

2nd July, 2021

The General Manager-Department of
Corporate Services,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Scrip Code : 532720

The Manager-Listing Department,
National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051.

Scrip Code : M&MFIN

Dear Sirs,

Sub: Compliance under Regulations 24A, 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Notice of the 31st Annual General Meeting, Integrated Annual Report for Financial Year 2020-21 and Secretarial Audit Report of the Material Debt listed Subsidiary Company

This has reference to our letter dated 23rd April, 2021 informing that the 31st Annual General Meeting of the Company will be held on 26th July, 2021 at 3.30 p.m. (IST) through Video Conferencing/Other Audio Visual Means.

In continuation of the aforesaid letter and pursuant to Regulations 30 and 34 read with paragraph A of Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are enclosing the following:

- 1) Notice of the 31st Annual General Meeting of the Company (including e-voting instructions) scheduled to be held on Monday, 26th July, 2021, at 3.30 p.m. (IST) through Video Conference (VC)/ Other Audio Visual Means (OAVM). The brief details of the agenda items proposed to be transacted thereat are given in "**Annexure I**".
- 2) Integrated Annual Report for the Financial Year 2020-21.

The Notice of the 31st Annual General Meeting and the Integrated Annual Report for the Financial Year 2020-21 is available on the Company's website at the link:

<https://mahindrafinance.com/investor-zone/financial-information>

The aforesaid documents are being dispatched electronically to those Members whose email IDs are registered with the Company/KFin Technologies Private Limited (Registrar and Transfer Agents of the Company) or the Depositories.

Further, the Secretarial Audit Report of Mahindra Rural Housing Finance Limited ("MRHFL"), a material debt listed Indian subsidiary of the Company for the year ended 31st March, 2021 carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, is appended as "Annexure VI" to the Board's Report. The Secretarial Audit Report of MRHFL submitted by Messrs. KSR & Co., Company Secretaries LLP does not contain any qualification, reservation or adverse remark or disclaimer.

Please take the same on record.

Thanking you,

Yours Faithfully,

For Mahindra & Mahindra Financial Services Limited

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Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Encl: a/a

Annexure I

*Brief Summary of the Resolutions proposed to be transacted at the
31st AGM of the Company:*

Resolution No.	Details of the Resolutions	Ordinary/ Special Resolution
Ordinary Business:		
1.	To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31 st March, 2021 together with the Reports of the Board of Directors and Auditors thereon.	Ordinary
2.	To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31 st March, 2021 together with the Report of the Auditors thereon.	Ordinary
3.	To declare a dividend on Equity Shares.	Ordinary
4.	To appoint a Director in place of Mr. Ramesh Iyer (DIN: 00220759), who retires by rotation and, being eligible, offers himself for re-appointment.	Ordinary
Special Business:		
5.	Re-appointment of Mr. Ramesh Iyer (DIN: 00220759) as Managing Director of the Company designated as "Vice-Chairman & Managing Director" for a period of 3 years with effect from 30 th April, 2021 to 29 th April, 2024.	Special
6.	Appointment of Mr. Amit Raje (DIN: 06809197) as Whole-time Director of the Company designated as "Chief Operating Officer Digital Finance - Digital Business Unit" for a period of 5 years with effect from 1 st April, 2021 to 31 st March, 2026.	Special
7.	Appointment of Mr. Amit Kumar Sinha (DIN: 09127387) as a Non-Executive Non-Independent Director of the Company.	Ordinary

For Mahindra & Mahindra Financial Services Limited

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Arnavaz M. Pardiwalla
Company Secretary & Compliance Officer

Mahindra FINANCE

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

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

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

Corporate Identity Number: L65921MH1991PLC059642

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

Website: www.mahindrafinance.com | **Email:** investorhelpline_mmfsl@mahindra.com

NOTICE

THE THIRTY-FIRST ANNUAL GENERAL MEETING OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED will be held on **Monday, 26th day of July, 2021, at 3.30 p.m. (IST)** through **Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")** facility to transact the business mentioned below.

The proceedings of the Annual General Meeting ("**AGM**") shall be deemed to be conducted at the Registered Office of the Company at Gateway Building, Apollo Bunder, Mumbai - 400 001 which shall be the deemed venue of the AGM.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2021 together with the Reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2021 together with the Report of the Auditors thereon.
3. To declare a dividend on Equity Shares.
4. To appoint a Director in place of Mr. Ramesh Iyer (DIN: 00220759), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. **Re-appointment of Mr. Ramesh Iyer (DIN: 00220759) as Managing Director of the Company designated as "Vice-Chairman & Managing Director" for a period of 3 years with effect from 30th April, 2021 to 29th April, 2024**

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 196, 197, 198 and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with

Schedule V of the Act [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Articles of Association of the Company, "Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management" and "Policy on Remuneration of Directors" and subject to such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be accorded to the re-appointment of Mr. Ramesh Iyer (DIN: 00220759) as the Managing Director of the Company designated as Vice-Chairman & Managing Director for a period of three years with effect from 30th April, 2021 to 29th April, 2024 (both days inclusive), liable to retire by rotation, on a salary in the scale of Rs. 9,50,000 per month to Rs. 40,00,000 per month.

FURTHER RESOLVED that the approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to revise the basic salary payable to Mr. Ramesh Iyer, as the Vice-Chairman & Managing Director (hereinafter referred to as the appointee) within the above mentioned scale of salary.

FURTHER RESOLVED that the perquisites (including benefits and allowances) payable or allowable and performance pay, to the appointee be as follows:

Perquisites:

1. In addition to the basic salary, the appointee shall also be entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under the Company's

Special Post Retirement Benefits Scheme in accordance with the Rules of the Company.

The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

2. In addition to the above, the appointee shall be entitled to ESOPs in accordance with the Company's ESOPs Scheme(s) as may be approved by the Nomination and Remuneration Committee ("NRC"), from time to time.
3. Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity as per Rules of the Fund/Scheme in force from time to time, would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
4. Encashment of earned leave at the end of the tenure as per Rules of the Company shall not be included in the computation of ceiling on remuneration.
5. Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

Performance pay:

In addition to the salary, perquisites and ESOPs, as mentioned above, the appointee would be entitled to performance pay based on the performance of the appointee and the Company not exceeding 225% of the Annual Basic Salary.

Provided that any revision(s) in the remuneration, will be decided by the Board based on the recommendations of the NRC and recommendation of NRC will be based on Company performance and individual performance.

Provided that the remuneration payable to the appointee (including the salary, perquisites, ESOPs, performance pay) shall not exceed the limits laid down in Section 197 and computed in the manner laid down in Section 198 of the Act, read with the Rules framed thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force read with Schedule V of the Act.

FURTHER RESOLVED that where in any financial year during the currency of the tenure of the

appointee, the Company has no profits or its profits are inadequate, the Company may pay to the appointee, the above remuneration as the minimum remuneration by way of salary, perquisites, other allowances, benefits and performance pay as specified above subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

6. **Appointment of Mr. Amit Raje (DIN: 06809197) as Whole-time Director of the Company designated as "Chief Operating Officer Digital Finance – Digital Business Unit" for a period of 5 years with effect from 1st April, 2021 to 31st March, 2026**

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED that subject to the provisions of Sections 196, 197, 198 and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Act [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Articles of Association of the Company, "Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and Senior Management" and "Policy on Remuneration of Directors" and subject to such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the appointment of Mr. Amit Raje (DIN: 06809197) as Whole-time Director of the Company designated as "Chief Operating Officer Digital Finance – Digital Business Unit" for a period of five years with effect from 1st April, 2021 to 31st March, 2026 (both

days inclusive), liable to retire by rotation, on a salary in the scale of Rs. 6,00,000 per month to Rs. 20,00,000 per month.

FURTHER RESOLVED that the approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to revise the basic salary payable to Mr. Amit Raje as Whole-time Director of the Company designated as "Chief Operating Officer Digital Finance – Digital Business Unit" (hereinafter referred to as the appointee) within the above mentioned scale of salary.

FURTHER RESOLVED that the perquisites (including benefits and allowances) payable or allowable and performance pay, to Mr. Amit Raje be as follows:

Perquisites:

1. In addition to the basic salary, the appointee shall also be entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under the Company's Special Post Retirement Benefits Scheme in accordance with the Rules of the Company.

The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

2. In addition to the above, the appointee shall be entitled to ESOPs in accordance with the Company's ESOPs Scheme(s) as may be approved by the Nomination and Remuneration Committee ("NRC"), from time to time.

The appointee shall also be entitled to ESOPs granted to him under the Parent Company's (Mahindra & Mahindra Limited) Employees Stock Option Scheme.

During his tenure till the appointee becomes eligible for ESOPs under the Company's ESOPs Scheme(s), he would be eligible for cash payout equivalent to the value of the options vested under the Parent Company's Employees Stock

Option Scheme to be payable spread over 3 years.

3. Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity as per Rules of the Fund/Scheme in force from time to time, would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
4. Encashment of earned leave at the end of the tenure as per Rules of the Company shall not be included in the computation of ceiling on remuneration.
5. Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

Performance pay:

In addition to the salary, perquisites and ESOPs, as mentioned above, the appointee would be entitled to performance pay based on the performance of the appointee and the Company not exceeding 225% of the Annual Basic Salary.

Provided that any revision(s) in the remuneration, will be decided by the Board based on the recommendations of the NRC and recommendation of NRC will be based on Company performance and individual performance.

Provided that the remuneration payable to the appointee (including salary, perquisites, ESOPs, performance pay) shall not exceed the limits laid down in Section 197 and computed in the manner laid down in Section 198 of the Act, read with the Rules framed thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force read with Schedule V of the Act.

FURTHER RESOLVED that where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company may pay to the appointee, the above remuneration as the minimum remuneration by way of salary, perquisites, other allowances, benefits and performance pay as specified above subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof)

to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

7. Appointment of Mr. Amit Kumar Sinha (DIN: 09127387) as a Non-Executive Non-Independent Director of the Company

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. Amit Kumar Sinha (DIN: 09127387), who was appointed by the Board of Directors as an Additional Director of the Company, with effect from 23rd April, 2021 under Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of the forthcoming Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, being so eligible, be appointed as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation.”

Notes:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No. 02/2021 dated 13th January, 2021 (collectively referred to as “MCA Circulars”) and the Securities and Exchange Board of India (“SEBI”) has vide its Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 permitted the holding of this Annual General Meeting (“AGM” or “the Meeting”) through

VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the MCA & SEBI Circulars, the AGM of the Company is being held through VC/OAVM, without the physical presence of the Members at a common venue.

KFin Technologies Private Limited, Registrar & Transfer Agents of the Company, (“KFintech”) shall be providing the facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the Meeting through VC/OAVM is explained at Note No. 22 below.

