mr. Ramesh Iyer (Vice-Chairman & Managing Director)
	(where there are transactions)	Mr. V Ravi (Executive Director & Chief Financial Officer)
		Mr. Dhananjay Mungale (Chairman & Independent Director)
		Mr. C. B. Bhave (Independent Director)
		Ms. Rama Bijapurkar (Independent Director)
		Mr. Milind Sarwate (Independent Director)
		Mr. Arvind Sonde (Independent Director)
		Mr. V. S. Parthasarthy (Director)
f)	**Relatives of Key Management Personnel**	Ms. Janaki Iyer
	(where there are transactions)	Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramanium
		Ms. Prema Mahadevan
		Ms. Sudha Bhave
		Mr. V Murali
		Ms. Srilatha Ravi
		Mr. Siddharth Ravi
		Ms. Asha Ramaswamy

Notes to Consolidated Financial Statements *(Continued)*

for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in lakhs

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Loan income										
- Smartshift Logistics Solutions Pvt Ltd.			306.59							
Subvention / Disposal loss income										
- Mahindra & Mahindra Limited	2,310.08	5,848.41				-		-		-
- Gromax Agri Equipment Limited			-	9.24		-		-		-
Lease rental income										
- Mahindra & Mahindra Limited	607.29									
Interest income										
- NBS International Limited			-	0.66		-		-		-
- Mahindra First Choice Services Limited			-	9.68						
Interest expense										
- Mahindra & Mahindra Limited	3,220.84	3,881.52				-		-		-
- Swaraj Engines Limited			140.75	87.77						
- Tech Mahindra Limited			2,470.19	2,582.45		-		-		-
- Mahindra Vehicle Manufacturers Limited			504.00	737.79						
- Mahindra Intertrade Limited			96.10	35.12						
- Mahindra Water Utilities Limited			68.18	2.20						
-Mahindra Holidays and Resorts India Limited			70.24							
-Mahindra Logistics Limited			115.42							
- Mahindra First Choice Wheels Ltd.			248.32							
- Mahindra Engineering & Chemical Products Ltd			1.16							
- PSL Media & Communications Ltd			6.63							
- Mr. Ramesh Iyer				-		-	7.16	4.28		-
- Mr. V Ravi							6.36	0.07		
- Mr. C. B. Bhave							6.33	3.97		
- Others				0.67		-		-	32.84	19.71
Other expenses										
- Mahindra & Mahindra Limited	2,522.63	3,106.59	-	-		-		-		-
- Mahindra First Choice Wheels Limited			1,531.02	1,402.17		-		-		-
- Bristlecone India Limited			103.66	-						
- Mahindra Vehicle Manufacturers Limited			70.49	124.38		-		-		-
- NBS International Limited			70.14	-						
- Mahindra USA, Inc			-	188.00		-		-		-
- Mahindra Integrated Business Solutions Limited			2,954.48	1,561.33		-		-		-
- Mahindra Holidays and Resorts India Limited			0.08	-						
- Mahindra Retail Pvt Limited			750.25	703.04						
- Others			91.32	206.32		-		-		-

Notes to Consolidated Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: *(Continued)*

Rs. in lakhs

Particulars	**Holding Company**		**Fellow Subsidiaries / Joint Ventures / Associates of Holding Company**		**Joint Venture(s) / Associate(s)**		**Key Management Personnel**		**Relatives of Key Management Personnel**	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Donations										
- National Democratic Electoral Trust			600.00	240.00						
Remuneration										
- Mr. Ramesh Iyer							655.94	715.72		
- Mr. V Ravi							337.50	281.77		
Reimbursement from parties										
- Mahindra & Mahindra Limited	170.15	-	-	-						
- Gromax Agri Equipment Limited	-	-	58.86	-						
Reimbursement to parties										
- Mahindra USA, Inc			259.41	-						
Purchase of fixed assets										
- Mahindra & Mahindra Limited	439.50	544.51	-	-						
- Mahindra First Choice Wheels Limited			185.29	11.97						
- Mahindra First Choice Services Limited			-	118.00						
- NBS International Limited			35.96							
- Mahindra Retail Limited			83.76							
- Others			-	417.26						
Sale of fixed assets										
- Mahindra & Mahindra Limited										
- Mahindra First Choice Wheels Limited			-	8.94						
- Mahindra First Choice Services Limited			-	300.34						
Investments made										
- Mahindra Finance USA, Inc						963.21				
- Ideal Finance Ltd					4,399.60					
- Smartshift Logistics Solutions Pvt Ltd.			250.00							
Fixed deposits taken										
- Mahindra Engineering & Chemical Products Ltd			124.00							
- PSL Media & Communications Ltd			100.00							
- Mahindra Holidays & Resorts India Limited			1,590.00							
- Mr. Ramesh Iyer							172.10	40.39		
- Mr. V Ravi							100.00	8.13		
- Mr. C. B. Bhave							30.00	30.00		
- Others									420.23	247.97
Fixed deposits matured										
- PSL Media & Communications Ltd			80.00							
- Mr. Ramesh Iyer							65.72	61.48		
- Others									208.83	193.61
Dividend paid										
- Mahindra & Mahindra Limited	20,553.50	12,648.31								-
- Mr. Ramesh Iyer		-		-			51.12	31.12		-
- Mr. V Ravi							34.53	21.25		
- Ms. Rama Bijapurkar							1.95	1.20		
- Mr. Dhananjay Mungale							3.25	2.00		
- Mr. V. S. Parthasarthy							0.02	0.01		
- Others									0.07	0.03

Notes to Consolidated Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: *(Continued)*

Rs. in lakhs

Particulars	**Holding Company**		**Fellow Subsidiaries / Associate of Holding Company**		**Associate Companies**		**Key Management Personnel**		**Relatives of Key Management Personnel**	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Inter corporate deposits taken										
- Mahindra & Mahindra Limited	30,000.00	80,000.00	-	-				-		-
- Tech Mahindra Limited			-	40,000.00				-		-
- Mahindra Logistics Limited			1,500.00	1,500.00						
-Mahindra Vehicle Manufacturers Limited			-	35,000.00						
- Swaraj Engines Limited			2,000.00	1,000.00						
- Mahindra Water Utilities Limited			2,875.00	350.00						
- Mahindra First Choice Wheels Ltd.			5,000.00	-						
- Mahindra Holidays and Resorts India Limited			6,500.00	-						
- Mahindra Intertrade Limited			1,500.00	1,100.00						
Inter corporate deposits repaid / matured										
- Mahindra & Mahindra Limited	45,000.00	80,000.00						-		-
- Tech Mahindra Limited			50,000.00	10,000.00				-		-
- Mahindra Vehicle Manufacturers Limited			15,000.00	20,000.00						
- Mahindra Logistics Limited			1,500.00							
-Mahindra Water Utilities Limited			1,550.00							
- Mahindra First Choice Wheels Ltd.			3,000.00							
- Swaraj Engines Limited			1,000.00							
- Mahindra Intertrade Limited			1,000.00	100.00						
Debentures issued										
- Mahindra & Mahindra Limited	19,500.00									
Inter corporate deposits given								-		-
- Mahindra First Choice Services Limited			-	700.00						
Inter corporate deposits refunded										
- Mahindra First Choice Services Limited			-	700.00						
Issue of Share Capital (incl Securities premium)										
- Mahindra & Mahindra Limited	-	-						-		-

Key Management Personnel as defined in Ind AS 24

Rs. in lakhs

52 Related party disclosures: *(Continued)*

iii) Balances as at the end of the year:

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Balances as at the end of the period										
Receivables										
- Mahindra & Mahindra Limited	297.83	2731.41	-	-						
- NBS International Limited			0.03	26.11						
- 2 x 2 Logistics Private Limited			-	135.09						
- Mahindra Construction Co. Ltd.			-	334.33						
Loan given (including interest accrued but not due)										
- Mahindra Construction Co. Ltd.			334.33	334.33						
- Smartshift Logistics Solutions Pvt Ltd.			1,879.96	1,700.00						
Inter corporate deposits given (including interest accrued but not due)										
- Mahindra Construction Co. Ltd.			113.38	113.38						
Investments										
- Mahindra Finance USA, Inc.			-	-	21,054.81	21,054.81				
- Ideal Finance Ltd					4,399.60					
- New Democratic Electoral Trust			1.00	1.00						
- Smartshift Logistics Solutions Pvt Ltd.			950.00	700.00						
Debentures (including interest accrued but not due)										
- Mahindra & Mahindra Limited	20109.37									
- Tech Mahindra Limited			15,965.16	-						
Payables										
- Mahindra & Mahindra Limited										
- Mahindra First Choice Wheels Limited			349.46	239.58						
- Mahindra Retail Limited			97.60	-						
- Mahindra USA, Inc.			161.38	58.60						
- Mahindra Integrated Business Solutions Limited			138.48	53.94						
- NBS International Limited			31.63	-						
- Others			16.96	96.13						
Inter corporate deposits taken (including interest accrued but not due)										
- Mahindra & Mahindra Limited	31023.02	46739.35								
- Tech Mahindra Limited				52,065.19						
- Mahindra Logistics Limited			1,554.38	1,500.61						
- Mahindra First Choice Wheels Ltd.			2,003.74							
-Mahindra Vehicle Manufacturers Limited				15,072.21						
- Swaraj Engines Limited			2,086.95	1,041.05						
- Mahindra Water Utilities Limited			1,689.59	351.98						
- Mahindra Holidays and Resorts India			6,551.19							
- Mahindra Intertrade Limited			1,533.92	1,029.78						
Fixed deposits (including interest										
- Mahindra Engineering & Chemical Products Ltd			125.04							
- PSL Media & Communications Ltd			104.25							
- Mahindra Holidays & Resorts India Limited			1,602.03							
- Mr. Ramesh Iyer							175.82	41.83		
- Mr V Ravi							113.97	8.19		
- Mr C. B. Bhave							88.24	52.54		
- Others									486.47	288.74

Notes to Consolidated Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

52 Related party disclosures: *(Continued)*

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2020

Rs. in lakhs

Particulars	Relation	Balance as on 1 April 2019	Advances / investments	Repayments/ sale	Balance as on 31 March 2020
(A) Loans and advances					
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow subsidiary	1,700.00	800.00	637.18	1,862.82
		1,700.00	**800.00**	**637.18**	**1,862.82**
(B) Investments					
Mahindra Finance USA, LLC	Associate	21,054.81	-	-	21,054.81
Ideal Finance Limited, Sri Lanka	Joint Venture	-	4,399.60	-	4,399.60
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow subsidiary	700.00	250.00	-	950.00
New Democratic Electoral Trust	Fellow subsidiary	1.00	-	-	1.00
		21,755.81	**4,649.60**	**-**	**26,405.41**
Total		**23,455.81**	**5,449.60**	**637.18**	**28,268.23**

Notes :

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year.
iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former.
Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognised as per Ind AS 109 - Financial Instruments.

As at 31 March 2019

Rs. in lakhs

Particulars	Relation	Balance as on 1 April 2018	Advances / investments	Repayments/ sale	Balance as on 31 March 2019
(A) Loans and advances					
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	-	1,700.00	-	1,700.00
		-	**1,700.00**	**-**	**1,700.00**
(B) Investments					
Mahindra Finance USA, LLC	Associate	20,091.60	963.21		21,054.81
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	700.00	-	-	700.00
New Democratic Electoral Trust	Fellow subsidiary	1.00	-	-	1.00
		20,792.60	**963.21**	**-**	**21,755.81**
Total		**20,792.60**	**2,663.21**	**-**	**23,455.81**

Notes :

i) Above loans & advances and investments have been given for general business purposes.

ii) There were no guarantees given / securities provided during the year.
iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former.
Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognised as per Ind AS 109 - Financial Instruments.