2. In accordance with the Secretarial Standard on General Meetings (“SS-2”) issued by the Institute of Company Secretaries of India (“ICSI”) read with Clarification/Guidance on applicability of Secretarial Standards – 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

3. **A.** The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts in respect of the business under Item Nos. 5 to 7 above is annexed hereto. As required, the relevant details under Regulations 26(4) and 36(3) of the Listing Regulations read with Secretarial Standard on General Meetings (SS-2) in respect of Directors seeking appointment/re-appointment at this AGM are given in the Explanatory Statement to the Notice of the AGM.

The Board of Directors has considered and decided to include the Item Nos. 5 to 7 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.

- B.** Messrs. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company at the Twenty-seventh AGM held on 24th July, 2017.

Pursuant to the Notification issued by the MCA on 7th May, 2018 amending Section 139 of the Act and the Rules framed thereunder,

the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

- 4. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA AND SEBI CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.**

- 5.** Corporate/Institutional Members [i.e. other than individuals/HUF, NRI, etc.] are entitled to appoint authorised representatives to attend the AGM through VC/OAVM on their behalf and cast their votes through remote e-voting or at the AGM.

Corporate/Institutional Members intending to authorise their representatives to participate and vote at the Meeting are requested to send a certified scanned copy of the Board Resolution/ Authorisation letter to the Scrutinizer at the email ID: **scrutinizer@snaco.net** with a copy marked to **evoting@kfintech.com** and to the Company at **investorhelpline_mmfs@mahindra.com**, authorising its representative(s) to attend and vote through VC/OAVM on their behalf at the Meeting, pursuant to Section 113 of the Act.

- 6.** Members of the Company under the category of Institutional Shareholders are encouraged to

attend and participate in the AGM through VC/OAVM and vote thereat.

- 7.** In view of the ongoing COVID-19 pandemic, social distancing has to be a pre-requisite.

Pursuant to the above mentioned MCA Circulars, **physical attendance of the Members is not required at the AGM, and attendance of the Members through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.**

- 8.** The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are M/s. KFin Technologies Private Limited ("KFintech") having their office at Selenium Building, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032.

- 9. ELECTRONIC DISPATCH OF NOTICE AND INTEGRATED ANNUAL REPORT:**

In line with the MCA General Circulars dated 5th May, 2020 and 13th January, 2021 and SEBI Circulars dated 12th May, 2020 and 15th January, 2021, the Notice of the AGM alongwith the Integrated Annual Report for the Financial Year 2020-2021 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/KFintech/Depositories. A copy of the Notice of this AGM alongwith the Integrated Annual Report is available on the website of the Company at **www.mahindrafinance.com**, websites of the Stock Exchanges where the Equity Shares of the Company are listed, viz. BSE Limited at **www.bseindia.com** and the National Stock Exchange of India Limited at **www.nseindia.com**, respectively, and on the website of KFintech at **https://evoting.kfintech.com**. For any communication, the Members may also send a request to the Company's investor email id: **investorhelpline_mmfs@mahindra.com**. The Company will not be dispatching physical copies of the Annual Report for the Financial Year 2020-2021 and the Notice of AGM to any Member.

- 10. BOOK CLOSURE:**

The Register of Members and Transfer Books of the Company will be closed from **Tuesday, 20th July, 2021 to Monday, 26th July, 2021 (both days inclusive)** for the purpose of Dividend and AGM.

11. DIVIDEND:

The dividend, as recommended by the Board of Directors, if approved at the Annual General Meeting, would be paid subject to deduction of tax at source, as may be applicable, after Monday, 26th July, 2021, to those shareholders or their mandates:

- (a) whose names appear as Beneficial Owners as at the end of the business hours on **Monday, 19th July, 2021** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
- (b) whose names appear as Members in the Register of Members of the Company as at the end of the business hours on **Monday, 19th July, 2021** in respect of the shares held in physical form, after giving effect to valid request(s) received for transmission/transposition of shares.

12. TDS ON DIVIDEND: Pursuant to the Income-tax Act, 1961, as amended by the Finance Act, 2020, dividend income will be taxable in the hands of Members with effect from 1st April, 2020 and therefore, the Company shall be required to deduct tax at source (TDS) from dividend paid to Members at the prescribed rates. Members are requested to update their Permanent Account Number ("PAN") with the Company/KFintech (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

For Resident Shareholders, tax shall be deducted at source under Section 194 of the Income-tax Act, 1961 @ 10% on the amount of Dividend declared and paid by the Company during the Financial Year ("FY") 2021-22 provided PAN is furnished by the Shareholder. If PAN is not submitted, TDS would be deducted @ 20% as per Section 206AA of the Income-tax Act, 1961.

However, no Tax shall be deducted on the Dividend payable to a resident Individual if the total dividend to be received during FY 2021-22 does not exceed Rs. 5,000. Please note that this includes the future dividends, if any, which may be declared by the Board in the FY 2021-22.

Separately, in cases where the Shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable

to an Individual above the age of 60 years), no tax at source shall be deducted provided that the eligibility conditions are being met. Needless to say, PAN is mandatory. Members are requested to note that in case their PAN is not linked with Aadhar, tax will be deducted at a higher rate of 20%.

Section 206AB introduced by the Finance Act, 2021 effective 1st July, 2021, provides for deduction of higher rate of tax in case a person:

- (a) Had not filed Income Tax returns (ITR) for the last two preceding previous years where the time limit to file the return of income prescribed u/s 139 (1) of the Income-tax Act, 1961 has expired; and
- (b) Had aggregate TDS credit of Rs. 50,000 or more in each of these two preceding years.

Accordingly, in case both the above conditions are not fulfilled, tax would be deducted at a higher rate.

For Non-Resident Shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 of the Income-tax Act, 1961 at the applicable rates in force. As per the relevant provisions of Section 195 of the said Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. In case of Foreign Portfolio Investors/Foreign Institutional Investors, the withholding tax shall be as per the rate specified in 196D of the Act plus applicable surcharge and cess on the amount of Dividend payable to them.

However, as per Section 90 read with Section 195 of the Income-tax Act, the Non-Resident Shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the Non-Resident Shareholder will have to provide the following:

- Self-attested true copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident for the Financial Year 2021-22;
- Self declaration in Form 10F;
- Self-attested true copy of the PAN Card if allotted by the Indian Income Tax authorities;

- Self-declaration in the format prescribed by the Company, certifying the following points:
 - i. Shareholders are and will continue to remain a tax resident of the country of their residence during the Financial Year 2021-22;
 - ii. Shareholders are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
 - iii. Shareholders have no reason to believe that their claim for the benefits of the DTAA is impaired in any manner;
 - iv. Shareholder does not have a taxable presence or a Permanent Establishment ("PE") in India during the Financial Year 2021-22. In any case, the amounts paid/payable to the Shareholder are not attributable or effectively connected to the PE or fixed base, if any, which may have got constituted otherwise;
 - v. Shareholder is the ultimate beneficial owner of shares held in the Company and dividend receivable from the Company; and
 - vi. Non-Resident Shareholder is satisfying the Principle Purpose Test as per the respective tax treaty effective 1st April, 2020 (if applicable).

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non-Resident Shareholder.

Members may submit the aforementioned documents on the link: <https://ris.kfintech.com/form15/>. For detailed information and Frequently Asked Questions on Withholding tax, the tax rates prescribed and the documents required for availing applicable tax rates, Members are requested to visit the Company's website at <https://mahindrafinance.com/investor-zone/investor-information>.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of

receipt of the aforementioned details/documents from the Shareholders, there would still be an option available with the Shareholders to file the return of income and claim an appropriate refund, if eligible.

The Company shall arrange to email the soft copy of TDS certificate to the Shareholders at the registered email ID in due course, post payment of the said Dividend.

An email communication informing the Shareholders regarding this change in the Income-tax Act, 1961 as well as the relevant procedure to be adopted by them to avail the applicable tax rate is being sent by the Company at the registered email IDs of the Shareholders.

13. ELECTRONIC CREDIT OF DIVIDEND:

The Securities and Exchange Board of India ("SEBI") has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through the Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/National Electronic Fund Transfer (NEFT)/Real Time Gross Settlement (RTGS)/Direct Credit, etc.

Updation of mandate for receiving dividends directly in bank account through Electronic Clearing System or any other means in a timely manner:

Shares held in physical form: Members are requested to send the following documents in original to KFintech latest by Monday, 12th July, 2021:

- a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
 - i) Name and Branch of Bank and Bank Account type;
 - ii) Bank Account Number and type allotted by your bank after implementation of Core Banking Solutions;
 - iii) 11 digit IFSC Code.

- b. original cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c. self-attested photocopy of the PAN Card; and
- d. self-attested photocopy of any document [such as Driving License, Election Identity Card, Passport] in support of the address of the Member as registered with the Company.

Shares held in electronic form: Members may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not be able to accede to any direct request from such Members for change/addition/deletion in such bank details. Accordingly, the Members holding shares in demat form are requested to update their Electronic Bank Mandate with their respective DPs.

Further, please note that instructions, if any, already given by the Members in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form.

The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall despatch the dividend warrant/bankers' cheque/demand draft to such Members by post/courier once the normalcy is restored in view of the outbreak of COVID-19 pandemic.

14. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

- (i) Pursuant to Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules") notified by the Ministry of Corporate Affairs with effect from 7th September, 2016, as amended, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as principal amount of debentures and deposits remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment, are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government.

Further, pursuant to Section 124 of the Act read with the IEPF Rules all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

In accordance with the aforesaid IEPF Rules, the Company has regularly sent communication to all such shareholders whose dividends are lying unpaid/unclaimed against their name for seven consecutive years or more and whose shares are due for transfer to the IEPF Authority and has also published notice(s) in leading newspapers in English and regional language having wide circulation. The Company has sent communications to the Fixed Deposit holders informing them about their unclaimed matured Fixed Deposits/unclaimed interest accrued on the Deposits.

The details of such dividends/shares and other unclaimed moneys to be transferred to IEPF are uploaded on the website of the Company at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

- (ii) **Due dates of transferring unclaimed and unpaid dividends declared by the Company for the Financial Year 2013-14 and thereafter to IEPF are as under:**

Financial Year ended	Date of declaration of dividend	Last date for claiming unpaid/unclaimed dividend	Proposed period for transfer of unclaimed dividend to IEPF
31 st March, 2014	24 th July, 2014	23 rd August, 2021	24 th August, 2021 to 22 nd September, 2021
31 st March, 2015	24 th July, 2015	23 rd August, 2022	24 th August, 2022 to 22 nd September, 2022
31 st March, 2016	22 nd July, 2016	21 st August, 2023	22 nd August, 2023 to 20 th September, 2023
31 st March, 2017	24 th July, 2017	23 rd August, 2024	24 th August, 2024 to 22 nd September, 2024
31 st March, 2018	27 th July, 2018	26 th August, 2025	27 th August, 2025 to 25 th September, 2025
31 st March, 2019	23 rd July, 2019	22 nd August, 2026	23 rd August, 2026 to 21 st September, 2026
31 st March, 2020	The Company did not declare any dividend for F.Y. 2019-20.		

The Company urges all the Members to encash/claim their respective dividend during the

prescribed period. Members who have not encashed the dividend warrants so far in respect of the aforesaid period(s), are requested to make their claim to KFinTech well in advance of the above due dates.

(iii) (a) Transfer of Unclaimed Dividend:

The Company has transferred an amount of Rs. 7,13,234 on 15th September, 2020 to the IEPF, being the unclaimed/unpaid dividend for the Financial Year 2012-13.

(b) Transfer of Unclaimed Matured Fixed Deposits and Interest accrued thereon:

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the IEPF established by the Central Government.

During the Financial Year 2020-21, the Company has transferred to the IEPF an amount of Rs. 8,22,000 being the unclaimed amount of matured Fixed Deposits and Rs. 2,35,003 towards unclaimed/unpaid interest accrued on the Deposits.

(c) Transfer of Shares:

Adhering to the various requirements set out in the IEPF Rules, as amended, the Company has during the Financial Year 2020-21 transferred 1,212 Equity Shares of the face value of Rs. 2 each on 22nd September, 2020, to the IEPF Authority in respect of which dividend had remained unpaid or unclaimed for seven consecutive years.

- (iv)** Members/Investors whose shares, unclaimed dividend, matured deposit(s), matured debentures, application money due for refund, or interest thereon, etc., has been transferred to the IEPF, may claim the shares or apply for refund of the unclaimed amounts as the case may be, to the IEPF Authority, by making an electronic application in e-Form IEPF-5 as detailed on the website of the Ministry of Corporate Affairs at the web-link: <http://www.iepf.gov.in/IEPF/refund.html>. The e-Form can also be downloaded from the Company's website at www.mahindrafinance.com under the "Investor Zone" Section. No claim lies against the Company in respect of the shares/unclaimed amounts so transferred.

(v) Details of unclaimed amounts on the Company's website:

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 10th August, 2020 (date of the previous Annual General Meeting of the Company) on the website of the Company at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance> as well as on the website of the Ministry of Corporate Affairs at the web-link: <http://www.iepf.gov.in>.

15. MEMBERS ARE REQUESTED TO:

- (a)** intimate to KFinTech, changes, if any, in their registered addresses/bank mandates at an early date, in case of shares held in physical form;
- (b)** intimate to respective Depository Participant, changes, if any, in their registered addresses/bank mandates at an early date, in case of shares held in electronic/dematerialised form;
- (c)** quote their folio numbers/ Client ID and DP ID in all correspondence;
- (d)** consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names; and
- (e)** register their Permanent Account Number (PAN) with their Depository Participants, in case of Shares held in dematerialised form and KFinTech/Company, in case of Shares held in physical form, as directed by SEBI.

16. TRANSFER OF SHARES PERMITTED IN DEMAT FORM ONLY

As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities.

In view of the above and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider

converting their holdings to dematerialised form. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the nearest branch of KFinTech to seek guidance with respect to the demat procedure. Members may also visit the website of depositories viz. **National Securities Depository Limited**: <https://nsdl.co.in/faqs/faq.php> or **Central Depository Services (India) Limited**: <https://www.cdslindia.com/investors/open-demat.html> for further understanding of the demat procedure. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website at the web-link: <https://mahindrafinance.com/investor-zone/faqs>.

17. NOMINATION:

Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to KFinTech having their office at Selenium, Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 or send an email at: einward.ris@kfintech.com. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

If a Member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form No. SH-14. Both the forms are also available on the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/faqs>.

18. UPDATION OF MEMBERS' DETAILS:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/Registrar and Transfer Agents to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend, etc. A form for compiling additional details is available on the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/financial-information> as also attached to this Annual Report.

Members holding shares in physical form are requested to submit the form duly completed to the Company or its Registrar and Transfer Agents in physical mode, as per instructions mentioned in the form. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

19. PROCEDURE FOR INSPECTION OF DOCUMENTS:

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of Companies Act, 2013 and relevant documents referred to in this Notice of AGM and Explanatory Statement, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. 26th July, 2021. Members seeking to inspect such documents can send an email to Company's investor email id: investorhelpline_mmfsl@mahindra.com.

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

21. PROCEDURE FOR REGISTERING THE EMAIL ADDRESS TO RECEIVE THIS NOTICE ELECTRONICALLY AND CAST VOTES ELECTRONICALLY:

- I. Those Members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
 - a. Members holding shares in demat form can get their email ID registered by contacting their respective Depository Participant.
 - b. Members holding shares in physical form may register their email address and mobile number with the Company's Registrar and Transfer Agents, KFin Technologies Private Limited by sending an email request at the email ID: einward.ris@kfintech.com alongwith the copy of the signed request letter mentioning the Name, Address, Folio No., Email address and Mobile number of the Member,

self-attested scanned copy of the PAN Card and self-attested scanned copy of any document (such as Driving License, Election Identity Card, Passport, etc.) in support of the address of the Member.

- II. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangements with KFinTech for temporary registration of email addresses of the Members in terms of the MCA Circulars.

Process to be followed for Temporary Registration of E-mail address:

- A. **The process for registration of email address with KFinTech for receiving the Notice of AGM and login ID and password for e-voting is as under:**

- i. Visit the link:

<https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>

- ii. Select the name of the Company viz. Mahindra & Mahindra Financial Services Limited and follow the steps for registration of email address.

- B. **The process for registration of email address with the Company for receiving the Notice of AGM and login ID and password for e-voting is as under:**

Members are requested to visit the website of the Company **www.mahindrafinance.com** and click on the tab **“Click here for temporary registration of email-id of Members for AGM 2021”** and follow the registration process as mentioned on the landing page.

- III. After successful submission of the email address, KFinTech will email a copy of this AGM Notice and Integrated Annual Report for FY. 2020-21 along with the e-voting user ID and password. In case of any queries, Members are requested to write to KFinTech at **evoting@kfintech.com**.
- IV. Those Members who have already registered their email addresses are requested to keep their email addresses validated/updated with their DPs/KFinTech to enable servicing of notices/documents/Annual Reports and other communications electronically to their email address in future.

22. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM:

- i. **ATTENDING THE AGM:** Members will be provided with a facility to attend the AGM through video conferencing platform provided by KFinTech. Members are requested to login at **<https://emeetings.kfintech.com>** and click on the **“Video Conference”** tab to **join the Meeting by using the remote e-voting credentials** provided in the email received from KFinTech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the Meeting etiquettes to join the Meeting.
- ii. Facility for joining AGM through VC/OAVM shall open at least 30 minutes before the commencement of the Meeting by following the procedure mentioned at Note No. 22 (i) above in the Notice, and this mode will be available throughout the proceedings of the AGM.
- iii. Members are encouraged to join the Meeting through Laptops/Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting.
- iv. Members will be required to grant access to the webcam to enable VC/OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. In case of any query and/or help, in respect of attending the AGM through VC/OAVM mode, Members may refer the Help & Frequently Asked Questions (“FAQs”) and “AGM VC/OAVM” user manual available at the download Section of **<https://evoting.kfintech.com/>** or send a request at **investorhelpline_mmfs@mahindra.com**, or **evoting@kfintech.com** or contact **Mr. Suresh Babu D.**, Manager – RIS, KFin Technologies Private Limited at **suresh.d@kfintech.com** or call **Toll Free No.: 1800-309-4001** for any further clarifications.

23. PROCEDURE FOR REMOTE E-VOTING:

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the provisions of Regulation 44 of the Listing Regulations and MCA Circulars, Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFintech on all Resolutions set forth in this Notice, through remote e-voting. It is hereby clarified that it is not mandatory for a Member to vote using the remote e-voting facility.

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

Day, date and time of Commencement of remote e-voting	From: Thursday, 22 nd July, 2021 at 9.00 a.m. [IST]
Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed	To: Sunday, 25 th July, 2021 at 5.00 p.m. [IST]

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

A. Login Method for Individual Shareholders holding Shares of the Company in Demat mode through National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"):

NSDL	CDSL
1. Users already registered for IDeAS e-Services facility of NSDL may follow the following procedure: - Visit URL: https://eservices.nsdl.com - Click on the "Beneficial Owner" icon under "IDeAS" section. - On the new page, enter your User ID and Password. Post successful authentication, click on "Access to e-Voting" - Click on Company Name: Mahindra & Mahindra Financial Services Limited or E-Voting Service Provider and you will be re-directed to E-Voting Service Provider ("KFintech") website for casting your vote during the remote e-Voting period.	1. Users already registered for Easi / Easiest facility of CDSL may follow the following procedure: - Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com - Click on "New System Myeasi" icon - Login with your Registered User ID and Password. - Option will be made available to reach e-Voting page without any further authentication. - You will see the e-Voting Menu. The Menu will have links of E-voting Service Provider i.e. KFintech e-Voting portal where the e-voting is in progress. - Click on e-Voting service provider – KFintech to cast your vote.

Once the vote on a Resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

The process and manner for remote e-voting are explained below:

Step 1: Access to NSDL/CDSL e-Voting System

I. Login method for e-voting for Individual Shareholders holding Shares of the Company in demat mode

In terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on e-voting facility provided by Listed Entities, Individual Shareholders holding shares of the Company in demat mode can cast their vote, by way of a single login credential, through their demat accounts/websites of Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail address in their demat accounts in order to access e-voting facility. The procedure to login and access remote e-voting, as devised by the Depositories/ Depository Participant(s), is given below:

2. Users not registered for IDeAS e-Services facility of NSDL may follow the following procedure:

- i. To register click on link: <https://eservices.nsdl.com>
- ii. Select “Register Online for IDeAS” or click on the link: <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- iii. Proceed with completing the required fields.
- iv. After successful registration, please follow steps given in Point No. 1 above to cast your vote.

2. Users not registered for Easi/Easiest facility of CDSL may follow the following procedure:

- i. Option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>
- ii. Proceed with completing the required fields.
- iii. After successful registration, please follow steps given in Point No. 1 above to cast your vote.

3. Users may directly access the e-Voting module of NSDL as per the following procedure:

- i. Visit URL: <https://www.evoting.nsdl.com>
- ii. Click on the “Login” icon which is available under “Shareholder/Member” section.
- iii. On the login page, enter User ID (that is, your sixteen digit number held with NSDL, starting with IN), Login Type, that is, through typing Password (in case you are registered on NSDL’s e-voting platform)/through generation of OTP (in case your mobile/e-mail address is registered in your demat account) and Verification Code as shown on the screen.
- iv. Post successful authentication, you will be requested to select Name of the Company: **Mahindra & Mahindra Financial Services Limited** or the E-Voting Service Provider, i.e. KFintech.
- v. On successful selection, you will be redirected to the e-Voting page of KFintech to cast your vote without any further authentication.