Rs. in lakhs

52 Related party disclosures: *(Continued)*

v) Details of related party transactions with Key Management Personnel (KMP) are as under :

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. The Company considers its Managing Director to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

Rs. in lakhs

Name of the KMP	Nature of transactions	31 March 2020	31 March 2019
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)			
	Gross Salary including perquisites	**469.72**	446.15
	Commission	**164.12**	116.69
	Stock Option	**7.10**	139.91
	Others - Contribution to Funds	**29.70**	26.05
		670.64	728.80
Mr. V. Ravi (Executive Director & Chief Financial Officer)			
	Gross Salary including perquisites	**242.43**	227.51
	Commission	**95.07**	53.05
	Stock Option	**-**	1.21
	Others - Contribution to Funds	**9.00**	10.63
		346.49	292.40
Mr. Dhananjay Mungale (Chairman & Independent Director)			
	Commission	**28.00**	26.00
	Other benefits	**11.30**	10.00
		39.30	36.00
Ms. Rama Bijapurkar (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**8.50**	6.70
		29.50	25.70
Mr. C.B. Bhave (Independent Director)			
	Commission	**21.00**	19.00
	Other benefits	**9.90**	9.10
		30.90	28.10
Mr. Milind Sarwate (Independent Director)			
(Appointed w.e.f. 1 April 2019)	Commission	**-**	-
	Other benefits	**9.70**	-
		9.70	-
Mr. Arvind V. Sonde (Independent Director)			
(Appointed w.e.f. 9 December 2019)	Commission	**-**	-
	Other benefits	**1.40**	-
		1.40	-

Notes to Consolidated Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

53 Disclosure of interest in Subsidiaries and interest of Non Controlling Interest :

a) Details of Group's subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest / Voting power	
		2020	2019
Mahindra Insurance Brokers Limited (MIBL)	India	80.00%	80.00%
Mahindra Rural Housing Finance Limited (MRHFL) #	India	99.60%	99.71%
Mahindra Asset Management Company Pvt. Ltd (MAMCL)	India	100.00%	100.00%
Mahindra Trustee Company Pvt. Ltd (MTCPL)	India	100.00%	100.00%
Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	India	100.00%	100.00%
Mahindra Rural Housing Finance Limited Employee Welfare Trust	India	100.00%	100.00%
Mahindra Finance CSR Foundation *	India	100.00%	NA

Pursuant to the offer made by National Housing Bank (NHB), the Board of Directors of the Company, at its meeting held on 27 March 2019, had approved the acquisition of 1,18,91,511 equity shares of Rs.10/- each of Mahindra Rural Housing Finance Limited, a subsidiary of the Company, at a premium of Rs. 231.16, for cash, aggregating to Rs. 28,677.57 lakhs. During the year ended 31 March 2020, the Company had settled the entire amount of obligation as per the terms and conditions of the agreement.

* During the year ended 31 March 2020,, the Company had incorporated a Wholly-owned subsidiary company, namely, Mahindra Finance CSR Foundation, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

b) Details of Group's associate / joint venture at the end of the reporting period are as follows:

Name of the Associate / Joint Venture	Place of Incorporation and Place of Operation	Proportion of Ownership Interest / Voting power	
		2020	2019
Mahindra Finance USA, LLC	USA	49.00%	49.00%
Ideal Finance Ltd #	Sri Lanka	38.20%	NA

The above associate(s) / joint venture(s) are accounted for using equity method in these consolidated financial statements.

During the year ended 31 March 2020, the Company has entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka. Pursuant to these agreements, the Company has agreed to subscribe / acquire up to 58.20% of the Equity share capital of Ideal Finance, in one or more tranches over a specified period of time, for an amount not exceeding Sri Lankan Rupees (LKR) 200.30 crores (equivalent to around Rs.80.12 crores at foreign exchange rate of INR 1 to LKR 2.5). Upon acquisition of above stake, Ideal Finance will become a subsidiary of the Company. As part of this agreement, the Company has remitted an amount of Rs. 4,399.60 lakhs (equivalent to LKR 11,000.00 lakhs) to Ideal Finance towards acquisition of 38.20% of the Equity share capital under first and second tranches as prescribed in these agreements.

Notes to Consolidated Financial Statements *(Continued)*
for year ended 31 March 2020

Rs. in lakhs

53 Disclosure of interest in Subsidiaries and interest of Non Controlling Interest *(Continued)*

c) Details of Non-Wholly Owned Subsidiaries that have material Non Controlling Interest:

Rs. in lakhs

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and voting rights held by Non-controlling interests		Profit / (Loss) (including OCI) allocated to Non-controlling interest		Accumulated Non-controlling interest	
		2020	2019	2020	2019	2020	2019
Mahindra Insurance Brokers Limited	India	20.00%	20.00%	1,022.80	1,421.09	8,640.08	7,617.28
Mahindra Rural Housing Finance Limited	India	0.40%	0.29%	-	72.46	328.12	233.60
TOTAL				1,022.80	1,493.55	8,968.20	7,850.88

The Company has written put option available for acquiring ownership interest held by Non Controlling Interest in Mahindra Insurance Brokers Limited.

Rs. in lakhs

53 Disclosure of interest in Subsidiaries and interest of Non Controlling Interest *(Continued)*

d) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and considered in consolidated financial statements:

Rs. in lakhs

Particulars	**Mahindra Insurance Brokers Limited**		**Mahindra Rural Housing Finance Limited**	
	2020	**2019**	**2020**	**2019**
Financial Assets	48,510.25	43,838.33	8,09,069.61	7,73,285.60
Non Financial Assets	5,896.02	2,845.75	15,661.81	10,920.52
Financial Liabilities	7,153.44	5,730.46	6,96,917.74	6,69,414.00
Non Financial Liabilities	4,984.61	2,867.25	2,999.52	2,083.84
Equity interest attributable to the owners	33,628.14	30,469.10	1,24,486.04	1,12,474.68
Non-controlling interest	8,640.08	7,617.27	328.12	233.60
Total Income	33,688.88	32,336.34	1,52,760.51	1,38,394.71
Expenses	28,352.69	25,186.95	1,37,904.81	1,13,347.84
Profit / (Loss) for the year	5,336.19	7,149.39	14,855.70	25,046.87
Total Comprehensive Income for the year	5,113.98	7,105.43	14,740.81	24,987.45
Total Comprehensive Income attributable to the owners of the company	4,091.18	5,684.34	14,681.86	22,424.29
Total Comprehensive Income attributable to the Non-controlling interest	1,022.80	1,421.09	58.96	2,563.16
Dividends paid to Non-controlling interest	154.64	92.78	6.97	202.21
Opening Cash & Cash Equivalents	563.36	1,095.10	2,982.62	5,577.07
Closing Cash & Cash Equivalents	1,310.24	563.36	9,238.78	2,982.62
Net Cash inflow / (outflow)	746.88	(531.74)	6,256.16	(2,594.45)

Rs. in lakhs

53 Disclosure of interest in Subsidiaries and interest of Non Controlling Interest *(Continued)*

e) Summarised financial information in respect of each of the Group's associate and joint venture that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and are based on their standalone financial statements:

Particulars	Mahindra Finance USA, LLC (Rs. in lakhs)		Ideal Finance Ltd (Rs. in lakhs)	
	2020	2019	2020	2019
Financial Assets	8,04,167.86	7,32,488.68	19,820.32	-
Non Financial Assets	3,828.03	3,209.72	553.67	-
Financial Liabilities	7,07,236.92	6,52,719.78	10,538.97	-
Non Financial Liabilities	-	-	520.29	-
Equity interest attributable to the owners	49,371.81	40,659.50	3,558.22	-
Non-controlling interest	51,386.98	42,319.37	5,756.50	-
Total Interest Income	47,057.68	45,722.94	3,579.14	-
Other income	1,731.35	1,396.58	131.07	-
Finance Costs	22,779.74	20,588.03	1,442.94	-
Depreciation and amortisation	-	-	115.32	-
Other expenses	13,210.88	13,942.10	1,476.61	-
Income tax expense	3,457.04	3,011.76	225.38	-
Profit / (Loss) for the year	9,342.08	9,577.62	449.97	-
Total Comprehensive Income for the year	9,342.08	9,577.62	449.97	-
Total Comprehensive Income attributable to the owners of the company	4,577.49	4,693.08	12.25	-
Total Comprehensive Income attributable to the Non-controlling interest	4,764.59	4,884.54	278.08	-
Opening Cash & Cash Equivalents	1,823.23	1,628.04	205.96	-
Closing Cash & Cash Equivalents	268.21	1,674.40	176.90	-
Net Cash inflow / (outflow)	(1,555.02)	46.36	(29.06)	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate and joint venture recognised in the consolidated financial statements :

Particulars	Mahindra Finance USA, LLC (Rs. in lakhs)		Ideal Finance Ltd# (Rs. in lakhs)	
	2020	2019	2020	2019
Closing Net Assets	1,00,758.79	83,457.31	9,314.72	-
Group share in %	49.00%	49.00%	38.20%	-
Group share	49,371.81	40,894.08	3,558.22	-
Carrying amount	49,371.81	40,894.08	4,411.85	-

#During the year ended 31 March 2020, the Company has entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka.

Notes to Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2020

Rs. in lakhs

54 Additional information as required under Schedule III to the Companies Act, 2013:

Statement of Net assets, Profit and loss and Other comprehensive income attributable to Owners and Non-controlling interest

Rs. in lakhs

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
Mahindra & Mahindra Financial Services Limited	88.80%	10,70,764.16	80.56%	87,470.09	-8.12%	(266.35)	77.96%	87,203.74
Subsidiaries								
Indian -								
1. Mahindra Insurance Brokers Limited	2.75%	33,153.99	3.93%	4,268.95	-5.42%	(177.77)	3.66%	4,091.18
2. Mahindra Rural Housing Finance Limited	6.22%	75,065.26	13.68%	14,855.71	-3.50%	(114.89)	13.18%	14,740.82
3. Mahindra Asset Management Company Limited	-1.18%	(14,197.72)	-3.49%	(3,789.82)	-0.54%	(17.57)	-3.40%	(3,807.39)
4. Mahindra Trustee Company Private Limited	0.00%	(29.63)	0.00%	(1.84)	0.00%	-	0.00%	(1.84)
5. Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	0.29%	3,489.22	0.11%	124.64	0.00%	-	0.11%	124.64
6. Mahindra Rural Housing Finance Limited Employee Welfare Trust	0.03%	325.69	0.00%	(2.68)	0.00%	-	0.00%	(2.68)
7. Mahindra Finance CSR Foundation	0.00%	(0.25)	0.00%	(0.25)	0.00%	-	0.00%	(0.25)
Foreign -	-	-	-	-	-	-	-	-
Non-controlling Interests in all Subsidiaries	0.74%	8,968.20	0.98%	1,067.24	-1.36%	(44.44)	0.91%	1,022.80
Associates (Investment as per the equity method)								
Indian -	-	-	-	-	-	-	-	-
Foreign -								
Mahindra Finance USA, LLC	2.35%	28,317.50	4.22%	4,577.48	118.94%	3,900.25	7.58%	8,477.73
Joint Ventures (Investment as per the equity method)								
Indian -	-	-	-	-	-	-	-	-
Foreign -								
Ideal Finance Limited	0.00%	12.25	0.01%	12.25	0.00%	-	0.01%	12.25
Total	100.00%	12,05,868.67	100.00%	1,08,581.77	100.00%	3,279.23	100.01%	1,11,861.00

Rs. in lakhs

55 Events after the reporting date

During the year ended 31 March 2020, the Company along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MIAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. This sale transaction has been recorded in the books of accounts on 29 April 2020.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries.

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 55

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Dhananjay Mungale
Chairman
[DIN: 00007563]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwalla
Company Secretary

Mumbai
15 May 2020

Mumbai
15 May 2020

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Limited Review Report on unaudited quarterly consolidated financial results of Mahindra & Mahindra Financial Services Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Mahindra & Mahindra Financial Services Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Mahindra·& Mahindra Financial Services Limited ('the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its share of the net profit after tax and total comprehensive income of its associate and joint ventures for the quarter ended 30 June 2020 ('the Statement'), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

4. The Statement includes the results of the following entities:

Name of the entity	Relationship
Mahindra & Mahindra Financial Service Limited	Parent Company
Mahindra Insurance Brokers Limited	Subsidiary
Mahindra Rural Housing Finance Limited	Subsidiary
Mahindra Manulife Investment Management Private Limited (erstwhile Mahindra Asset Management Company Private Limited) (subsidiary uptil 28 April 2020, joint venture w.e.f. 29 April 2020)	Joint Venture
Mahindra Manulife Trustee Private Limited (erstwhile Mahindra Trustee Company Private Limited) (subsidiary uptil 28 April 2020, joint venture w.e.f. 29 April 2020)	Joint Venture
Mahindra Finance USA, LLC	Associate
Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	Subsidiary
Mahindra Rural Housing Finance Limited Employee Welfare Trust	Subsidiary
Mahindra Finance CSR Foundation	Subsidiary
Mahindra Ideal Finance Limited	Joint Venture

5. Attention is drawn to the fact that the figures for the three months ended 31 March 2020 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. As described in Note 8 to the Statement, in respect of accounts where moratorium benefit has been granted, the staging of those accounts as at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted and is in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. Further, the extent to which the COVID-19 pandemic will impact the Group’s financial performance is dependent on future developments, which are highly uncertain. Our conclusion on the Statement is not modified in respect of this matter.

8. We did not review the interim financial information of one subsidiary included in the Statement, whose interim financial information reflect total revenues (before consolidation adjustments) of Rs. 4,117.27 lakhs, total net profit after tax (before consolidation adjustments) of Rs. 197.73 lakhs and total comprehensive income (before consolidation adjustments) of Rs. 238.50 lakhs for the quarter ended 30 June 2020, as considered in the unaudited consolidated financial results. The unaudited consolidated financial results also include the Group's share of net loss after tax (before consolidation adjustments) of Rs. 279.87 lakhs and total comprehensive loss (before consolidation adjustments) of Rs. 282.05 lakhs for the quarter ended 30 June 2020, as considered in the Statement, in respect of two joint ventures, whose interim financial information have not been reviewed by us. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and joint ventures, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of this matter.