3. Users may directly access the e-Voting module of CDSL as per the following procedure:

- i. Visit URL: www.cdslindia.com
- ii. Provide your Demat Account Number and PAN.
- iii. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat Account.
- iv. On successful authentication, you will enter the e-voting module of CDSL. Click on the e-Voting link available against **Mahindra & Mahindra Financial Services Limited** or select E-Voting Service Provider “KFintech” and you will be re-directed to the e-Voting page of KFintech to cast your vote without any further authentication.

B. Login Method for Individual Members holding Shares of the Company in Demat mode through their Depository Participants:

You can also login using the login credentials of your Demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility. Once you login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository website after successful authentication, wherein you can see e-voting feature. Click on options available against the Company’s Name: Mahindra & Mahindra Financial Services Limited or E-Voting Service Provider – KFintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

Important Note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at the NSDL and CDSL websites.

Helpdesk for Individual Shareholders holding Shares of the Company in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL:

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at Toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

II. Login method for e-Voting for Shareholders other than Individual Shareholders holding Shares of the Company in demat mode and Shareholders holding Shares in physical mode

A. Members whose email IDs are registered with the Company/ Depository Participants, will receive an email from KFinTech which includes details of E-Voting Event Number (EVEN), USER ID and password:

- i. Launch internet browser by typing the URL: <https://evoting.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on **"LOGIN"**.
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'Mahindra & Mahindra Financial Services Limited – AGM'.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date i.e. **Monday**

19th July, 2021 under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date.

Pursuant to Clause 16.5.3(e) of Secretarial Standard on General Meetings ("SS-2") issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government, in case a Member abstains from voting on a Resolution i.e., the Member neither assents nor dissents to the Resolution, then his/her/ its vote will be treated as an invalid vote with respect to that Resolution.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have confirmed, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution[s].
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature[s] of the duly authorised representative[s], to the Scrutinizer at email id: **scrutinizer@snaco.net** with a copy marked to **evoting@kfintech.com** and to the Company at **investorhelpline_mmfs@mahindra.com**. The scanned image of the above

mentioned documents should be in the naming format "Corporate Name_Event No". It should reach the Scrutinizer and the Company not later than Sunday, 25th July, 2021 (5:00 p.m. IST).

In case if the authorized representative attends the Meeting, the above mentioned documents shall be submitted before the commencement of AGM.

- B.** In case email ID of Members is not registered with the Company/Depository Participants, then such Members are requested to register/update their email addresses with the Depository Participant(s) (in case of shares held in Dematerialised form) and inform KFinTech at the email id: **evoting@kfintech.com** (in case of Shares held in physical form):
- Upon registration, Member will receive an e-mail from KFinTech which includes details of E-Voting Event Number (EVEN), USER ID and password.
 - Please follow all steps from Note. No. II A (i) to (xii) above to cast your vote by electronic means.

Members can also update their mobile number and e-mail address in the "**user profile details**" in their e-voting login on **<https://evoting.kfintech.com>** which may be used for sending further communication(s).

24. VOTING DURING AGM:

- The e-Voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM. Upon clicking the e-voting window, Members will be directed to the "Instapoll" page. An icon, "**Vote**", will be available at the bottom left on the Meeting Screen.
- E-voting during the AGM is integrated with the VC/OAVM platform and no separate login is required for the same. The Members shall be guided on the process during the AGM.
- Only those Members/Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

- Members who have cast their vote by remote e-voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again.

25. GENERAL INSTRUCTIONS/INFORMATION FOR MEMBERS FOR VOTING ON THE RESOLUTIONS:

- A Member can opt for only a single mode of voting i.e. through remote e-voting or e-voting at the AGM.
- The voting rights of Members shall be in proportion to the paid-up value of their shares in the Equity Share capital of the Company as on the cut-off date i.e. **Monday, 19th July, 2021**. Members are eligible to cast their vote either through remote e-voting or in the AGM only if they are holding Shares as on that date. A person who is not a Member as on the cut-off date is requested to treat this Notice for information purposes only.
- In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e. Monday, 19th July, 2021, he/she/it may obtain the User ID and Password in the manner as mentioned below:
 - If the **mobile number** of the Member is **registered** against Folio No./DP ID Client ID, the Member may send SMS: MYEPWD <space> E-Voting Event Number + Folio No. or DP ID Client ID to **9212993399**
 - Example for NSDL:**
MYEPWD <SPACE>
IN12345612345678
 - Example for CDSL:**
MYEPWD <SPACE>
1402345612345678
 - Example for Physical:**
MYEPWD <SPACE>
XXXX1234567890
 - If **e-mail address and mobile number** of the Member is **registered** against Folio No./DP ID Client ID, then on the home page of **<https://evoting.kfintech.com>**/ the Member may click "**Forgot Password**" and enter Folio No. or DP ID Client ID and PAN to generate a password.

- c. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at **Toll free number 1800-309-4001** or write to them at **evoting@kfintech.com**.
- d. Member may send an e-mail request to **evoting@kfintech.com**. However, KFintech shall endeavor to send User ID and Password to those new Members whose e-mail IDs are available.
- e. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of **<https://evoting.kfintech.com>** [KFintech Website] or contact **Mr. Suresh Babu D., Manager – RIS** at **suresh.d@kfintech.com** or **evoting@kfintech.com** or call KFintech's **Toll Free No. 1800-309-4001** for any further clarifications.

26. SCRUTINIZER FOR E-VOTING AND DECLARATION OF RESULTS:

Mr. S. N. Ananthasubramanian (Membership FCS No. 4206) or failing him, Ms. Malati Kumar (Membership ACS No. 15508), Partner(s), M/s. S. N. Ananthasubramanian & Co., Company Secretaries, has been appointed as Scrutinizer to scrutinize the e-voting process as well as e-voting during the AGM, in a fair and transparent manner.

The Scrutinizer will, after the conclusion of the e-voting at the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairman of the Company or any other person of the Company authorised by the Chairman, who shall countersign the same. The Results shall be declared within two working days of the conclusion of the Meeting.

The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company at **www.mahindrafinance.com** and on the website of KFintech at **<https://evoting.kfintech.com/>** immediately after the Results are declared and will simultaneously be forwarded to BSE Limited and the National Stock Exchange of India Limited, where Equity Shares of the Company are listed.

The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. **Monday, 26th July, 2021**, subject to receipt of the requisite number of votes in favour of the Resolutions.

27. SUBMISSION OF QUESTIONS / QUERIES PRIOR TO AGM:

- a. Members desiring any additional information or having any question or query pertaining to the business to be transacted at the AGM are requested to write from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number to the Company's investor email-id i.e. **investorhelpline_mmfs@mahindra.com** so as to reach the Company by **3:30 p.m. (IST) on Friday, 23rd July, 2021**, to enable the Management to keep the information ready. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the AGM.
- b. Alternatively, Members holding shares as on the cut-off date may also visit **<https://evoting.kfintech.com/>** and click on the tab "**Post Your Queries Here**" to post their queries/views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall be activated during the remote e-voting period and **shall be closed by 3.30 p.m. (IST) on Friday, 23rd July, 2021**.
- c. Members can also post their questions during AGM through the "**Ask A Question**" tab, which is available in the VC/OAVM Facility.

The Company will, at the AGM, endeavor to address the queries received till 3.30 p.m. (IST) on **23rd July, 2021**, from those Members who have sent queries from their registered email IDs. Please note that Members' questions will be answered only if they continue to hold shares as on the cut-off date.

28. SPEAKER REGISTRATION BEFORE AGM:

Members of the Company, holding shares as on the cut-off date i.e. **Monday, 19th July, 2021** and who would like to speak or express their views or ask questions during the AGM may register as speakers by visiting **<https://emeetings.kfintech.com>**, and clicking on "**Speaker Registration**" during the period from **Wednesday, 21st July,**

2021 to Friday, 23rd July, 2021. Those Members who have registered themselves as a speaker will only be allowed to speak/express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time at the AGM.

29. Members can also provide their feedback on the services provided by the Company and its Registrar & Transfer Agents by filling the "Shareholders Satisfaction Survey" form available on the website of the Company at <https://mahindrafinance.com/investor-zone/investor-information>. This feedback will help the Company in enhancing Shareholder Service Standards.

30. KPRISM – MOBILE SERVICE APPLICATION BY KFINTECH:

Members are requested to note that KFinTech has launched a mobile application – KPRISM and a website <https://kprism.kfintech.com> for online service to Shareholders.

Members can download the mobile application, register themselves (one time) for availing host of services viz., view of consolidated portfolio serviced by KFinTech, Dividend status, request for change of address, change/update Bank Mandate. Through the Mobile application, Members can download Annual Reports, standard forms and keep track of upcoming General Meetings and dividend disbursements. The mobile application is available for download from Android Play Store. Members may alternatively visit the link <https://kprism.kfintech.com/app/> to download the mobile application.

By Order of the Board

Arnavaz M. Pardiwalla
Company Secretary

Registered Office:

Gateway Building,

Apollo Bunder,

Mumbai – 400 001.

CIN: L65921MH1991PLC059642

Tel: +91 22 66526000/6156

Fax: +91 22 24984170

Email: investorhelpline_mmfsl@mahindra.com

Website: www.mahindrafinance.com

Place : Mumbai

Date : 23rd April, 2021

Explanatory Statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013

ITEM NO. 5

Mr. Ramesh Iyer (DIN: 00220759) has been the Managing Director of the Company since 30th April, 2001 and has played a key role in building Mahindra Finance into one of India's leading rural finance companies, since 1995. Mr. Iyer's efforts have led not only to the creation of a potentially global financial services powerhouse, but also supported the rapid expansion of the mobility and tractor businesses of Mahindra & Mahindra Limited ("M&M"), the parent company. The Company under his leadership has been recognised as a Great Place to Work for several years. Mr. Ramesh Iyer was elevated as Vice-Chairman & Managing Director of the Company with effect from 18th March, 2016.

The Board of Directors at its Meeting held on 23rd April, 2016, re-appointed Mr. Ramesh Iyer as Managing Director of the Company designated as Vice-Chairman & Managing Director with effect from 30th April, 2016 for a term of 5 (five) years on a salary in the scale of Rs. 5,00,000 per month to Rs. 10,00,000 per month. The Members of the Company by a Special Resolution passed through Postal Ballot concluded on 16th June, 2016, approved the said re-appointment and remuneration payable to Mr. Ramesh Iyer.

Further, the Members of the Company by means of a Postal Ballot voting process concluded on 8th December, 2019, approved the revision in the salary payable to Mr. Ramesh Iyer, Vice-Chairman & Managing Director of the Company in the scale of Rs. 9,50,000 per month to Rs. 15,00,000 per month with effect from 1st April, 2020 for the remainder of his term of office.

The business activities of the Company are increasing along with growth and opportunities in the Financial Services Sector. The Company is continuously expanding its financial services portfolio which apart from Vehicles & Tractor financing also includes personal loan, mutual fund distribution, financing commercial vehicles, construction equipment, SME financing, Invoice discounting, Digital Finance and Leasing.

In view of the growing business activities of the Company, responsibilities of the Vice-Chairman & Managing Director have considerably increased. Mr. Ramesh Iyer has steered the Company successfully during these

challenging times caused by the COVID-19 pandemic which continued to impact the economy throughout the financial year 2020-21.

Considering the performance of the Company, the Vice-Chairman & Managing Director's contribution towards the growth, his increasing responsibilities and trend in the industry, the Board of Directors of the Company at its Meeting held on 23rd April, 2021, has pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members at the ensuing Annual General Meeting, approved the re-appointment and scale of salary and the other terms of remuneration including performance pay and perquisites payable to Mr. Ramesh Iyer as the Vice-Chairman & Managing Director of the Company with effect from 30th April, 2021 for a period of 3 (three) years.

Profile:

Mr. Ramesh Iyer has completed 62 years of age. Mr. Ramesh Iyer's key mandate at Mahindra Group is to drive inclusive growth, aligned to our guiding belief of driving rural prosperity. He has been instrumental in building Mahindra Finance since 1995 into one of India's leading rural finance companies.

Mr. Iyer manages the Financial Services Sector of the Mahindra Group which includes Mahindra & Mahindra Financial Services Limited, Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Manulife Investment Management Private Limited and Mahindra Manulife Trustee Private Limited. He also oversees the operations of Mahindra Finance USA, LLC., a U.S. joint venture with De Lage Landen Financial Services Inc., (DLLFS) a wholly-owned subsidiary of the Rabobank Group. Mr. Ramesh Iyer is also a Member of the Group Executive Board of M&M.

Mr. Ramesh Iyer has been closely involved in the development of the country's dynamic Financial Services Sector. Mr. Iyer is the Chairman of Finance Industry Development Council (FIDC) and the Confederation of Indian Industry (CII) WR Task Force Committee on Human Resources and also co-chairs the NBFC Committee of IMC Chamber of Commerce & Industry. He is an active Member on various

committees like CII National Committee on Financial Inclusion and Digitisation, CII National Committee on Leadership & HR, Banking & Finance Committee of the Bombay Chamber of Commerce and Industry (BCCI) and the Taskforce of NBFCs of the Federation of Indian Chambers of Commerce and Industry (FICCI). He also serves on the boards of several Mahindra Group Companies.

Apart from being on the various bodies of the Financial Services Sector, Mr. Iyer is also on the Advisory Boards of various Educational Institutions like IITB-Washington University, Vidyalankar Institute of Technology – School of Management, WeSchools' PGDM-Rural Management Committee and on the College Development Committee of Vivek College of Commerce.

Mr. Ramesh Iyer is a recipient of various prestigious awards like: 'Asia Pacific Entrepreneurship Award (APEA) 2017 INDIA', 'Best CEO – Financial Services Sector Mid Cap' awarded by Business Today, 'CEO – FINANCIAL SERVICES' at the CEO AWARDS organized by CEO India magazine and also featured among Business Today's top 40 BFSI CEOs of India and Business World's Most Valuable CEOs - 2019. The Company under his leadership was honoured with the Forbes India "Conscious Capitalist of the Year" Award 2016.

A commerce graduate, Mr. Iyer has an MBA from Mumbai University and is an alumnus of several management and leadership programs conducted in India, the US, France, and China by institutions like IIM (Bangalore), Michigan Business School, Harvard Business School and IMD, Switzerland.

Mr. Ramesh Iyer is the Chairman of Mahindra Rural Housing Finance Limited and Mahindra Manulife Investment Management Private Limited, subsidiaries of the Company and Finance Industry Development Council, a Section 8 Company. He is the Vice-Chairman & Managing Director of Mahindra & Mahindra Financial Services Limited. Mr. Iyer is also a Director of Mahindra Insurance Brokers Limited, the insurance broking subsidiary, NBS International Limited, Mahindra First Choice Wheels Limited, Mahindra Agri Solutions Limited, Mahindra Susten Private Limited and Mahindra Finance USA LLC. He is an Independent Director of Noveltech Feeds Private Limited.

Mr. Ramesh Iyer is the Chairman/Member of the following Board Committees:

Sr. No.	Name of the Company	Name of the Committee	Position Held
1.	Mahindra & Mahindra Financial Services Limited	Stakeholders Relationship Committee	Member
		Corporate Social Responsibility Committee	Member
		Asset Liability Committee	Member
		Committee for Strategic Investments	Member
		IT Strategy Committee	Member
2.	Mahindra Insurance Brokers Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
3.	Mahindra Rural Housing Finance Limited (Debt listed material subsidiary)	Asset Liability Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
		Nomination and Remuneration Committee	Member
4.	NBS International Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Member
5.	Mahindra First Choice Wheels Limited	Audit Committee	Member
6.	Mahindra Agri Solutions Limited	Allotment Committee	Member
7.	Mahindra Susten Private Limited	Finance & Accounts Audit Committee	Member
8.	Noveltech Feeds Private Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman
9.	Mahindra Manulife Investment Management Private Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member

Mr. Ramesh Iyer holds 17,06,102 Equity Shares of Rs. 2 each in the Company.

The Special Resolution and the Explanatory Statement may be considered as a written Memorandum setting out terms, conditions and limits of remuneration of Mr. Ramesh Iyer in terms of Section 190 of the Act.

During the year 1st April, 2020 to 31st March, 2021, seven Board Meetings of the Company were held, and Mr. Iyer has attended all the seven Meetings.

Pursuant to the provisions of Sections 196, 197, 198 and all other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the Act, the re-appointment and remuneration payable to Mr. Ramesh Iyer is now being placed before the Members at the Annual General Meeting for their approval by way of a Special Resolution.

The following additional information as required by Schedule V of the Companies Act, 2013 is given below:

I. GENERAL INFORMATION:

(i) Nature of Industry:

The Company is a Non-Banking Financial Company engaged in providing finance for new and pre-owned auto and utility vehicles (including three wheelers), tractors, cars and commercial vehicles and SME Financing.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 1st January, 1991 and commenced business operations on 19th February, 1991.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable

(iv) Financial performance based on given indicators - as per Audited Financial Statement for the year ended 31st March, 2021:

Particulars	Rupees (in Crores)
Turnover and Other Income	10,516.81
Net Profit as per Statement of Profit and Loss (after Tax)	335.15
Profit as computed under Section 198 of the Companies Act, 2013	1,885.88
Net Worth	14,711.51

(v) Foreign Investments or collaborations, if any:

As on 31st March, 2021, the Company has made a cumulative investment in its Joint Venture companies as under:

Mahindra Finance USA LLC – Rs. 210.55 Crores

Ideal Finance Limited (Sri Lanka) - Rs. 44 Crores

II. INFORMATION ABOUT THE APPOINTEE:

(i) Background details : Please refer “Profile” Section as stated above

(ii) Past remuneration during the financial year ended 31st March, 2021: Rs. 7.18 Crores

(iii) Recognition or Awards : Please Refer “Profile” Section as stated above

(iv) Job Profile and his suitability:

Mr. Ramesh Iyer has been the Managing Director of the Company since 30th April, 2001 and has been instrumental in building the Company since 1995 into one of India’s leading rural finance companies. He was elevated as “Vice-Chairman & Managing Director” with effect from 18th March, 2016.

Mr. Iyer is also the President-Financial Services Sector of the Mahindra Group which includes Mahindra & Mahindra Financial Services Limited, Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Manulife Investment Management Private Limited and Mahindra Manulife Trustee Private Limited. He also oversees the operations of Mahindra Finance USA, LLC., a U.S. joint venture with De Lage Landen Financial Services Inc., (DLLFS) a wholly-owned subsidiary of the Rabobank Group.

Mr. Ramesh Iyer has been closely involved in the development of the country’s dynamic Financial Services Sector.

Taking into consideration his qualifications and expertise in relevant fields, Mr. Ramesh Iyer is best suited for the responsibilities currently assigned to him by the Board of Directors of the Company.

(v) Remuneration Proposed:

Scale of Salary: Basic Salary in the scale of Rs. 9,50,000 per month to Rs. 40,00,000 per month with effect from 30th April, 2021.

Perquisites and Performance Pay: Other perquisites, allowances and performance pay as fully set out in Resolution No. 5.

Mr. Iyer is also entitled to grant of Stock Options as may be decided by the Nomination and Remuneration Committee of the Company, from time to time.

The number of Stock Options granted and outstanding as on 31st March, 2021 are 2,10,966 of which 26.54% have vested and are unexercised and the balance 73.46% would vest as per the vesting schedule.

The value of perquisites availed by Mr. Ramesh Iyer in the Financial Year 2021 was Rs. 89.87 lakhs.

It is proposed to authorise the Board (which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) to revise the basic salary payable to Mr. Ramesh Iyer, within the above mentioned scale of salary. Notice period applicable to a Whole-time Director of the Company is three months. There is no separate provision for the payment of severance fees.

(vi) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of the appointee, his responsibilities, the industry benchmarks, the remuneration proposed to be paid is

commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies in the industry.

(vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed to be paid to him, the Vice-Chairman & Managing Director does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) Reasons of loss or inadequate profits:

Not applicable as the Company has posted a net profit after tax of Rs. 335.15 Crores for the year ended 31st March, 2021.

(ii) Steps taken or proposed to be taken for improvement and

(iii) Expected increase in productivity and profits in measurable terms:

Not applicable as the Company has adequate profits. The Company posted a profit before tax of Rs. 422.43 Crores for the year ended 31st March, 2021.

IV. Disclosures:

The information and Disclosures of the remuneration package of all Directors have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Details of Remuneration paid to Directors for the Financial Year 2020-21".

Mr. Ramesh Iyer satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act and satisfies the criteria of 'fit and proper' as prescribed by the Reserve Bank of India vide Master Direction No. DNBR.PD.008/03.10.119/2016-17 dated 1st September, 2016, as amended. Mr. Iyer is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India ("SEBI") or any other authority.

Brief resume of Mr. Ramesh Iyer, nature of his expertise in specific functional areas, disclosure of relationships between directors inter-se, name of listed entities and other companies in which he holds directorships and memberships/ chairmanships of Board Committees, shareholding in the Company, the number of Meetings of the Board attended during the year, as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are stated herein, and pursuant to Schedule V of the Act are also provided in the Corporate Governance Report forming part of the Annual Report.

Having regard to the expertise, knowledge and experience of Mr. Ramesh Iyer, the Board is of the view that his association would be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends his re-appointment to the Members as Managing Director of the Company designated as "Vice-Chairman & Managing Director".

The Articles of Association of the Company are available on the website of the Company at the link: <https://mahindrafinance.com/investor-zone/corporate-governance> for online inspection by the Members.

Save and except Mr. Iyer, and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel ("KMP") of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 of the Notice. None of the Directors and KMP of the Company are inter-se related to each other.