9. The Statement includes the interim financial information of three subsidiaries which have not been reviewed/audited, whose interim financial information reflect total revenue (before consolidation adjustments) of Rs. 49.28 lakhs, total net profit after tax (before consolidation adjustments) of Rs. 9.54 lakhs and total comprehensive income (before consolidation adjustments) of Rs. 9.54 lakhs for the quarter ended 30 June 2020, as considered in the Statement. The Statement also includes the Group's share of net profit after tax (before consolidation adjustments) of Rs. 1,622.00 lakhs and total comprehensive income (before consolidation adjustments) of Rs. 1,622.00 lakhs for the quarter ended 30 June 2020, as considered in the unaudited consolidated financial results, in respect of one associate and one joint venture, based on their interim financial information which have not been reviewed/audited. According to the information and explanations given to us by management, this interim financial information is not material to the Group.

   Our conclusion on the Statement is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 20111855AAAAFC2115

Mumbai
18 July 2020

B S R & Co. LLP
Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Limited review report on unaudited quarterly standalone financial results of Mahindra & Mahindra Financial Services Limited under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of
Mahindra & Mahindra Financial Services Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Mahindra & Mahindra Financial Services Limited ('the Company') for the quarter ended 30 June 2020 (the "Statement").

2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations"). Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Attention is drawn to the fact that the figures for the three months ended 31 March 2020 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability, Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011. India

6. As described in Note 8 to the Statement, in respect of accounts where moratorium benefit has been granted, the staging of those accounts as at 30 June 2020 is based on the days past due status as on the date when the moratorium benefit was granted and is in accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India vide notifications dated 27 March 2020, 17 April 2020 and 23 May 2020. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of these matters.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 20111855AAAAFB6206

Mumbai
18 July 2020

Mahindra & Mahindra Financial Services Limited

CIN : L65921MH1991PLC059642

Registered Office: Gateway Building, Apollo Bunder, Mumbai 400 001. Tel. No. +91 22 22895500 Fax: +91 22 22875485
Corporate Office: Mahindra Towers, 4th Floor, Dr. G.M. Bhosale Marg, Worli, Mumbai 400 018. Tel. No. +91 22 66526000 Fax: +91 22 24984170 / 71
Website : www.mahindrafinance.com ; Email : investorhelpline_mmfsl@mahindra.com

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2020

Rs. in Lakhs

		Particulars	Quarter ended			Year ended
			30 June 2020	31 March 2020	30 June 2019	31 March 2020
			(Unaudited)	(Audited)	(Unaudited)	(Audited)
		Revenue from operations				
	i)	Interest income	299,238.59	298,962.65	272,876.24	1,145,761.28
	ii)	Dividend income	11.68	18.50	958.77	2,715.21
	iii)	Rental income	335.89	368.95	115.55	874.93
	iv)	Fees and commission Income	999.97	2,853.56	1,810.47	10,413.36
	v)	Net gain on fair value changes	2,067.28	1,199.01	59.48	2,561.56
	vi)	Sale of services	3,008.84	6,697.07	6,367.22	25,968.81
I		**Total Revenue from operations**	**305,662.25**	**310,099.74**	**282,187.73**	**1,188,295.15**
II		Other income	1,206.15	3,924.34	1,654.74	11,350.46
III		**Total income (I+II)**	**306,868.40**	**314,024.08**	**283,842.47**	**1,199,645.61**
		Expenses				
	i)	Finance costs	140,115.15	143,064.96	126,259.77	539,056.37
	ii)	Fees and commission expense	899.27	2,815.04	3,555.19	12,489.86
	iii)	Impairment on financial instruments (refer note 8)	94,884.74	82,190.49	67,691.31	231,897.83
	iv)	Employee benefits expenses	29,911.03	32,111.65	47,253.26	160,982.02
	v)	Depreciation, amortization and impairment	3,786.59	1,899.95	4,143.78	14,687.38
	vi)	Other expenses	11,089.78	22,125.75	20,272.36	84,918.91
IV		**Total expenses**	**280,686.56**	**284,207.84**	**269,175.67**	**1,044,032.37**
V		**Profit before exceptional item, share of profit of associate & joint ventures and tax (III-IV)**	**26,181.84**	**29,816.24**	**14,666.80**	**155,613.24**
VI		Exceptional item (refer note 7)	22,854.07	-	-	-
VII		Share of profit of associate & joint ventures	1,342.13	822.99	1,328.01	4,589.73
VIII		**Profit before tax (V+VI+VII)**	**50,378.04**	**30,639.23**	**15,994.81**	**160,202.97**
IX		**Tax expense :**				
	i)	Current tax	111.35	52,085.08	4,597.41	64,730.05
	ii)	Deferred tax	7,054.75	(45,335.71)	551.17	(12,989.05)
	iii)	(Excess) / Short provision for Income Tax - earlier years	-	-	-	(119.80)
			7,166.10	**6,749.37**	**5,148.58**	**51,621.20**
X		**Profit for the period / year (VIII-IX)**	**43,211.94**	**23,889.86**	**10,846.23**	**108,581.77**
XI		**Other Comprehensive Income (OCI)**				
	A)	(i) Items that will not be reclassified to profit or loss				
		- Remeasurement loss on defined benefit plans	373.65	535.01	(1,980.28)	(1,581.38)
		- Net gain/(loss) on equity instruments through OCI	798.07	316.60	(47.95)	268.65
		(ii) Income tax relating to the above items	(284.31)	(289.70)	651.59	40.59
		Subtotal (A)	887.41	561.91	(1,376.64)	(1,272.14)
	B)	(i) Items that will be reclassified to profit or loss				
		- Exchange differences in translating the financial statements of foreign operations	157.39	2,712.17	(206.74)	3,900.25
		- Net gain on debt instruments through OCI	(256.03)	767.09	-	767.09
		(ii) Income tax relating to the above items	64.43	(115.97)	-	(115.97)
		Subtotal (B)	(34.21)	3,363.29	(206.74)	4,551.37
		Other Comprehensive Income (A + B)	**853.20**	**3,925.20**	**(1,583.38)**	**3,279.23**
XII		**Total Comprehensive Income for the period / year (X+XI)**	**44,065.14**	**27,815.06**	**9,262.85**	**111,861.00**
		Profit for the period attributable to:				
		Owners of the Company	43,172.39	23,481.83	10,723.05	107,514.53
		Non-controlling interests	39.55	408.03	123.18	1,067.24
			43,211.94	**23,889.86**	**10,846.23**	**108,581.77**
		Other Comprehensive Income for the period attributable to:				
		Owners of the Company	845.05	3,934.86	(1,552.93)	3,323.67
		Non-controlling interests	8.15	(9.66)	(30.45)	(44.44)
			853.20	**3,925.20**	**(1,583.38)**	**3,279.23**
		Total Comprehensive Income for the period attributable to:				
		Owners of the Company	44,017.44	27,416.69	9,170.12	110,838.20
		Non-controlling interests	47.70	398.37	92.73	1,022.80
			44,065.14	**27,815.06**	**9,262.85**	**111,861.00**
XIII		**Earnings per equity share (face value of Rs.2/- each) #**				
		Basic (Rupees)	7.01	3.82	1.74	17.48
		Diluted (Rupees)	7.00	3.81	1.74	17.44

 # Earnings per share for the interim period is not annualized.

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2020

		Particulars	Quarter ended			Year ended
			30 June 2020	31 March 2020	30 June 2019	31 March 2020
			(Unaudited)	(Audited)	(Unaudited)	(Audited)
		Revenue from operations				
	i)	Interest income	260,912.13	259,282.31	236,646.01	994,171.19
	ii)	Dividend income	1.65	4.92	908.09	2,425.09
	iii)	Rental income	335.89	368.95	115.55	874.93
	iv)	Fees and commission Income	833.57	2,672.97	1,705.89	9,698.85
	v)	Net gain on fair value changes	1,966.70	1,358.78	25.22	2,615.10
I		**Total Revenue from operations**	**264,049.94**	**263,687.93**	**239,400.76**	**1,009,785.16**
II		Other income	1,444.16	3,888.81	1,849.67	14,728.63
III		**Total income (I+II)**	**265,494.10**	**267,576.74**	**241,250.43**	**1,024,513.79**
		Expenses				
	i)	Finance costs	126,460.14	128,948.25	112,820.54	482,874.89
	ii)	Fees and commission expense	231.68	793.32	998.94	4,094.21
	iii)	Impairment on financial instruments (refer note 8)	84,270.05	67,413.42	61,961.90	205,447.07
	iv)	Employee benefits expenses	22,453.80	21,343.31	35,208.96	114,844.51
	v)	Depreciation, amortization and impairment	3,153.60	1,183.93	3,432.98	11,829.36
	vi)	Other expenses	8,726.04	18,645.89	16,356.78	71,047.51
IV		**Total expenses**	**245,295.31**	**238,328.12**	**230,780.10**	**890,137.55**
V		**Profit before exceptional items and tax (III-IV)**	**20,198.79**	**29,248.62**	**10,470.33**	**134,376.24**
VI		Exceptional item (refer note 7)	610.10	-	-	-
VII		**Profit before tax (V-VI)**	**20,808.89**	**29,248.62**	**10,470.33**	**134,376.24**
VIII		**Tax expense :**				
	i)	Current tax	-	46,971.89	3,194.00	55,693.89
	ii)	Deferred tax	5,229.68	(39,815.00)	433.10	(11,958.04)
			5,229.68	**7,156.89**	**3,627.10**	**43,735.85**
IX		**Profit for the period / year (VII-VIII)**	**15,579.21**	**22,091.73**	**6,843.23**	**90,640.39**
X		**Other Comprehensive Income (OCI)**				
	A)	(i) Items that will not be reclassified to profit or loss				
		- Remeasurement gain/(loss) on defined benefit plans	342.33	643.23	(1,794.13)	(1,134.18)
		- Net gain/(loss) on equity instruments through OCI	798.07	316.60	(47.95)	268.65
		(ii) Income tax relating to the above items	(287.01)	(323.35)	643.70	(51.94)
		Subtotal (A)	853.39	636.48	(1,198.38)	(917.47)
	B)	(i) Items that will be reclassified to profit or loss				
		- Net gain on debt instruments through OCI	(256.03)	767.09	-	767.09
		(ii) Income tax relating to the above items	64.43	(115.97)	-	(115.97)
		Subtotal (B)	(191.60)	651.12	-	651.12
		Other Comprehensive Income (A + B)	**661.79**	**1,287.60**	**(1,198.38)**	**(266.35)**
XI		**Total Comprehensive Income for the period / year (IX+X)**	**16,241.00**	**23,379.33**	**5,644.85**	**90,374.04**
XII		**Earnings per equity share (face value of Rs.2/- each) #**				
		Basic (Rupees)	2.53	3.59	1.11	14.74
		Diluted (Rupees)	2.53	3.58	1.11	14.71

 # Earnings per share for the interim period is not annualized.

Notes:

1) The above financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the the Companies Act, 2013 ("the Act"), and other recognized accounting practices generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Any application guidance/ clarifications/ directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/ applicable.

2) The above financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on 18 July 2020.

3) The Consolidated financial results for the quarter ended 30 June 2020 include the following entities of the group -

i) The unaudited financial results of the subsidiaries, Mahindra Insurance Brokers Limited (80%) and Mahindra Rural Housing Finance Limited (99.60%), and joint ventures, Mahindra Manulife Investment Management Private Limited (51%) (Formerly known as "Mahindra Asset Management Company Private Limited") and Mahindra Manulife Trustee Private Limited (51%) (Formerly known as "Mahindra Trustee Company Private Limited");

ii) The Management certified financial results of subsidiaries, Mahindra & Mahindra Financial Services Limited Employees' Stock Option Trust (MMFSL ESOP Trust), Mahindra Rural Housing Finance Limited Employee Welfare Trust (MRHFL EWT) and Mahindra Finance CSR Foundation. The standalone financial results of these entities does not constitute a material component of the consolidated financial results; and

iii) The Management certified financial results of associate, Mahindra Finance USA LLC (49%), in the United States and joint venture, Ideal Finance Limited (38.20%), in Sri Lanka. The standalone financial results of Mahindra Finance USA LLC and Ideal Finance Limited does not constitute a material component of the consolidated financial results and these have been consolidated as associate and joint venture respectively, under equity method of accounting.

4) In compliance with Regulation 33 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, a limited review of financial results for the quarter ended 30 June 2020 has been carried out by the Statutory Auditors.

5) The figures for the last quarter of the previous year are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures up to third quarter.