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

ITEM NO. 6

The Board of Directors of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Members at a General Meeting of the Company, appointed Mr. Amit Raje (DIN: 06809197) as an Additional Non-

Executive Non-Independent Director of the Company with effect from 18th September, 2020.

Mr. Amit Raje has over 20 years of experience in Corporate Finance – M&A, Private Equity and Financial Services. Mr. Raje has moved from Mahindra & Mahindra Limited [“M&M”], the Parent Company, where he was the Executive Vice-President for Partnerships & Alliances.

The Members of the Company by means of a Postal Ballot through Remote E-voting which concluded on 3rd March, 2021, approved the appointment of Mr. Amit Raje as Non-Executive Non-Independent Director of the Company.

The Company has embarked on a digital transformation journey in order to design and develop products and solutions to service the customers digitally and broaden the horizons of financial inclusion in the country.

Your Company sees Digital Finance as a huge opportunity and expects it to contribute significantly to revenue and returns. In this context, a separate digital led business unit has been set-up to offer consumer convenience and consumer loans across the country. As a strategic step towards strengthening this promising line of business, the Board of Directors at its Meeting held on 5th March, 2021 has based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the Members at the ensuing Annual General Meeting of the Company, appointed Mr. Amit Raje as a Whole-time Director of the Company designated as “Chief Operating Officer Digital Finance – Digital Business Unit” for a period of five years, with effect from 1st April, 2021 till 31st March, 2026 (both days inclusive), liable to retire by rotation.

Profile:

Mr. Raje has completed 47 years of age. Mr. Amit Raje joined the Mahindra Group in July 2020 as Executive Vice President – Partnerships & Alliances and was responsible for leading the M&A and Investor Relations.

Prior to joining the Mahindra Group, Mr. Amit Raje was the Managing Director in the Principal Investing Area of Goldman Sachs. He was a Nominee Director of Goldman Sachs on the Boards of Noveltex Feeds Private Limited, Good Host Spaces Private Limited and Global Consumer Products Private Limited.

Mr. Amit Raje has cumulative experience of over 20 years in Corporate Finance, Mergers & Acquisitions

and Private Equity. Prior to Goldman Sachs, Mr. Raje worked with Kotak Investment Advisors Limited, the alternate asset arm of Kotak Mahindra Bank, and Deloitte & Co., in the Transaction Advisory Services.

Mr. Amit Raje is a post graduate from Mumbai University and an MBA with a specialization in Finance & Private Equity from the London Business School.

Mr. Amit Raje is the Whole-time Director of the Company designated as “Chief Operating Officer Digital Finance – Digital Business Unit” and Director of Mahindra Susten Private Limited.

Mr. Amit Raje is a Member of the following Board Committees of the Company:

- Asset Liability Committee
- Stakeholders Relationship Committee

Mr. Raje does not hold any Equity Shares in the Company.

The Special Resolution and the Explanatory Statement may be considered as a written Memorandum setting out terms, conditions and limits of remuneration of Mr. Amit Raje in terms of Section 190 of the Act.

The appointment of Mr. Amit Raje as a Director is effective from 18th September, 2020. During the year 1st April, 2020 to 31st March, 2021, four Board Meetings were held since his appointment and Mr. Amit Raje has attended all the four Meetings.

Pursuant to the provisions of Sections 196, 197, 198 and all other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule V of the Act, the appointment and remuneration payable to Mr. Amit Raje is now being placed before the Members at the Annual General Meeting for their approval by way of a Special Resolution.

The following additional information as required by Schedule V of the Companies Act, 2013 is given below:

I. GENERAL INFORMATION:

(i) Nature of Industry:

The Company is a Non-Banking Financial Company engaged in providing finance for new and pre-owned auto and utility vehicles (including three wheelers), tractors, cars and commercial vehicles and SME Financing.

(ii) Date or expected date of commencement of commercial production:

The Company was incorporated on 1st January, 1991 and commenced business operations on 19th February, 1991.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable

(iv) Financial performance based on given indicators – as per Audited Financial Statement for the year ended 31st March, 2021:

Particulars	Rupees (in Crores)
Turnover and Other Income	10,516.81
Net Profit as per Statement of Profit and Loss (after Tax)	335.15
Profit as computed under Section 198 of the Companies Act, 2013	1,885.88
Net Worth	14,711.51

(v) Foreign Investments or collaborations, if any:

As on 31st March, 2021, the Company has made a cumulative investment in its Joint Venture companies as under:

Mahindra Finance USA LLC – Rs. 210.55 Crores

Ideal Finance Limited (Sri Lanka) - Rs. 44 Crores

II. Information about the appointee:

(i) Background details: Please refer “Profile” Section as stated above

(ii) Past remuneration during the financial year ended 31st March, 2021: Not Applicable

(iii) Recognition or Awards: Please refer “Profile” Section as stated above

(iv) Job Profile and his suitability:

Mr. Amit Raje was appointed as an Additional Non-Executive Non-Independent Director of the Company with effect from 18th September, 2020. The Members of the Company by means of a Postal Ballot through Remote

E-voting mode on 3rd March, 2021, has approved the appointment of Mr. Amit Raje as Non-Executive Non-Independent Director of the Company.

Taking into consideration his qualifications and expertise in relevant fields, Mr. Amit Raje is best suited for the responsibilities currently assigned to him.

(v) Remuneration Proposed:

Scale of Salary: Basic Salary in the scale of Rs. 6,00,000 per month to Rs. 20,00,000 per month with effect from 1st April, 2021.

Perquisites and Performance Pay: Other perquisites, allowances and performance pay as fully set out in Resolution No. 6.

Mr. Amit Raje will be entitled to grant of Stock Options as may be decided by the Nomination and Remuneration Committee, from time to time. Mr. Raje is also entitled to ESOPs granted to him under the Parent Company's Employees Stock Option Scheme.

During his tenure till Mr. Raje becomes eligible for ESOPs under the Company's ESOPs Scheme(s), he would be eligible for cash payout equivalent to the value of the options vested under the Parent Company's Employees Stock Option Scheme to be payable spread over 3 years.

It is proposed to authorise the Board (which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) to revise the basic salary payable to Mr. Amit Raje, within the above mentioned scale of salary. Notice period applicable to a Whole-time Director of the Company is three months. There is no separate provision for the payment of severance fees.

(vi) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of the appointee, his responsibilities, the industry benchmarks, the remuneration proposed to be paid is

commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies in the industry.

(vii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed to be paid to him, Mr. Raje does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

III. Other Information:

(i) Reasons of loss or inadequate profits:

Not applicable as the Company has posted a net profit after tax of Rs. 335.15 Crores for the year ended 31st March, 2021.

(ii) Steps taken or proposed to be taken for improvement and

(iii) Expected increase in productivity and profits in measurable terms:

Not applicable as the Company has adequate profits. The Company posted a profit before tax of Rs. 422.43 Crores for the year ended 31st March, 2021.

IV. Disclosures:

Since the appointment of Mr. Amit Raje as a Whole-time Director is effective from 1st April, 2021, the information and disclosures of the remuneration package of Mr. Raje as per the requirements of Section II of Part II of Schedule V of the Act is not mentioned in the Annual Report in the Corporate Governance Report Section. However, the information and Disclosures of the remuneration package of all Directors have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Details of Remuneration paid to Directors for the Financial Year 2020-21".

Mr. Amit Raje satisfies all the conditions set out in Part-I of Schedule V of the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act and satisfies the criteria of 'fit and proper' as prescribed by the Reserve Bank of India vide Master Direction

No. DNBR.PD.008/03.10.119/2016-17 dated 1st September, 2016, as amended. Mr. Raje is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India ("SEBI") or any other authority.

Brief resume of Mr. Raje, nature of his expertise in specific functional areas, disclosure of relationships between directors inter-se, name of listed entities and other companies in which he holds directorships and memberships of Board Committees, shareholding in the Company, if any, the number of Meetings of the Board attended during the year, as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are stated herein, and pursuant to Schedule V of the Act are also provided in the Corporate Governance Report forming part of the Annual Report.

The Articles of Association of the Company are available on the website of the Company at the link: <https://mahindrafinance.com/investor-zone/corporate-governance> for online inspection by the Members.

Having regard to the expertise, knowledge and experience of Mr. Amit Raje, the Board is of the view that his association would be of immense value for the growth of digital finance business of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends his appointment to the Members as a Whole-time Director designated as "Chief Operating Officer Digital Finance – Digital Business Unit".

Save and except Mr. Amit Raje, and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel ("KMP") of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6 of the Notice. None of the Directors and KMP of the Company are inter-se related to each other.

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

ITEM NO. 7

The Board of Directors of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee, has appointed Mr. Amit Kumar Sinha (DIN: 09127387) as an Additional Non-Executive Non-Independent Director of the Company with effect from 23rd April, 2021. Mr. Sinha holds office up to the date of the forthcoming Annual General Meeting of the Company pursuant to Section 161 of the Act and Article 147 of the Articles of Association of the Company.

The Company has received a Notice in writing from a Member under Section 160 of the Act, proposing the candidature of Mr. Amit Kumar Sinha for the office of Director of the Company.

Mr. Amit Kumar Sinha has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act and that he satisfies the criteria of 'fit and proper' as prescribed by the Reserve Bank of India vide Master Direction No. DNBR.PD.008/03.10.119/2016-17 dated 1st September, 2016, as amended. Mr. Amit Kumar Sinha has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by listed companies, and has given his consent in writing to act as Director of the Company.

Mr. Amit Kumar Sinha is the President - Group Strategy of Mahindra & Mahindra Limited ("M&M"), the Holding Company and a Member of the Group Executive Board. Mr. Sinha is leading the Group Strategy Office and works with Group's overall portfolio of businesses for growth over the short, medium and long-term. He also champions the international council and helps coordinate international synergies across Americas, Asia Pacific and Africa. His portfolio also includes the Risk and Economist functions. He is part of the Group Corporate Office Leadership Team.

Prior to joining M&M, Mr. Amit Kumar Sinha was a Senior Partner and Director with Bain & Company. Over 18 years at Bain, he managed large-scale, multi-country strategy, organization, digital and performance improvement projects. He also led numerous commercial due diligences and full potential portfolio strategy projects (post buyout) for leading Private equity funds across U.S., and India. Mr. Amit

Kumar Sinha started his career with Tata Motors and worked with IGate Patni (now Capgemini) in technology leadership roles in India, Singapore and U.S.

Mr. Amit Kumar Sinha holds dual MBA from The Wharton School, University of Pennsylvania, specializing in Finance and Strategy, where he was a Palmer scholar and received Siebel Scholarship. He holds a Bachelor of Engineering (Electrical and Electronics) from the Birla Institute of Technology, Ranchi. Mr. Amit Kumar Sinha is also an Ananta Aspen Fellow as part of their India leadership fellowship program.

Mr. Sinha is in the whole-time employment of M&M and draws remuneration from it. In accordance with the Policy on Remuneration of Directors, Mr. Sinha will not receive any sitting fees or remuneration from the Company during his tenure as a Non-Executive Non-Independent Director of the Company.