6) There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company. The Segment Reporting in respect of the Consolidated Financial Results is given in Appendix 1.

7) The Company, on 21 June 2019, along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), then wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife has made an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. On this sale transaction, the Company has recognized a pre-tax profit of Rs.610.00 lakhs on a standalone basis, which is included under exceptional item in the statement of profit and loss for the quarter ended 30 June 2020.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively. The erstwhile names of MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively. In the Consolidated financial statements for the quarter ended 30 June 2020, MMIMPL and MMTPL have been consolidated as joint ventures under equity method of accounting. As a result of this, the Company has recognized a pre-tax profit of Rs. 22,854.07 lakhs, as an exceptional item in the consolidated statement of profit and loss for the quarter ended 30 June 2020.

8) In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium upto six months on the payment of installments falling due between 01 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation does not automatically trigger a significant increase in credit risk. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the year ended 31 March 2020, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business. During the quarter ended 30 June 2020, the Company has considered an additional charge of Rs 47,675.95 lakhs in the Standalone statement of profit and loss and Rs. 66,445.85 lakhs in the Consolidated statement of profit and loss, due to a management overlay, to reflect deterioration in the macroeconomic outlook. The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. The management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

9) The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate and has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate since 30 September 2019.

10) Charges on secured Non-Convertible Debentures (NCDs) issued by the Company:

a) All secured NCDs issued by the Company on private placement basis are secured by pari-passu charges on Aurangabad office and exclusive charge on receivables under loan contracts, owned assets and book debts to the minimum extent of 100% of outstanding secured NCDs; and

b) All secured NCDs issued by the Company through public issue are secured by exclusive charge on receivables under loan contracts, owned assets and book debts to the minimum extent of 100% of outstanding secured NCDs.

11) Pursuant to SEBI Circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated 22 October 2019, the Company has listed Commercial Papers on National Stock Exchange (NSE).

12) Previous period / year figures have been regrouped / reclassified, wherever found necessary, to conform to current period / year classification.

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Ramesh Iyer

Vice-Chairman & Managing Director

Date : 18 July 2020

Place : Mumbai

Appendix 1

Mahindra & Mahindra Financial Services Limited

Segment-wise Revenue, Results, Assets and Liabilities for Consolidated results as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Rs. in Lakhs

	Particulars	Quarter ended			Year ended
		30 June 2020	31 March 2020	30 June 2019	31 March 2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
(a)	**Segment Revenue**				
	- Financing activities	304,015.11	307,631.58	277,555.78	1,177,274.31
	- Others	4,166.55	9,201.91	8,451.76	35,874.04
	Total	**308,181.66**	**316,833.49**	**286,007.54**	**1,213,148.35**
	Less : Inter-segment revenue	1,313.26	2,809.41	2,165.07	13,502.74
	Net revenue	**306,868.40**	**314,024.08**	**283,842.47**	**1,199,645.61**
(b)	**Segment Results (Profit before tax) :**				
	- Financing activities	48,720.30	27,944.04	14,576.31	151,765.86
	- Share of profit of associate & joint ventures	1,342.13	822.99	1,328.01	4,589.73
	- Others	315.61	1,872.20	90.49	3,847.38
	Total	**50,378.04**	**30,639.23**	**15,994.81**	**160,202.97**
	Add : Other unallocable income net of unallocable expenditure	-	-		-
	Net Profit before tax	**50,378.04**	**30,639.23**	**15,994.81**	**160,202.97**
(c)	**Segment Assets :**				
	- Financing activities	8,452,003.21	8,054,496.33	7,559,936.69	8,054,496.33
	- Others	54,552.19	42,832.99	42,016.04	42,832.99
	- Other unallocable assets	80,027.44	81,928.49	80,935.60	81,928.49
	Total	**8,586,582.84**	**8,179,257.81**	**7,682,888.33**	**8,179,257.81**
(d)	**Segment Liabilities :**				
	- Financing activities	7,324,375.45	6,959,253.63	6,523,592.72	6,959,253.63
	- Others	11,638.86	14,135.51	14,306.07	14,135.51
	- Other unallocable liabilities	-	-	-	-
	Total	**7,336,014.31**	**6,973,389.14**	**6,537,898.79**	**6,973,389.14**

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Ramesh Iyer
Vice-Chairman & Managing Director

Date : 18 July 2020
Place : Mumbai

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2020, which materially or adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets:

Pursuant to a resolution passed by our Shareholders at the extra-ordinary general meeting held on June 30, 2020, the authorised share capital of our Company was increased from ₹1,900 million to ₹5,500 million, and the Memorandum of Association of our Company was suitably amended, in order to reflect such change.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios computed and derived from the Consolidated Financial Statements included in "*Financial Statements*" on page 115.

Ratio	Consolidated	
	As at June 30, 2020[(1)]	As at March 31, 2020[(2)]
Basic earnings per share (in ₹)	7.01 *	17.48
Diluted earnings per share (in ₹)	7.00*	17.44
Return on net worth (in %)	9.1%#	9.54
Net asset value per Equity Share (in ₹)	200.97	193.75
EBITDA (In ₹ millions)	17,008.36	70,935.70

(1) *Derived from the Limited Review Consolidated Financial Results.*
(2) *Derived from the Audited Consolidated Financial Statements.*
**Not annualised.*
#Annualised.

The ratios have been computed as below:

Ratios	Computation
Basic earnings per share	Net profit after tax as per statement of profit and loss attributable to Equity Shareholders (after adjusting non-controlling interest), divided by weighted average number of Equity Shares.
Diluted earnings per share	Net profit after tax as per statement of profit and loss attributable to Equity Shareholders (after adjusting non-controlling interest), divided by weighted average number of Equity Shares (including the effect of potential dilutive Equity Shares arising out of exercise of stock options under ESOS-2010).
Return on net worth (in %)	Total comprehensive income (aggregate of profit after tax and other comprehensive income for the year) as per statement of profit and loss attributable to Equity Shareholders divided by Average Net worth.
Net asset value (book value) per Equity Share	Closing Net worth divided by the number of issued, subscribed and paid-up Equity Shares outstanding at the end of the financial year.
EBITDA	Profit for the year before exceptional items, finance costs, tax, depreciation, amortization and impairment

Consolidated Capitalisation Statement

The following table sets forth the capitalisation statement of our Company (i) derived from the Limited Review Consolidated Financial Results; and (ii) as adjusted for the Issue:

(in ₹ millions)

Particulars	Pre-Issue as at June 30, 2020	As adjusted for the Issue*
Total Borrowings		
Debt securities (A)	223,389.61	223,389.61
Borrowings (other than debt securities)(B)	348,003.74	348,003.74
Deposits (C)	88,695.83	88,695.83
Subordinated Liabilities (D)	37,562.56	37,562.56
Total Borrowings (E=A+B+C+D)	**697,651.74**	**697,651.74**
Total Equity		
Equity Share Capital(F)	1,231.27	2,466.93
Other Equity (excluding non-controlling interests) (G)	122,923.99	152,595.92
Total Equity (H = F + G)	**124,155.26**	**155,062.85**
Total Borrowings / Total Equity (E/H)	**5.6**	**4.5**

**Assuming full subscription of the Issue. Not adjusted for Issue related expenses. As adjusted to reflect the number of Equity Shares issued pursuant to the Issue and proceeds from the Issue.*

STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

Our Equity Shares are listed on BSE and NSE. The Equity Shares being issued pursuant to this Issue have not been listed earlier and will be listed on the Stock Exchanges pursuant to this Issue. For details, see "*Terms of the Issue*" on page 338. Our Company has received in-principle approvals for listing of the Equity Shares on the Stock Exchanges to be issued pursuant to this Issue from BSE and NSE by their respective letters, each dated July 15, 2020. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars. For the purposes of this Issue, the Designated Stock Exchange is BSE.

For the purpose of this section, unless otherwise specified:

- A year is a financial year;
- Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily closing prices and low price is the minimum of the daily closing prices of our Equity Shares for the year, the month, or the week, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of our Equity Shares recorded on BSE and NSE during the preceding three years and the number of our Equity Shares traded on the days of the high and low prices were recorded, are as stated below:

BSE

Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
April 1, 2019 - March 31, 2020	434.00	June 3, 2019	108,625	143.80	March 30, 2020	268,433	348.89
April 1, 2018 - March 31, 2019	527.75	April 30, 2018	81,151	355.70	October 19, 2018	183,466	450.22
April 1, 2017 - March 31, 2018	507.85	January 23, 2018	218,073	295.75	May 24, 2017	120,219	408.41

(Source: www.bseindia.com)

NSE

Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
April 1, 2019 - March 31, 2020	435.45	June 3, 2019	1,921,999	143.95	March 30, 2020	3,435,379	348.92
April 1, 2018 - March 31, 2019	528.15	April 30, 2018	1,559,071	356.25	October 19, 2018	2,878,338	450.23
April 1, 2017 - March 31, 2018	508.00	January 23, 2018	2,995,179	296.50	May 24, 2017	3,283,075	408.48

(Source: www.nseindia.com)

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Letter of Offer are as stated below:

BSE

Month	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
June, 2020	179.20	June 25, 2020	1,155,693	145.30	June 1, 2020	1,990,171	164.27
May, 2020	177.00	May 13, 2020	595,928	127.60	May 22, 2020	1,309,614	151.78
April, 2020	179.85	April 17, 2020	918,886	140.45	April 24, 2020	671,458	155.82
March, 2020	341.55	March 3, 2020	105,983	143.80	March 30, 2020	268,433	244.69
February, 2020	398.50	February 7, 2020	375,382	345.45	February 28, 2020	101,235	375.15
January, 2020	368.75	January 31, 2020	88,712	322.15	January 6, 2020	102,778	347.80

(Source: www.bseindia.com)

NSE

Month	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
June, 2020	179.25	June 25, 2020	16,225,671	145.40	June 1, 2020	29,780,384	164.30
May, 2020	176.85	May 13, 2020	11,862,155	127.55	May 22, 2020	19,194,337	151.76
April, 2020	179.80	April 17, 2020	13,148,854	140.45	April 24, 2020	8,747,190	155.81
March, 2020	341.10	March 3, 2020	2,039,657	143.95	March 30, 2020	3,435,379	244.78
February, 2020	398.05	February 7, 2020	2,307,888	343.25	February 28, 2020	4,019,303	374.96
January, 2020	369.35	January 31, 2020	2,306,322	322.15	January 6, 2020	2,821,782	347.83

(Source: www.nseindia.com)

Week-end prices of Equity Shares along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Letter of Offer is as stated below:

BSE					
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Date of High**	**Low (₹)**	**Date of Low**
July 17, 2020	207.90	207.90	July 17, 2020	193.30	July 15, 2020
July 10, 2020	203.85	208.55	July 9, 2020	182.75	July 6, 2020
July 3, 2020	182.60	185.00	July 2, 2020	167.65	June 30, 2020
June 26, 2020	176.95	179.20	June 25, 2020	176.95	June 26, 2020

(Source: www.bseindia.com)

NSE					
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Date of High**	**Low (₹)**	**Date of Low**
July 17, 2020	207.90	207.90	July 17, 2020	193.20	July 15, 2020
July 10, 2020	204.10	208.55	July 9, 2020	182.85	July 6, 2020
July 3, 2020	182.75	184.90	July 2, 2020	167.80	June 30, 2020
June 26, 2020	176.90	179.25	June 25, 2020	176.90	June 26, 2020

(Source: www.nseindia.com)

The closing market price of the Equity Shares of our Company one trading day prior to the date of this Letter of Offer, that is on July 17, 2020 was ₹ 207.90 on BSE and ₹ 207.90 on NSE.

The Issue Price is ₹ 50 per Equity Share and has been arrived at by our Company in consultation with the Lead Managers prior to the determination of the Record Date.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company and our Subsidiaries are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business.

Except as disclosed below, there are no outstanding litigations with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiaries; (ii) material violations of statutory regulations by our Company and/or our Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiaries; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position, determined in accordance with the Materiality Policy.

In terms of our Company's 'Policy for Determination of Materiality of Events or Information', framed in accordance with Regulation 30 of the SEBI Listing Regulations, there is no outstanding litigation involving our Company that has been disclosed to the Stock Exchanges and accordingly, there is no such outstanding litigation involving our Company that requires disclosure in this Letter of Offer.

Solely for the purpose of the Issue, our Company has also disclosed in this section, if any, outstanding litigations, including civil and tax proceedings, involving an amount equivalent to or in excess of 5% of the consolidated total income of our Company, in terms of the Audited Consolidated Financial Statements, which is determined to be ₹ 5,998.23 million. Pre-litigation notices received by our Company and/or our Subsidiaries from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences shall not be evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.

Litigation involving our Company

Litigation against our Company

Criminal Proceedings

1. In the ordinary course of our business, our Company and our officials/employees are made parties to various criminal proceedings primarily by various customers of our Company. These customers have availed loans from our Company and have defaulted or have been delayed in repayment of outstanding loans. There are 190 outstanding criminal complaints and FIRs against our Company and/or its employees/officials alleging *inter alia* (i) criminal breach of trust and cheating; (ii) forgery of loan documentation; (iii) trespass into private property, robbery and causing hurt; (iv) illegal repossession of hypothecated assets; and (v) for criminal intimidation, misbehaviour and harassment during the loan recovery process. These matters are presently pending before various forums at various stages of adjudication.

Litigation involving our Subsidiaries

Litigation involving Mahindra Rural Housing Finance Limited

Litigation against Mahindra Rural Housing Finance Limited ("MRHFL")

Criminal Proceedings

1. In the ordinary course of its business, MRHFL and its officials/employees are made parties to various criminal proceedings primarily by various customers of MRHFL, who have availed loans from MRHFL and have defaulted or have been delayed in repayment of outstanding loans. There are 16 outstanding criminal complaints and FIRs against MRHFL and/or its employees/officials, alleging *inter alia* (i) misappropriation and bribe by employees of MRHFL; (ii) abetment to suicide; (iii) beating and use of abusive language; and (iv) harassment. These primarily include customers of MRHFL who have availed housing loans from MRHFL and have defaulted or have been delayed in repayment of outstanding loans. These matters are presently pending before various forums at various stages of adjudication**.**

GOVERNMENT APPROVALS

Our Company has obtained all material approvals, registrations, permits, consents and licenses ("**Approvals**") from governmental and regulatory authorities that are required for carrying on our present business activities.

As on the date of this Letter of Offer, there are no pending material Approvals required from governmental and regulatory authorities, by our Company or our Material Subsidiary, to conduct their respective existing business activities.

See "*Risk Factors – We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations*" on page 32.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

This Issue has been authorised by a resolution of our Board passed at its meeting held on June 1, 2020, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on July 18, 2020 has resolved to issue Equity Shares to the Eligible Equity Shareholders, at ₹ 50 per Equity Share (including a premium of ₹ 48 per Equity Share), in the ratio of one Equity Share for every one Equity Share, as held on the Record Date. The Issue Price of ₹ 50 per Equity Share has been arrived at, in consultation with the Lead Managers, prior to determination of the Record Date.

This Letter of Offer has been approved by our Board, at its meeting held on July 18, 2020 and our Rights Issue Committee, at its meeting held on July 21, 2020.

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares to be Allotted in this Issue pursuant to their respective letters dated July 15, 2020. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN 'INE774D20016' for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 338.

Prohibition by SEBI

Our Company, our Promoter, our Promoter Group or our Directors have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Our Company, our Promoter, our Promoter Group or our Directors are not debarred from accessing the capital market by SEBI.

The companies with which our Promoter or our Directors are associated as promoter or directors have not been debarred from accessing the capital market by SEBI.

Neither our Promoter nor our Directors are declared as Fugitive Economic Offenders.

Association of our Directors with the securities market

None of our Directors are associated with the securities market.

Prohibition by RBI

Neither our Company, our Promoters nor our Directors have been or are identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and have received their in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for this Issue.

Compliance with conditions of "Fast Track" Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations read with the SEBI circular, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 dated April 21, 2020, and accordingly, our Company is eligible to make this Issue by way of a "*fast track issue*":

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

2. The entire shareholding of the members of the Promoter Group is held in dematerialized form as at the date of filing this Letter of Offer with the Designated Stock Exchange: As on the date of this Letter of Offer, members of our Promoter Group (other than our Promoter) do not hold any Equity Shares in our Company;

3. The average market capitalization of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹100 crores;

4. The annualized trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-months period;

5. The annualized delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six-month period;

6. Our Company has been in compliance with the equity listing agreement and the SEBI Listing Regulations, for a period of at 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month at the date of filing this Letter of Offer with the Designated Stock Exchange;

8. No show-cause notices, excluding under adjudication proceedings, have been issued by SEBI and pending against our Company or our Promoter or whole-time Directors as at the date of filing this Letter of Offer with SEBI, the Designated Stock Exchange and NSE. Further, there are no prosecution proceedings initiated, or show cause notices in adjudication proceedings which have been issued, by SEBI, and which are pending against our Company, Promoter, Directors or Group Companies as at the date of filing this Letter of Offer with SEBI, the Designated Stock Exchange and NSE, which have not been disclosed in this Letter of Offer, along with potential adverse impact on our Company.

9. Our Company, our Promoter, the members of the Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI;

10. Our Equity Shares have not been suspended from trading as a disciplinary measure during 18 months immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

11. There are no conflicts of interest between the Lead Managers and our Company or the Group Companies, in accordance with applicable regulations;

12. Our Promoter shall mandatorily subscribe to its Rights Entitlements and shall not renounce its Rights Entitlements. For subscription by our Promoter and details in relation to compliance with minimum public shareholding norms prescribed under the Securities Contracts (Regulation) Rules, 1957, see "*Capital Structure* – *Subscription to this Issue by the Promoter and the Promoter Group*" on page 82. As on the date of this Letter of Offer, members of our Promoter Group (other than our Promoter) do not hold any Equity Shares in our Company; and

13. There are no audit qualifications on the audited accounts of our Company in respect of the Fiscal for which such accounts are disclosed in this Letter of Offer.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Letter of Offer with SEBI;

2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and

3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (5) of Part B of Schedule VI of the SEBI ICDR Regulations. Our Company is also in compliance with Clause (6) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, AXIS CAPITAL LIMITED, BNP PARIBAS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, HDFC BANK LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ICICI SECURITIES LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS") IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGES ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, AXIS CAPITAL LIMITED, BNP PARIBAS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, HDFC BANK LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ICICI SECURITIES LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 21, 2020, WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES

WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER DATED JULY 21, 2020 PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE

(5) WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – NOT APPLICABLE.

(6) ALL APPLICABLE PROVISONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. – NOT APPLICABLE.

(7) ALL APPLICABLE PROVISONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. – NOT APPLICABLE.

(8) NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY

THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE

(9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE

(10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR EQUITY SHARES – COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR EQUITY SHARES); AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH

(11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE INCLUDING WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020.

(12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE

(13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY– COMPLIED WITH.

(14) THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS READ WITH THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION AND THE SEBI CIRCULAR SEBI/HO/CFD/DIL2/CIR/P/2020/78 DATED MAY 6, 2020 BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER– COMPLIED WITH.

(15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS – COMPLIED WITH.

(16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE.

(17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY – COMPLIED WITH.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF

OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Managers

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company and the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Caution

Our Company and the Lead Managers shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, *etc.*, after filing this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of this Issue is BSE.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

"BSE Limited (the "**Exchange**") has given, vide its letter dated July 15, 2020 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the

Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of NSE

As required, a copy of this letter of offer has been submitted to NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is set out below:

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/24207 dated July 15, 2020 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever. "

Disclaimer Clause of RBI

The Company has a valid certificate of registration dated September 4, 1998 issued by the RBI under Section 45 IA of the RBI Act. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits /discharge of liabilities by the Company.

Selling Restrictions

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions.

This Letter of Offer and its accompanying documents is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders (i) in offshore transactions outside the United States in compliance with Regulation S to existing shareholders located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to U.S. QIBs pursuant to Section 4(a)(2) of the US Securities Act. Our Company will dispatch this Letter of Offer / Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions.

The Equity Shares and Rights Entitlements may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Abridged Letter of Offer, Application Forms, the Rights Entitlement Letter or any offering materials or advertisements in connection with the Equity Shares or Rights Entitlements may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. No action has been or will be taken to permit this Issue in any jurisdiction, or the possession, circulation, or

distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Forms, the Rights Entitlement Letter or any other material relating to our Company, the Equity Shares or Rights Entitlements in any jurisdiction, where any action would be required in such jurisdiction for that purpose.
Receipt of this Letter of Offer, the Abridged Letter of Offer, the Application Forms and the Rights Entitlement Letter will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Letter of Offer.

Investors are advised to consult their legal counsel prior to applying for the Rights Entitlements and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlements.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

NOTICE TO INVESTORS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD (I) IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S TO EXISTING SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE EQUITY SHARES IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS AND (II) IN THE UNITED STATES TO U.S. QIBs PURSUANT TO SECTION 4(a)(2) OF THE US SECURITIES ACT. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES, EXCEPT IN EACH CASE TO PERSONS IN THE UNITED STATES WHO ARE U.S. QIBs.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made (other than persons in the United States who are U.S. QIBs). No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States (in each case, other than from persons in the United States who are U.S. QIBs) or from any other jurisdiction where it would be illegal to make an offer of securities under this Letter of Offer. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions.

Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States, or (ii) it is a U.S.QIB in the United States, and, in each case is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations.

Our Company, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) outside India and the United States and is a foreign corporate or institutional shareholders eligible to subscribe for the Equity Shares under applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED UNDER “RESTRICTIONS ON PURCHASES AND RESALES”.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange, NSE and SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer to SEBI, at SEBI Bhawan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India and do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the email address: cfddil@sebi.gov.in.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders’ Relationship Committee which currently comprises Rama Bijapurkar (chairperson), Ramesh Iyer, V. Ravi and Chandrashekhar Bhaskar Bhave. The terms of reference, *inter alia*, include redressal of investors’/ shareholder’/ security holders’ complaints pertaining to transfer of securities, non-receipt of annual reports, non-receipt of declared dividend, issue of duplicate certificates, and to carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory modification, amendment or modifications as may be applicable. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company. The Investor complaints received by our Company are generally disposed of within 10 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number (for physical shareholders) or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account/Bank Account number and the Designated Branches of the SCSBs where the Application Form or the plain paper

application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see "*Terms of the Issue*" on page 338. The contact details of Registrar to the Issue and our Company Secretary & Compliance Officer are as follows:

Registrar to the Issue

KFin Technologies Private Limited
(formerly known as "Karvy Fintech Private Limited")
Selenium, Tower B
Plot No- 31 and 32, Financial District
Nanakramguda, Serilingampally
Hyderabad, Rangareddi 500 032, Telangana, India
Telephone: +91 (40) 6716 2222
Toll Free Numbers: 18004258998/18003454001
E-mail: mahindra.rights@kfintech.com
Investor Grievance E-mail: einward.ris@kfintech.com
Contact Person: M Murali Krishna
Website: www.kfintech.com
SEBI Registration No.: INR000000221

Company Secretary and Compliance Officer

Arnavaz M. Pardiwalla
4th Floor, A Wing, Mahindra Towers, Dr. G. M. Bhosale Marg
P. K. Kurne Chowk, Worli
Mumbai 400 018
Maharashtra
Telephone: +91 (22) 6652 6000
E-mail: investorhelpline_mmfsl@mahindra.com

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (https://rights.kfintech.com/mahindra). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are: 18004258998/18003454001.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

OVERVIEW

This Issue and the Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

1. **Dispatch and availability of Issue materials:**

   In accordance with the SEBI ICDR Regulations, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and the MCA Circular, our Company will send/ dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. Further, this Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, by the Registrar on behalf of our Company or the Lead Managers, in each case who make a request in this regard.

   Investors can access this Letter of Offer, the Abridged Letter of Offer, the Application Form, statutory advertisement, corrigendum, if applicable (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) on the websites of:

   (i) our Company at www.mahindrafinance.com;

   (ii) the Registrar at https://rights.kfintech.com/mahindra;

   (iii) the Lead Managers, *i.e.*, (a) Kotak Mahindra Capital Company Limited at www.investmentbank.kotak.com; (b) Axis Capital Limited at www.axiscapital.co.in, (c) BNP Paribas at www.bnpparibas.co.in, (d) Citigroup Global Markets India Private Limited at www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, (e) HDFC Bank Limited at www.hdfcbank.com, (f) HSBC Securities and Capital Markets (India) Private Limited at https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback, (g) ICICI Securities Limited at www.icicisecurities.com, (h) Nomura Financial Advisory and Securities (India) Private Limited at www.nomuraholdings.com/company/ group/asia/india/index.html, and (I) SBI Capital Markets Limited at www.sbicaps.com;

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and

(v) the Registrar's web-based application platform at https://rights.kfintech.com/mahindra ("**R-WAP**").

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, https://rights.kfintech.com/mahindra) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.mahindrafinance.com).

Further, our Company along with the Lead Managers will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. Our Company, the Lead Managers and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

2. **Facilities for Application in this Issue:**

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, *i.e.*, R-WAP (instituted only for resident Investors in this Issue). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see "- *Procedure for Application through the ASBA Process*" and "- *Procedure for Application through the R-WAP*" on page 350.