The Board is of the view that Mr. Amit Kumar Sinha's qualifications, knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends his appointment to the Members.

As on the date of this Notice, Mr. Amit Kumar Sinha does not hold by himself or for any other person on a beneficial basis, any Equity Shares in the Company. Mr. Sinha is not inter-se related to any Director or Key Managerial Personnel of the Company. He does not have any material pecuniary relationships or transactions with the Company, its subsidiaries, or any of the Directors, which would have any potential conflict with the interests of the Company at large.

The Articles of Association of the Company are available on the website of the Company at the link: <https://mahindrafinance.com/investor-zone/corporate-governance> for online inspection by the Members.

Save and except Mr. Amit Kumar Sinha and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel ("KMP") of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 7 of the Notice. None of the Directors and KMP of the Company are inter-se related to each other.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval of the Members.

Information as required under Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard on General Meetings ("SS-2") is given hereunder:

Name of Director	Mr. Amit Kumar Sinha
DIN	09127387
Age	47 years
Date of first appointment on the Board	23 rd April, 2021
Qualifications	Mr. Amit Kumar Sinha holds dual MBA from The Wharton School, University of Pennsylvania, specializing in Finance and Strategy, where he was a Palmer scholar and received Siebel Scholarship. He holds a Bachelor of Engineering (Electrical and Electronics) from the Birla Institute of Technology, Ranchi. Mr. Amit Kumar Sinha is also an Ananta Aspen Fellow as part of their India leadership fellowship program.
Brief Resume, Experience and Nature of expertise in specific functional areas, Recognition or awards.	Mr. Amit Kumar Sinha has been appointed by Mahindra & Mahindra Limited ("M&M") the parent company, as President, Group Strategy, effective 1st November, 2020. Mr. Amit Kumar Sinha is leading the Group Strategy Office and works with Group's overall portfolio of businesses for growth over the short, medium and long-term. Prior to joining M&M, Mr. Amit Kumar Sinha was a Senior Partner and Director with Bain & Company. Over 18 years at Bain, he managed large-scale, multi-country strategy, organization, digital and performance improvement projects. He also led numerous commercial due diligences and full potential portfolio strategy projects (post buyout) for leading Private equity funds across U.S., and India. Mr. Amit Kumar Sinha started his career with Tata Motors and worked with IGate Patni (now Capgemini) in technology leadership roles in India, Singapore and U.S.
Terms and conditions of appointment / re-appointment	Liable to retire by rotation.
Details of remuneration sought to be paid	Not Applicable
Details of remuneration last drawn (F.Y. 2020-21)	Not Applicable
Shareholding in the Company	Own : Nil For other persons on a beneficial basis: Nil
Relationship with other Directors and Key Managerial Personnel	Mr. Amit Kumar Sinha is not inter-se related to any other Director or Key Managerial Personnel of the Company.
Number of Board Meetings attended during the Financial Year 2020-21	Not Applicable (Since his appointment on the Board is effective from 23 rd April, 2021).
Directorships held in other Companies	Mahindra First Choice Wheels Limited Mahindra Electric Mobility Limited Fifth Gear Ventures Private Limited
Chairmanship/Membership of Committees of the Board of other Companies	Mahindra Electric Mobility Limited - Audit Committee – Chairman Mahindra First Choice Wheels Limited - Nomination and Remuneration Committee – Chairman

By Order of the Board

Arnavaz M. Pardiwalla
Company Secretary

Registered Office:

Gateway Building,
Apollo Bunder,
Mumbai – 400 001.
CIN: L65921MH1991PLC059642
Tel: +91 22 66526000/6156
Fax: +91 22 24984170
Email: investorhelpline_mmfs@mahindra.com
Website: www.mahindrafinance.com

Place : Mumbai
Date : 23rd April, 2021

Information at a glance for 31st Annual General Meeting

Sr. Particulars No.	Details
1. Day, Date and Time of AGM	Monday, 26 th July, 2021 at 3:30 p.m. (IST)
2. Mode	Video Conference (VC) and Other Audio-Visual Means (OAVM)
3. Participation through Video-Conferencing	Members can login from 3:00 p.m. (IST) on the date of AGM at https://emeetings.kfintech.com
4. Helpline Number for VC participation	Call KFinTech's Toll Free No.: 1800-309-4001.
5. Submission of Questions/Queries before AGM	Questions/queries shall be submitted by 3:30 p.m. (IST) on Friday, 23rd July, 2021 by any of the following process: - Email to: investorhelpline_mmfsi@mahindra.com mentioning name, DP ID and Client ID/folio number and mobile number, etc. - Members holding shares as on the cut-off date i.e. 19th July, 2021 may also visit https://evoting.kfintech.com/ and click on the tab "Post Your Queries Here" and post their queries/ views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall be activated during the remote e-voting period and shall be closed by 3:30 p.m. (IST) on Friday, 23rd July, 2021. - Members can also post their questions during AGM through the "Ask A Question" tab, which is available in the VC/OAVM Facility.
6. Speaker Registration before AGM	Visit https://emeetings.kfintech.com , and click on "Speaker Registration" during the period from Wednesday, 21st July, 2021 to Friday, 23rd July, 2021 .
7. Recorded transcript	Will be made available post AGM at https://www.mahindrafinance.com/investor-zone/corporate-governance
8. Dividend for FY 2020-21 recommended by Board	Re.0.80 (40%) per Equity Share of the face value of Rs.2 each.
9. Dividend Book Closure dates	Tuesday, 20 th July, 2021 to Monday, 26 th July, 2021 (both days inclusive)
10. Dividend payment date	After Monday, 26 th July, 2021
11. Information of tax on Dividend 2020-21	https://mahindrafinance.com/investor-zone/investor-information
12. Cut-off date for E-voting	Monday, 19 th July, 2021
13. Remote E-voting start date and time	Thursday, 22 nd July, 2021 at 9:00 a.m. (IST)
14. Remote E-voting end date and time	Sunday, 25 th July, 2021 at 5:00 p.m. (IST)
15. Remote E-voting website of KFinTech	https://evoting.kfintech.com/
16. Name, address and contact details of e-voting service provider and Registrar and Transfer Agent	Mr. Suresh Babu D., Manager – RIS, KFin Technologies Private Limited, Selenium, Tower B, Plot No. 31 - 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, Telangana. Contact details: Phone No.: 040-6716 2222 or call KFinTech's Toll Free No.: 1800-309-4001.

Sr. Particulars No.	Details
17. Email registration and contact updation process	Demat Shareholders: Contact respective Depository Participants. Physical Shareholders: Contact Company's Registrar and Transfer Agents, KFin Technologies Private Limited by sending an email request at the email ID: einward.ris@kfintech.com along with the copy of the signed request letter mentioning the Name, Address, Folio No., Email address and Mobile number of the Member, self-attested scanned copy of the PAN Card and self-attested scanned copy of any document (such as Driving License, Election Identity Card, Passport, etc.) in support of the address of the Member.
18. Email registration on Company/ Registrar and Transfer Agent's Website	Members may visit the following website/web-link(s) and follow the registration process as guided therein: • Members are requested to visit the website of the Company www.mahindrafinance.com and click on the tab "Click here for temporary registration of email-id of Members for AGM 2021". • Visit the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx. - Select the name of the Company viz. Mahindra & Mahindra Financial Services Limited and follow the steps for registration of e-mail address.



Care for **convenience**

Care for **availability**



Care for **relationships**



Care for **prosperity**



Care.

Above everything else.

Care for **well-being**



Care for **environment**



Care for **progress**



Mahindra FINANCE

INTEGRATED ANNUAL REPORT
2020-21

CONTENTS



COVID-19 Response

Throughout the year, we have taken proactive steps to support our stakeholders as we navigate this challenging period together.

PG 20



Sustainability Strategy

We align our performance with the three pillars of the Mahindra Group Sustainability Framework for long-term value creation.

PG 38



ESG focus

As a conscientious corporate citizen and part of one of India's largest conglomerates, we are aware of our responsibilities.

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ESG focus

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REPORT PROFILE

About our Integrated Report

This is the first Integrated Report <IR> of 'Mahindra & Mahindra Financial Services Limited' or 'Mahindra Finance' or 'The Company'. It has been prepared with the objective of providing our stakeholders a concise, complete, and transparent assessment of our ability to create long-standing value. Through this Report, we aim to share our commitment with various stakeholders, including employees, investors, customers, business partners, suppliers and lenders, the community, and the government. Till 2019-20, we were publishing our Annual Report and Sustainability Report separately. This year we are presenting our financial and non-financial metrics in one consolidated report. This report has been prepared in accordance with the GRI Standards: Core option.

Scope of Reporting

Reporting Period

This Report is produced and published annually. It provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance, covering the period from April 1, 2020 to March 31, 2021. There has been no restatements of information in this report, compared to the previous report of 2019-20.

Reporting Boundary

The scope of the Report includes the entire business of Mahindra & Mahindra Financial Services Limited and its subsidiary companies, Mahindra Rural Housing Finance Limited ('MRHFL') and Mahindra Insurance Brokers Limited ('MIBL'). In the reporting year, the coverage has been expanded to all the 1,388 offices, ensuring 100% coverage.

Materiality

Our material issues are those that matter most to our key stakeholders and that have an impact on our ability to create value. An issue is considered to be material if it has the potential to considerably impact our commercial viability, our social relevance and the quality of relationships with our stakeholders. Our material issues are informed by the economic, social and environmental context in which we operate.

Our Capitals

All organisations depend on various forms of capital for their value creation. Our ability to create long-term value is interrelated and fundamentally dependent on various forms of capitals available to us (inputs), how we use them (value-accretive activities), our impact on them and the value we deliver (outputs and outcomes).

The Report is aligned to:

- International Integrated Reporting Council's Integrated reporting framework (IIRC's - <IR> Framework)
- Global Reporting Initiative (GRI)
- United Nations Sustainable Development Goals (UN-SDGs)
- United Nations Global Compact Principles (UNGC)
- National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE)
- Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards issued by the Institute of Company Secretaries of India

External Recognition



Dow Jones Sustainability Index (DJSI) – Included in the DJSI Sustainability Yearbook 2021. The scores have increased from 58 to 59 and the percentile has increased from 79 to 89 as compared to previous year.



Carbon Disclosure Project (CDP) – Attained performance band B, meaning that the Company is at 'Management' band in climate change disclosures. In terms of y-o-y performance, our score has improved from C to B. Our score is higher than the Asia regional average of D, and higher than the services sector average of C.

Futurescape – Ranked 48th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2020 by Futurescape.



FTSE4 Good Index – Included in the distinguished FTSE4 Good Index Series constituent.