(a) **ASBA facility**: Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see "- *Procedure for Application through the ASBA Process*" on page 350.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

(b) **Registrar's Web-based Application Platform (R-WAP):**

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, a separate web based application platform, i.e., the R-WAP facility (accessible at https://rights.kfintech.com/mahindra), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT ONLY RESIDENT INDIVIDUAL INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE "*RISK FACTORS*" ON PAGE 20.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (https://rights.kfintech.com/mahindra) or call toll-free helpline numbers (18004258998 and 18003454001). For details, see "- *Procedure for Application through the R-WAP*" on page 350.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, our Company will make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

3. **Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares under dispute, including any court proceedings, as applicable.

Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by Friday, August 7, 2020 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer.

4. **Application by Eligible Equity Shareholders holding Equity Shares in physical form:**

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares **may also apply** in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

(i) the Eligible Equity Shareholders apply only through R-WAP;

(ii) the Eligible Equity Shareholders are residents and individuals;

(iii) the Eligible Equity Shareholders are not making payment from non-resident account;

(iv) the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and

(v) the Eligible Equity Shareholders shall receive Equity Shares, in respect of their Application, only in demat mode.

Accordingly, such resident Eligible Equity Shareholders are required to, within 6 (six) months from the Allotment Date, send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery, to enable process of credit of Equity Shares in such demat account.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner*" on pages 352 and 366, respectively.

5. **Other important links and helpline:**

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://rights.kfintech.com/mahindra

- Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: https://rights.kfintech.com/mahindra

- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: https://rights.kfintech.com/mahindra

- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: mahindra.rights@kfintech.com

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.,* https://rights.kfintech.com/mahindra) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.mahindrafinance.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, https://rights.kfintech.com/mahindra). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP (an additional optional facility).

For details of Application through R-WAP by the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, see "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner*" on pages 352 and 366, respectively.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to e-mail addresses of Eligible Equity Shareholders who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. This Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, by the Registrar on behalf of our Company or the Lead Managers, in each case who make a request in this regard. This Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, R-WAP, our Company and the Lead Managers through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and

agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Equity Share will have the face value of ₹ 2.

Issue Price

Each Equity Share is being offered at a price of ₹ 50 per Equity Share (including a premium of ₹ 48 per Equity Share) in this Issue. The Issue Price for Equity Shares has been arrived at by our Company in consultation with the Lead Managers and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of one Equity Share for every one Equity Share held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see "- *Procedure for Renunciation of Rights Entitlements*" on page 353.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE774D20016. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by Friday, August 7, 2020, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN INE774D20016. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Tuesday, July 28, 2020 to Friday, August 7, 2020 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see "- *Procedure for Renunciation of Rights Entitlements – On Market Renunciation*" and "- *Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*" on page 354. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, see " – *Procedure for Application*" on page 347.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

Full amount of ₹ 50 per Equity Share (including premium of ₹ 48 per Equity Share) shall be payable on Application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of one Equity Share for every one Equity Share held as on the Record Date. Accordingly, there shall be no fractional entitlement in this Issue.

Credit Rating

As this Issue is a rights issue of Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Equity Shares to be issued and Allotted under this Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number DCS/RIGHTS/SV/IP-RT/700/2020-21 dated July 15, 2020, and from NSE through letter bearing reference number NSE/LIST/24207 dated July 15, 2020. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532720) and NSE (Scrip Code: M&MFIN) under the ISIN INE774D01024. The Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see "*Capital Structure – Subscription to this Issue by our Promoter and Promoter Group*" on page 82.

Rights of Holders of Equity Shares of our Company

Subject to applicable laws, the holders of Equity Shares shall have the following rights on the Equity Shares:

(a) The right to receive dividend, if declared;

(b) The right to vote in person, or by proxy, except in case of Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;

(c) The right to receive surplus on liquidation;

(d) The right to free transferability of Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under "- *Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner*" on page 366; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

GENERAL TERMS OF THE ISSUE

Market Lot

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branches of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send/ dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. Further, this Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, by the Registrar on behalf of our Company or the Lead Managers, in each case who make a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Mumbai, where our Registered Office is situated).

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, our Company will make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at mahindra.rights@kfintech.com.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.,* from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Please note that only resident individual Investors can submit an Application using the R-WAP.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at https://rights.kfintech.com/mahindra or mahindra.rights@kfintech.com.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident individual Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 352.

The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions *etc*. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Equity Shares offered as part of this Issue would be sent (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date.

Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addressess of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit https://rights.kfintech.com/mahindra. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of:

(i) our Company at www.mahindrafinance.com;

(ii) the Registrar at https://rights.kfintech.com/mahindra;

(iii) the Lead Managers, *i.e.*, (a) Kotak Mahindra Capital Company Limited at www.investmentbank.kotak.com; (b) Axis Capital Limited at www.axiscapital.co.in, (c) BNP Paribas at www.bnpparibas.co.in, (d) Citigroup Global Markets India Private Limited at www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, (e) HDFC Bank Limited at www.hdfcbank.com, (f) HSBC Securities and Capital Markets (India) Private Limited at https://www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback, (g) ICICI Securities Limited at www.icicisecurities.com, (h) Nomura Financial Advisory and Securities (India) Private Limited at www.nomuraholdings.com/company/ group/asia/india/index.html; and (i) SBI Capital Markets Limited at www.sbicaps.com.

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and

(v) the R-WAP at https://rights.kfintech.com/mahindra.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, https://rights.kfintech.com/mahindra) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.mahindrafinance.com).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Equity Shares (i) submitting the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i)the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident individual Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see "- ***Grounds for Technical Rejection*"** **on page 360. Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "- *Application on Plain Paper under ASBA process"* on page 350.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Equity Shares to the full extent of its Rights Entitlements; or

(ii) apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares in the Issue; or

(v) renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares

may also apply in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner*" on pages 352 and 366, respectively.

Procedure for Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The our Company, its directors, its employees, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branches of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

Procedure for Application through the R-WAP

Resident individual Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Managers shall not be responsible if the Application is not successfully submitted or rejected during the Basis of Allotment, on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see "*Risk Factors*" on page 20.

Set out below is the procedure followed using the R-WAP:

(a) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020.

(b) Resident individual Investors should visit R-WAP (accessible at https://rights.kfintech.com/mahindra) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.

(c) Non-resident Investors are not eligible to apply in this Issue through R-WAP.

(d) Only resident individual Investors are eligible to apply in this issue through R-WAP.

(e) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Equity Shares to be applied for.

(f) The Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Equity Shares to be applied for. A Shareholder who has purchased Rights Entitlement from the Stock Exchanges or through off-market transaction, should select "Eligible Equity Shareholder" category.

(g) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.

(h) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.

(i) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

(j) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk at https://rights.kfintech.com/mahindra or call helpline numbers 18004258998/18003454001.

Acceptance of this Issue

Investors may accept this Issue and apply for the Equity Shares (i) submitting the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 350.

Additional Equity Shares

Investors are eligible to apply for additional Equity Shares in the Issue, over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares in the Issue, shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "- *Basis of Allotment*" on page 365.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares in the Issue. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares in the Issue.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares in the Issue, while submitting the Application through ASBA process or using the R-WAP.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner*" on pages 352 and 366, respectively.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit https://rights.kfintech.com/mahindra.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID-19;

(b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The Eligible Equity Shareholders can access the Application Form from:

- R-WAP, the website of the Registrar (https://rights.kfintech.com/mahindra);
- our Company (www.mahindrafinance.com);
- the Lead Managers (www.investmentbank.kotak.com,www.axiscapital.co.in, www.bnpparibas.co.in, www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm,www.hdfcbank.com, www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback, www.icicisecurities.com, www.nomuraholdings.com/company/ group/asia/india/index.html and www.sbicaps.com);
- the Stock Exchanges (at www.bseindia.com and www.nseindia.com).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, https://rights.kfintech.com/mahindra) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, www.mahindrafinance.com);

(d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Further, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, **may also apply** in this Issue during the Issue Period by filling the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat, on or before the Issue Closing Date. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN, for verification of their Application. Further, such resident Eligible Equity Shareholder can:

(a) apply for its Equity Shares to the full extent of its Rights Entitlements;

(b) apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); and

(c) apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares in the Issue.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under the ISIN INE774D20016, subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Tuesday, July 28, 2020 to Friday, August 7, 2020 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE774D20016 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE774D20016, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants and only during the Renunciation Period.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branches of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Mahindra & Mahindra Financial Services Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Registered Folio Number/DP and Client ID No.;

4. Number of Equity Shares held as on Record Date;

5. Allotment option – only dematerialised form;

6. Number of Equity Shares entitled to;

7. Number of Equity Shares applied for within the Rights Entitlements;

8. Number of additional Equity Shares applied for, if any;

9. Total number of Equity Shares applied for;

10. Total amount paid at the rate of ₹ 50 per Equity Share;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;

13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue;

14. Authorisation to the Designated Branches of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

16. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

    *"I/ We understand that neither the Rights Entitlements nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("**Regulation S**") to existing shareholders located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) ("**U.S. QIBs**") pursuant to Section 4(a)(2) of the US Securities Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights*

Entitlements in the United States, except in each case to persons in the United States who are U.S.QIBs. I/ we confirm that I am/ we are (a)(i) not in the United States and eligible to subscribe for the Equity Shares under applicable securities laws or (ii) a U.S. QIB in the United States, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe is in the United States (other than U.S. QIBs), or if such person is outside of India and the United States, such person is not a foreign corporate or institutional shareholder, or is ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

For Resident Applicants: I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" under the sub-heading "– United States – For Investors Outside of the United States" on page 381 (if I am/we are outside the United States).

For Non-Resident Applicants: I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" under the sub-heading "– United States – For Investors in the United States" (if I am/we are in the United States) or under the sub-heading "– United States – For Investors Outside of the United States" (if I am/we are outside the United States).

I/ We understand and agree that the Rights Entitlements and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at https://rights.kfintech.com/mahindra.

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Equity Shares to such resident Eligible Equity Shareholders, see "- *Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner*" on page 366.

Allotment of the Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE *"ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS"* ON PAGE 366.

General instructions for Investors

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares **may also apply** in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Equity Shares in "- *Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "- *Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner*" on pages 352 and 366, respectively.

(c) Please read the instructions on the Application Form sent to you.

(d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.

(e) Application should be made only through the ASBA facility or using R-WAP.

(f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section "- *Application on Plain Paper under ASBA process*" on page 350.

(h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident individual Investors in this Issue, *i.e.*, R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.

(i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

(j) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.

(k) Applications should be (i) submitted to the Designated Branches of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock

Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(l) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Managers.

(m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Equity Shares pursuant to this Issue shall be made into the accounts of such Investors**.

(o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(r) All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(s) Only persons (i) in the United States who are U.S. QIBs and (b) outside India and the United States who are foreign corporate or institutional shareholders located in jurisdictions where the offer and sale of the Equity Shares is permitted under laws of such jurisdictions.

(t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

(u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

(v) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(w) An Applicant being an OCB is required not to be under the adverse notice of RBI and must submit approval from RBI for applying in this Issue.

Do’s:

(a) Ensure that the Application Form and necessary details are filled in.

(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects.

(d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.

Don’ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(d) Do not pay the Application Money in cash, by money order, pay order or postal order.

(e) Do not submit multiple Applications.

Do’s for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be Allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branches of the SCSBs and details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares }) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branches of the SCSB.

(d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(f) Ensure that you receive an acknowledgement from the Designated Branches of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Do's for Investors applying through R-WAP:

(a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.

(b) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares }) available in the bank account through which payment is made using the R-WAP.

(c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment

(d) Ensure that you receive a confirmation email on successful transfer of funds.

(e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.

(f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through ASBA:

(a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branches of the SCSB or *vice versa*.

(b) Do not send your physical Application to the Lead Managers, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through R-WAP:

(a) Do not apply from bank account of third parties.

(b) Do not apply if you are a non-resident Investor.

(c) Do not apply from non-resident account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.

(b) Sending an Application to the Lead Managers, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

(c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(e) Account holder not signing the Application or declaration mentioned therein.

(f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.

(g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(l) Physical Application Forms not duly signed by the sole or joint Investors.

(m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(o) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) outside India and the United States and is a foreign corporate or institutional shareholder eligible to subscribe for the Equity Shares under applicable securities laws or (b) a U.S. QIB in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form**.**

(p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

(a) Applications by non-resident Investors.

(b) Payment from third party bank accounts.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INDIVIDUAL INVESTORS), TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING

PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms s are liable to be rejected.

Modes of Payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

For details of mode of payment in case of Application through R-WAP, see "- *Procedure for Application through the R-WAP*" on page 350.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Managers.

   Note: Applications from non-resident Investors in any jurisdiction outside India will not be accepted unless such person is a corporate or institutional shareholder. In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent/ dispatched only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in certain jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions. This Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis. whose e-mail addresses are not available with the Company or the Eligible Equity Shareholders have not provided the valid e-mail address to the Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, by the Registrar on behalf of our Company or the Lead Managers in each case who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.

2. In case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "- *Procedure for Applications by Mutual Funds*" on page 371.

In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications or multiple applications on R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in "*Capital Structure - Subscription to this Issue by our Promoter and Promoter Group*" on page 82.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is Tuesday, August 11, 2020 *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section, "- *Basis of Allotment*" on page 365.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to mahindra.rights@kfintech.com in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

ISSUE OPENING DATE	Tuesday, July 28, 2020
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENT*	Friday, August 7, 2020

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	Monday, August 10, 2020
ISSUE CLOSING DATE^	Tuesday, August 11, 2020
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Thursday, August 20, 2020
DATE OF ALLOTMENT (ON OR ABOUT)	Friday, August 21, 2020
DATE OF CREDIT (ON OR ABOUT)	Tuesday, August 25, 2020
DATE OF LISTING (ON OR ABOUT)	Thursday, August 27, 2020

** Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

^Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, Friday, August 7, 2020 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see "*General Information - Issue Schedule*" on page 70.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

(b) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(c) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares in the Issue, provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will email Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Equity Shares for non-receipt of demat account details in a timely manner

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

(a) the Registrar shall send Allotment advice and credit the Equity Shares to a demat suspense account to be opened by our Company;

(b) within 6 (six) months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;

(c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;

(d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Equity Shares lying in the demat suspense account on the floor of the Stock Exchanges at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, *etc*. to such Eligible Equity Shareholders to remit such proceeds. For this purpose, our Company may also take steps such as allowing a trust to dispose such Equity Shares and distribute the proceeds or undertake any other related action as considered appropriate by our Company.

Such Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchanges after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Equity Shares may be higher or lower than the Application Money paid by such Eligible Equity Shareholders;

(e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Equity Shares;

(f) After the consummation of the sale of Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and

(g) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.

(h) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.

2. The Eligible Equity Shareholders cannot trade in such Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.

3. There will be no voting rights against such Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Equity Shares, as permitted under applicable laws.

4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Equity Shares (including but

not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Equity Shares).

5. **The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, *etc.*, in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.**

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below.

(a) Unblocking amounts blocked using ASBA facility.

(b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated December 16, 2005 with NSDL and an agreement dated December 5, 2005 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Equity Shares and the Application Form will be rejected.

5. The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc*.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the

Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares in this Issue must check the procedure for application by and credit of Equity Shares to such Eligible Equity Shareholders in "-*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" and "-*Credit and Transfer of Equity Shares in case of Shareholders holding Equity Shares in Physical Form*" on pages 352 and 366, respectively.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company. Our Company has not increased this ceiling of 10%.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

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

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 5 million or with both.

Payment by stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.

3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.

7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 75% of the Issue Size, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90%, of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose. In the event that there is a delay in making refund of the subscription amount by more than eight days after our Company becomes liable to pay subscription amount (*i.e.*, 15 days after the Issue Closing Date), or such other period as prescribed by applicable law, our Company shall pay interest for the delayed period, at rates prescribed under applicable law.

Further, our Promoter has confirmed that it will subscribe to all of the unsubscribed portion in this Issue, subject to the aggregate shareholding of our Promoter and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "**Mahindra & Mahindra Financial Services Limited – Rights Issue**" on the envelope and postmarked in India or in the email) to the Registrar at the following address:

   KFin Technologies Private Limited
   (formerly known as "Karvy Fintech Private Limited")
   Selenium, Tower B
   Plot No 31 and 32, Financial District
   Nanakramguda, Serilingampally
   Hyderabad, Rangareddi 500 032
   Telangana, India
   Telephone: +91 (40) 67162222
   Toll free numbers: 18004258998/18003454001
   Fax: +91 (40) 2343 1551
   Email: mahindra.rights@kfintech.com
   Investor Grievance E mail: einward.ris@kfintech.com
   Contact Person: M Murali Krishna
   Website: www.kfintech.com
   SEBI Registration No.: INR000000221

3. In accordance with the SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (https://rights.kfintech.com/mahindra). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are 18004258998/ 18003454001.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("**FDI**") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("**DPIIT**"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 ("**FDI Circular 2017**"), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DPIIT, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements and Equity Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States (other than to persons in the United States who are U.S. QIBs).

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements or the Equity Shares shall do so in accordance with the restrictions set out below.

United States

The Rights Entitlements and the Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act and in the United States to "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) pursuant to Section 4(a)(2) under the US Securities Act. Neither receipt of this Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Letter of Offer and its accompanying documents directly from our Company or the Registrar.

For Investors in the United States

The Rights Entitlements and the Equity Shares may only be acquired by persons in the United States who are U.S. QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. If you are in the United States, you may not exercise any Rights Entitlements and/or acquire any Equity Shares offered hereby unless you are a U.S. QIB and have been invited to participate directly by our Company.

All offers and sales in the United States of the Rights Entitlements and the Equity Shares have been, or will be, made solely by our Company. The Lead Managers are not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Equity Shares or any other security with respect to this Issue in the United States.

Each person in the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Equity Shares and accepting delivery of any Rights Entitlements or any Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Equity Shares on behalf of each owner of such account.

2. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.

3. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Equity Shares of the restrictions set forth in the Letter of Offer under the heading "Restrictions on Purchases and Resales".

4. Without limiting the generality of the foregoing, the purchaser is aware and understands (and each account for which it is acting has been advised and understands) that (i) the Rights Entitlements and the Equity Shares have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States; (ii) any offer and sale of the Rights Entitlements or the Equity Shares in the United States is being made pursuant to the private placement exemption set out in Section 4(a)(2) under the US Securities Act; and (iii) the Rights Entitlements and the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act; and it agrees, on its own behalf and on behalf of any accounts for which it is acting, that for so long as the Rights Entitlements or the Equity Shares are "restricted securities", it will not reoffer, resell, pledge or otherwise transfer any Rights Entitlements or the Equity Shares which it may acquire, or any beneficial interest therein, except in an offshore transaction complying with Rule 904 of Regulation S.

5. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

6. The purchaser is a U.S. QIB, and if it is acquiring the Rights Entitlements or the Equity Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Equity Shares, it will exercise such Rights Entitlements and acquire such Equity Shares for its own account, or for the account of one or more U.S. QIB(s) as to which the purchaser has full investment discretion, in each case for investment purposes, and not with a view to any resale, distribution or other disposition (within the meaning of U.S. securities laws) of the Rights Entitlements or the Equity Shares.

7. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Equity Shares, it acknowledges and agrees that it is not acquiring or subscribing for the Rights Entitlements or the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the US Securities Act). The purchaser understands and agrees that although offers and sales of the Rights Entitlements and the Equity Shares are being made in the United States to U.S. QIBs, such offers and sales are being made pursuant to the private placement exemption set out in Section 4(a)(2) of the US Securities Act.

8. The purchaser understands and acknowledges that all offers and sales in the United States of the Rights Entitlements and the Equity Shares have been, or will be, made solely by our Company. The Lead Managers are not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Equity Shares or any other security with respect to this Issue in the United States.

9. The purchaser understands that the Lead Managers have not performed diligence with respect to our Company or this Issue that they would have performed if this Issue was being registered pursuant to the US Securities Act.

10. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Equity Shares pursuant to the Issue.

11. To the extent the purchaser exercises the Rights Entitlements and subscribes for the Equity Shares, it agrees not to deposit any Equity Shares into any unrestricted depository facility maintained by any depository bank unless and until such time as the Rights Entitlements or the Equity Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act.

12. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Managers or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Equity Shares is suitable and appropriate, both in the nature and number of Equity Shares being subscribed.

13. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Managers or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

14. The purchaser understands that the Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information

contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the US SEC, and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Equity Shares with the US SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.

15. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our Company; and (ii) none of the Lead Managers or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Managers or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.

16. The purchaser will not hold our Company, the Lead Managers or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Equity Shares has been or will be provided by the Lead Managers or its affiliates to it.

17. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company, or to the Lead Managers, for all or part of any such loss or losses it may suffer.

18. The purchaser understands and acknowledges that the Lead Managers are assisting our Company in respect of this Issue and that the Lead Managers are acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.

19. The purchaser understands that our Company cannot determine with certainty, and has not determined, whether our Company may be treated as a "passive foreign investment company" (a "**PFIC**") for U.S. federal income tax purposes for the current taxable year, and may not be able to make such a determination in future years and, in the event our Company is treated as a PFIC, will not provide information required for it to make a "qualified electing fund" election, and that there may be certain adverse consequences under United States tax laws if our Company were to be a PFIC in the current or any future taxable year in which it may hold Equity Shares. In addition, in the event our Company is treated as a PFIC, it will be subject to certain U.S. Internal Revenue Service information reporting obligations. It understands that a separate determination must be made each year as to our Company's PFIC status. The purchaser acknowledges and confirms that it has made and relied entirely upon its own assessment as to whether, and the consequences to it if, the Company has been, is, continues to be, may be, or becomes a PFIC for United States federal income tax purposes.

20. The purchaser's exercise of the Rights Entitlements and subscription for the Equity Shares and consummation of the transactions contemplated by this Letter of Offer, does not and will not constitute or result in a prohibited transaction under the U.S. Employee Retirement Income Securities Act of 1974 or Section 4975 of the U.S. Internal Revenue Code of 1986 for which an exemption is not available;

21. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that neither our Company, nor the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is in the United States (other than U.S. QIBs), or if such person is outside of India and the United States, such person is not a foreign corporate or institutional shareholder, or is ineligible to participate in this Issue under applicable securities laws.

22. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that our Company and the Lead Managers, its affiliates and others (including legal counsels to each of our Company and the Lead Managers) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Equity Shares, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Equity Shares is no longer accurate, it shall promptly notify our Company in writing.

Any person in the United States who obtains a copy of this Letter of Offer, or its accompanying documents and who has not been specifically invited by our Company to participate or who is not a U.S. QIB is required to disregard it.

For Investors Outside of the United States

The Rights Entitlements and the Equity Shares offered outside the United States are being offered in offshore transactions in reliance on Regulation S.

Each person outside of the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Equity Shares and accepting delivery of any Rights Entitlements or any Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

(a) Each of the representations, warranties and agreements in numbered paragraphs 1 through 5 (inclusive), paragraphs 10 through 18 (inclusive) and paragraphs 21 and 22 under the heading "*Restrictions on Purchases and Resales – United States – For Investors in the United States*".

(b) The purchaser (i) is aware that the Rights Entitlements and the Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

(c) No offer or sale of the Rights Entitlements or the Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S under the Securities Act).

(d) The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Equity Shares are, entitled to subscribe for the Equity Shares, and the sale of the Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

(e) The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

Australia

This Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Australian Corporations Act**") and does not purport to include the information required of a disclosure document under the Australian Corporations Act. This Letter of Offer has not been lodged with the Australian Securities and Investments Commission ("**ASIC**") and no steps have been taken to lodge it as such with ASIC. Any offer in Australia of the Rights Entitlements and Equity Shares under this Letter of Offer may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Australian Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of this Letter of Offer, and any offers made under this Letter of Offer, you represent to the Issuer and the Lead Managers that you will not provide this Letter of Offer or communicate any offers made under this Letter of Offer to, or make any applications or receive any offers for Rights Entitlements or the Equity Shares for, any Australian residents unless they are a "sophisticated investor" or a "professional investor" as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder (or the Lead Managers) under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Equity Shares should observe such Australian on-sale restrictions.

Belgium

The Issue does not constitute a public offer in Belgium. This Letter of Offer relating to the Issue has not been, and will not be, notified to the Financial Services and Markets Authority in Belgium in accordance with the Belgian Law of 11 July 2018 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended or replaced from time to time, the "Prospectus Law") and Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Accordingly, the Equity Shares and Rights Entitlements may not be distributed, offered, sold or resold, transferred or delivered in Belgium except (i) to "qualified investors" as referred to in article 2, (e) of the Prospectus Regulation, (ii) to fewer than 150 natural or legal persons who hold shares in our Company (other than qualified investors as defined in the Prospectus Regulation) or (iii) in any other circumstances in which the Issue does not qualify as an offer to the public in Belgium in accordance with the Prospectus Regulation and the Prospectus Law.

Canada

The Equity Shares and the Rights Entitlements, this Letter of Offer and any other offering material may be offered to and distributed to shareholders resident in Canada in accordance with the exemption from prospectus requirements in National Instrument 45-106, section 2.1.2 "Rights Offering-Issuer With Minimal Connection to Canada".

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Equity Shares may be made to the public in the Cayman Islands.

China

This Letter of Offer may not be circulated or distributed in the People's Republic of China ("**PRC**") and the Rights Entitlements and the Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Equity Shares or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this Letter of Offer are required by the Issuer and its representatives to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

European Economic Area (EEA)

In relation to each member State of the European Economic Area (each, a "**Relevant State**"), no Rights Entitlement or Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlement and the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlement and the Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(1) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(2) to fewer than 150 natural or legal persons per Relevant State (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Lead Managers for any such offer; or

(3) in any other circumstances falling within article 1(4) of the Prospectus Regulation,

provided that no such offer of the Rights Entitlements or the Equity Shares requires the Issuer to publish a prospectus pursuant to article 3 of the Prospectus Regulation or supplement of a prospectus pursuant to article 23 of the Prospectus Regulation. This Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation.

For the purposes of this provision, the expression "offer to the public" in relation to any Rights Entitlement and the Equity Shares in any Relevant State means the communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Rights Entitlement and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement and the Equity Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129, as amended from time to time.

Hong Kong

The Rights Entitlements and the Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Ireland

The Rights Entitlements and the Equity Shares have not been offered or sold, and will not be offered, sold, underwritten, in Ireland other than in conformity with:

a. Regulation (EU) 2017/1129 (the Prospectus Regulation), the European Union (Prospectus) Regulations 2019 of Ireland and any rules issued by the Central Bank pursuant to section 1363 of the Companies Act 2014 of Ireland;

b. the provisions of the Irish Companies Act 2014;

c. the provisions of the Central Bank Acts 1942 to 2018 of Ireland (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended) of Ireland;

d. the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. no. 375 of 2017) (as amended) and the provisions of the Investor Compensation Act 1998; and

e. the provisions of the Market Abuse Regulation (EU 596/2014), the Market Abuse Directive on Criminal Sanctions for market abuse (Directive 2014/57/EU) (as amended), the European Union (Market Abuse) Regulations 2016 of Ireland and any rules issued by the Central Bank of Ireland pursuant to section 1370 of the Companies Act 2014 of Ireland.

Italy

This Letter of Offer has not been submitted to the Italian *Commissione Nazionale per le Società e la Borsa* ("**Consob**") for clearance and will not be subject to formal review, clearance or approval by Consob. The Rights Entitlement and the Equity Shares may not be offered, sold or delivered, directly or indirectly in the Republic of Italy or to a resident of the Republic of Italy, unless such offer, sale or delivery of the Rights Entitlement and the Equity Shares or distribution of copies of this Letter of Offer takes place:

(i) pursuant to the Prospectus Regulation and Italian legislative decree no. 58 of February 24, 1998, as amended from time to time (the "**TUF**"), made only to "qualified investors" (*investitori qualificati*), as defined pursuant to article 34-*ter*, first paragraph, letter (b), of Consob Regulation no. 11971 of May 14, 1999 as amended from time to time ("**Consob Issuers Regulation**") by reference to article 35, paragraph 1, letter (d) of Consob Regulation no. 20307 of February 15, 2018, as amended from time to time ("**Consob Regulation no. 20307**"); or

(ii) in any other circumstances which are exempt from the rules on public offers pursuant to the Prospectus Regulation, article 100 of the TUF and its second-level Consob regulations, including Consob Issuers Regulation.

Any such offer, sale or delivery of the Rights Entitlement and the Equity Shares or any distribution of copies of this Letter of Offer in the Republic of Italy must comply with the selling restrictions under (i) and (ii) above and be:

(1) made by authorized persons (*soggetti abilitati*) (including, without limitation, investment firms, banks or financial intermediaries, as defined by article 1, first paragraph, letter (r), of the TUF), to the extent duly authorized to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the TUF, Consob Regulation no. 20307, Italian legislative decree no. 385 of September 1, 1993, as amended, and any other applicable laws and regulations; and

(2) in compliance with any other applicable Italian securities and tax and exchange laws and regulations as well as in compliance with other applicable requirements or limitations which may be imposed by Consob or the Bank of Italy or any other Italian regulatory authority from time to time.

Any investor purchasing the Rights Entitlement and the Equity Shares is solely responsible for ensuring that any offer or resale of the rights it purchases occurs in compliance with applicable laws and regulations.

In accordance with article 100-*bis* of the TUF,

(A) the subsequent resale on the secondary market in the Republic of Italy of financial instruments, which were part of an offer made pursuant to an exemption from the obligation to publish a prospectus; or

(B) the systematic resale to investors different from qualified investors of financial instruments which were purchased by qualified investors in the previous twelve months in the context of a placement reserved to qualified investors only, constitutes a distinct and autonomous offer that must be made in compliance with the public offer and prospectus requirement rules provided under the Prospectus Regulation, the TUF and Consob Issuers Regulation, unless an exemption applies.

Failure to comply with such rules may also result in the subsequent resale of such financial instruments being declared null and void and in the liability of the intermediary transferring the financial instruments for any damage suffered by the investors.

Japan

The Rights Entitlements and the Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Equity Shares. No Rights Entitlements or Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a "qualified institutional investor" (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the "**Qualified Institutional Investor**"), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Rights Entitlements and the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To receive the Rights Entitlements and subscribe the Equity Shares (the "**QII Rights Entitlements and the QII Rights Equity Shares**") such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Rights Entitlements and the QII Rights Equity Shares other than to another Qualified Institutional Investor.

Kuwait

This Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Equity Shares in the State of Kuwait. The Rights Entitlements and the Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Rights Entitlements or the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Equity Shares in the State of Kuwait.

Luxembourg

The Rights Entitlements and the Equity Shares offered in this Letter of Offer may not be offered, sold or delivered to the public within the Grand Duchy of Luxembourg. This Letter of Offer is only intended for institutional investors. It is personal to each offeree and does not constitute an offer to any other person or to the public generally in Luxembourg to subscribe for or otherwise acquire the Rights Entitlements and the Equity Shares. Distribution of this Letter of Offer to any person other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorized and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited.

Mauritius

The Rights Entitlements and the Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. This Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

Norway

This Letter of Offer has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this Letter of Offer shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The Rights Entitlements and the Equity Shares may not be offered or sold, directly or indirectly, in Norway except to professional clients (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

Each Lead Manager has acknowledged that this Letter of Offer has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Lead Manager has represented and agreed that it has not offered or sold any Rights Entitlement or Equity Shares or caused the Rights Entitlement and Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell any Rights Entitlement or Equity Shares or cause the Rights Entitlement or Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Letter of Offer or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Entitlement and the Equity Shares, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA;

(a) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(b) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Rights Entitlement and the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Rights Entitlement and the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(i) where no consideration is or will be given for the transfer;
(ii) where the transfer is by operation of law;
(iii) as specified in Section 276(7) of the SFA; or
(iv) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Korea

We are not making any representation with respect to the eligibility of any recipients of this Letter of Offer to acquire the Rights Entitlements and the Equity Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder. The Rights Entitlements and the Equity Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the "**FSCMA**"). Accordingly, the Rights Entitlements and the Equity Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Rights Entitlements and the Equity Shares, except (i) where relevant requirements are satisfied, the Rights Entitlements and the Equity Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Rights Entitlements and the Equity Shares may not be re-sold to Korea residents unless the purchaser of the Rights Entitlements and the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Rights Entitlements and the Equity Shares.

Sweden

This Letter of Offer has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this Letter of Offer may not be made available, nor may the Rights Entitlements and the Equity Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of the Rights Entitlements and the Equity Shares in Sweden is limited to persons who are qualified investors (as defined in the Financial Instruments Trading Act). Only such investors may receive this Letter of Offer and they may not distribute it or the information contained in it to any other person.

Switzerland

This Letter of Offer is not intended to constitute an offer or solicitation to purchase or invest in the Rights Entitlements and the Equity Shares described herein. The Rights Entitlements and the Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Rights Entitlements and the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Letter of Offer nor any other offering or marketing material relating to the Rights Entitlements and the Equity Shares or the Issue constitutes a prospectus pursuant to the FinSA or pursuant to Articles 652a and 1156 of the Swiss Code of Obligations (as in effect immediately prior to the entry into force of the FinSA) or pursuant to Articles 27 ff. of the listing rules of SIX Exchange Regulation or any other trading venue in Switzerland, and neither this Letter of Offer nor any other offering or marketing material relating to the Rights Entitlements and the Equity Shares or the Issue may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Letter of Offer nor any other offering or marketing material relating to the Rights Entitlements and the Equity Shares or the Issue or our Company have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Letter of Offer will not be filed with, and the Issue will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the Issue has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Rights Entitlements and the Equity Shares.

This Letter of Offer, as well as any other offering or marketing material relating to the Rights Entitlements and the Equity Shares or the Issuer, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Rights Entitlements and the Equity Shares in Switzerland and it does not constitute an offer to any other person. This Letter of Offer may only be used by those investors to whom it has been handed out in connection with the Issue described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

Taiwan

The Rights Entitlements and the Equity Shares have not and will not be registered with the Financial Supervisory Commission of Taiwan or any other governmental authorities of Taiwan, and are not being offered or sold and may not be offered or sold, directly or indirectly, in Taiwan or otherwise, to, or for the benefit of, any resident or entity of Taiwan, except (i) pursuant to the requirements of the securities related laws and regulations in Taiwan; and (ii) in compliance with any other applicable requirements of Taiwan laws.

United Kingdom

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of "investment professionals" contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iii) to whom it can otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). Persons who are not relevant persons should not take any action on the basis of this Letter of Offer and should not act or rely on it or any of its contents.

Denmark

This Letter of Offer has not been and will not be filed with, registered with or approved by the Danish Financial Supervisory Authority (*Finanstilsynet*) or any other Danish regulatory authority.

France

This Letter of Offer has not been and will not be submitted for clearance procedures or otherwise reviewed or approved by the French *Autorité des Marchés Financiers*.

The Netherlands

This Letter of Offer has not been and will not be approved by the Authority for the Financial Markets of The Netherlands (*Autoriteit Financiële Markten*) pursuant to the Prospectus Regulation.

Germany

None of the Issue, this Letter of Offer or any other prospectus within the meaning of the Prospectus Regulation has been submitted to, or approved by, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*).

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at www.mahindrafinance.com from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated July 21, 2020 between our Company and the Lead Managers.

2. Registrar Agreement dated July 15, 2020 between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated July 21, 2020 between our Company, the Lead Managers, the Registrar to the Issue and the Banker to the Issue.

4. Monitoring Agency Agreement dated July 17, 2020 among our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended.

2. Certificate of commencement of business dated January 19, 1991, issued to our Company by the RoC.

3. Resolution of our Board dated June 1, 2020 approving the Issue.

4. Resolutions of our Board dated July 18, 2020, fixing the terms of the Issue, including (i) Issue Price; (ii) the Rights Entitlements ratio; and (iii) Record Date;

5. Resolution of our Board dated July 18, 2020 and resolution of our Rights Issue Committee dated July 21, 2020, approving this Letter of Offer.

6. Annual Reports of our Company for Fiscals 2020, 2019, 2018, 2017 and 2016.

7. The Audited Financial Statements and audit report thereon issued by the Statutory Auditors, dated May 15, 2020, for Fiscal 2020.

8. Consents of our Directors, Company Secretary & Compliance Officer, Lead Managers, Statutory Auditors, Monitoring Agency, legal counsels, Banker to the Issue, Bankers to our Company and the Registrar to the Issue for inclusion of their names in this Letter of Offer and to act in their respective capacities in relation to the Issue.

9. In-principle approvals each dated July 15, 2020, issued by BSE and NSE under Regulation 28(1) of the SEBI Listing Regulations.

10. Copy of the *"Mahindra & Mahindra Financial Services Limited Employees Stock Option Scheme-2010"*.

11. Copy of the Prospectus dated February 28, 2006, filed by our Company in relation to its initial public offering of equity shares.

12. The statement of special tax benefits for the Company and for Mahindra Rural Housing Finance Limited (and each of their respective shareholders) from B S R & Co. LLP, Chartered Accountants dated July 20, 2020.

13. Due diligence certificate dated July 21, 2020 addressed to SEBI from the Lead Managers.

14. Tripartite agreement dated December 16, 2005 among our Company, the registrar and share transfer agent, and NSDL.

15. Tripartite agreement dated December 5, 2005 among our Company, the registrar and share transfer agent and CDSL.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

____

Dhananjay Narendra Mungale
Chairman and Independent Director

Date: July 21, 2020

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

____

Ramesh Iyer
Vice-Chairman and Managing Director

Date: July 21, 2020

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

____

V. Ravi
Executive Director and Chief Financial Officer

Date: July 21, 2020

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

V.S. Parthasarathy
Non-Executive Non- Independent Director

Date: July 21, 2020

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Anish Shah
Non-Executive Non-Independent Director

Date: July 21, 2020

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

____

Chandrashekhar Bhaskar Bhave
Independent Director

Date: July 21, 2020

Place: Bangalore

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Rama Bijapurkar
Independent Director

Date: July 21, 2020

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Arvind Sonde
Independent Director

Date: July 21, 2020

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Milind Sarwate
Independent Director

Date: July 21, 2020

Place: Mumbai