Assurance

We safeguard the quality of information contained in this Report through a robust assurance process, leveraging our internal expertise and external assurance carried out by KPMG, an independent third-party assurance provider. Please email your suggestions, views and opinions to: sustainability.mmfs@mahindra.com

Progress is often paved through extraordinary challenges, but what defines our true character as individuals and businesses is the ability to overcome them with a sense of collective responsibility. The year gone by was one such moment in history that threw a curve ball to India and the world, exposing our vulnerabilities across the socioeconomic spectrum. It was also a year when we came together to reinforce our relevance. And above all, our performance in such a challenging environment validated our belief – when you care for people, they care for your business.

Since inception, Mahindra Finance has been in the pursuit of resourcing dreams and aspirations especially in rural and semi-urban regions of India. As the pandemic swept the nation, impacting life even in the remotest corners, we chose care and compassion over profit and growth to help our customers ride out the storm. From extending moratorium benefits efficiently to suspending repossession, and launching new products to providing healthcare support, we brought the value of care to the fore.

We also successfully raised funds to strengthen our balance sheet and liquidity, which reflects the strong investor confidence in our business model. Today, as we gear up to exit the crisis much stronger than before, we have transformed relationships beyond transactional boundaries – that cares and dares to fuel the engines of progress, braving all odds.

This is how we deliver our care across our capitals

Care for prosperity

Based on our core fundamentals and our values, we evolve an appropriate roadmap to deliver sustainable value to our customers and the wider fraternity of stakeholders, despite challenges such as industry volatilities or economic hardships



Financial capital

Care for availability

We believe in reaching customers, whatever the location or the social stratum; our deep local connect is a cornerstone of our sustained growth



Manufactured capital

Care for convenience

We have always invested in advanced technology, translating into cutting-edge products and service offerings, and have been stepping up the digitisation momentum



Intellectual capital

Care for environment

We believe our commitment to environmental sustainability promotes the health of our business, the quality of service we provide and value creation for our employees, communities, customers and all other stakeholders



Natural capital

Care for well-being

We believe in the potential of our people, who push the levers of change at Mahindra Finance and have fuelled our encouraging performance over the years



Human capital

Care for progress

Our social initiatives are aligned to our mission of transforming rural lives by empowering rural communities and helping disadvantaged sections 'rise' and realise their true potential

Care for relationships

Our first priority is building long-term sustainable relationships with our customers by providing highest quality customer service in a prompt and efficient manner



Social and relationship capital

CAPITAL-WISE HIGHLIGHTS

Creating consistent value

A business runs on various forms of enablers that gives it the courage to spread wings and achieve greater ambitions. We understand that sustainable businesses, with long-term viability must use the six capitals to their disposal to generate and sustain value for their stakeholders.



FINANCIAL CAPITAL

The strength of our Balance Sheet fuels our business imperatives and growth ambitions. It is further bolstered by strong parent support and the time tested trust of our investors.

Rs. 81,689 crores
TOTAL ASSETS UNDER MANAGEMENT (MMFSL)

Rs. 2,101.06 crores
GROSS PREMIUM (MIBL)

Rs. 796.58 crores
LOAN DISBURSED (MRHFL)

PG 12



MANUFACTURED CAPITAL

Our wide network of branches, touchpoints and digital platforms ensure seamless delivery of financial services.

1,388
OFFICES

248
SMART BRANCHES

PG 10



INTELLECTUAL CAPITAL

Our efficient processes, deep knowledge, partnerships, technologies and expertise help us leverage business opportunities.

6,503
KAIZENS RECEIVED
FROM EMPLOYEES

5,00,732
ACTIVE CUSTOMERS USING
MOBILE APP

PG 22



HUMAN CAPITAL

Our people are our strongest competitive advantage. We focus on attracting the best talent, nurturing and inspiring teams to apply their expertise to serve our diverse clients, within the boundaries of our risk appetite and compliance requirements.

3,038

NEW EMPLOYEES RECRUITED

Ranked 25th

AMONG INDIA'S BEST COMPANIES TO WORK FOR 2020 BY GREAT PLACE TO WORK® INSTITUTE

PG 48



NATURAL CAPITAL

We ensure that we judiciously use natural resources and mitigate our impact on the environment.

2.8 GJ/Employee
ENERGY INTENSITY

1,352 tCO₂
CARBON OFFSET

2,993
EVs FINANCED

PG 44



SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with our stakeholders in the value chain and communities around us ensure our social licence to operate.

51,763
LIVES IMPACTED
THROUGH CSR
PROGRAMMES

7.3 million
CUSTOMER BASE

PG 56

INTRODUCING MAHINDRA FINANCE

Rising to the needs of many

Mahindra & Mahindra Financial Services Limited, part of the Mahindra Group, has emerged as one of India's leading Non-Banking Financial Companies (NBFCs), offering quality financial products and services to a wide customer base in India's semi-urban and rural areas.

Over close to three decades since the inception of MMFSL, we have steadily diversified our offerings and extended and deepened our outreach in India's vast hinterland and beyond, where we are spearheading India's mission of financial inclusion.

We are primarily engaged in financing new and pre-owned auto and utility vehicles, tractors, cars, and commercial vehicles. We provide housing finance, personal loans, financing to small and medium enterprises, insurance broking and mutual fund distribution services. We also offer wholesale

inventory-financing to dealers and retail-financing to customers in the United States (USA) for the purchase of Mahindra Group products through Mahindra Finance USA LLC, our joint venture (JV) with a subsidiary of the Rabobank Group. "Our JV, Ideal Finance Limited, Sri Lanka provides a diversified suite of financial products to the Sri Lankan market".

We have benefited from our close relationship with dealers and our long-standing relationship with Original Equipment Manufacturers (OEMs), which allow the Company to provide on-site financing at dealerships.

Vision

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

Mission

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

Core Purpose

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

Core Values

Professionalism

Good
Corporate
Citizenship

Customer
First

Quality
Focus

Dignity of the
Individual

NUMBERS THAT DEFINE US

26% CAPITAL ADEQUACY RATIO	Rs. 25,249 crores ESTIMATED VALUE OF ASSETS FINANCED	1.75 crores PAPERS SAVED DUE TO DIGITISATION	Rs. 32.54 crores CSR SPEND

About Mahindra Group

The Mahindra Group is a federation of companies bound by one purpose – to 'Rise'. For over seven decades, the Group has made many transformational changes, but remains grounded to its core purpose of challenging conventional thinking, innovatively using resources to drive positive impact in the lives of its stakeholders and communities globally, and enabling them to Rise. Headquartered in Mumbai, the Group employs 2,50,000+ people across 100 countries. It operates in key industries that propel economic growth, such as tractors, utility vehicles, information technology, financial services and vacation ownership. The Group has a strong presence in agribusiness, aerospace, components, consulting services, defence, energy, industrial equipment, logistics, real estate, retail, steel, commercial vehicles and two-wheelers.

Group Sustainability Framework

Mahindra Limited, as a group, has always been a leader in adopting sustainable business practices. We have put a sustainability framework in place, based on the pillars of People, Planet and Profit.

PG 38

Rise Tenets

Rise a simple yet powerful word that defines 'Mahindra Group' and gives the Brand, a meaning and purpose. It instills an ambition and attitude that 'we can achieve whatever we set our minds to' and declares who we are, how we operate, what we believe in and where we want to be.

Accepting No
Limits

Alternative
Thinking

Driving Positive
Change

Mahindra & Mahindra Limited

Mahindra & Mahindra Financial Services Limited (MMFSL)

52.16%

Mahindra
Insurance
Brokers
Limited (MIBL)

80%¹

Mahindra
Rural Housing
Finance
Limited
(MRHFL)

98.4%²

Mahindra
Manulife
Investment
Management
Private Limited
(MMIMPL)

51%³

Mahindra
Manulife
Trustee
Private Limited
(MMTPL)

51%³

Mahindra
Finance USA
LLC (Joint
venture with
Rabobank
Group
Subsidiary)

49%

Ideal Finance
Limited, Sri
Lanka (IFL)

38.2%⁴

Mahindra
Finance CSR
Foundation
(Section 8
Company)

100%⁵

Note:

1. Balance 20% with Inclusion Resources Pvt. Ltd. (IRPL), subsidiary of XL Group.

2. Balance 1% with MRHFL Employee Welfare Trust and 0.6% held by Employees under ESOP Scheme.

3. Manulife Investment Management (Singapore) Pte. Ltd. has entered into a Share Subscription Agreement with the Company and holds 49% of the shareholding of MMIMPL and MMTPL. The transaction concluded on April 29, 2020.

4. The Company has entered into a Share Subscription, Share Purchase and Shareholders' Agreement to acquire 58.2% of IFL. The Company currently holds 38.2% of equity share capital.

5. Mahindra Finance CSR Foundation is a wholly owned subsidiary to undertake all CSR initiatives under one umbrella.

General Disclosures: GRI 102-5

PRODUCT PORTFOLIO

Delivering on customer aspirations

Our product portfolio includes a wide range of financing, investment and insurance solutions.

In accordance with our vision statement, key focus of our product development is to come up with diverse financial solutions that meet the needs of rural and semi-urban India.



General Disclosures: GRI 102-2

Vehicle Financing

Mahindra Finance is primarily engaged in asset financing of vehicles across five categories:

- auto and utility vehicles
 - tractors
 - cars
 - commercial vehicles and construction equipment and
 - pre-owned vehicles, and others.
- Our customers include transport operators, farmers, small businesses and self-employed and salaried individuals.

4,53,593

NEW CONTRACTS FINANCED

5.9%

INCREASE IN AUM

SME Financing

We provide loans for varied purposes such as project finance, equipment finance, working capital finance, vehicle finance and bill discounting services to Small and Medium Enterprises (SMEs). We intend to leverage our existing customer base and the strengths of the Mahindra Group to target the auto ancillary, engineering and food and agri-processing sectors through our SME business.

Rs. 1,015 crores

AUM OF SME

Investments and Advisory

We offer investment solutions suitably tailored as per individual requirements and advisory services to grow smart in a seamless manner.

- Fixed Deposits
- Mutual Fund Distribution

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 property.

Rs. 796.58 crores

LOAN DISBURSEMENTS

34,559

NEW CUSTOMER CONTRACTS

Insurance Broking

We offer insurance broking solutions to individuals and corporates through our subsidiary, Mahindra Insurance Brokers Limited (MIBL). MIBL is licensed as a Composite Insurance Broker by the Insurance Regulatory and Development Authority of India (IRDAI). MIBL undertakes broking of both, life and non-life insurance products. It also undertakes reinsurance broking. MIBL has a physical presence in 450+ locations across the country. MIBL also has an online presence through its portal www.paybima.com.

14,39,023

NO. OF CASES FACILITATED IN 2020-21

Rs. 2,101 crores

GROSS PREMIUM FACILITATED DURING 2020-21

Mutual Fund

Mahindra Manulife Mutual Fund, a joint venture of Mahindra & Mahindra Financial Services Limited and Manulife Investment Management (Singapore) Pte. Ltd., offers wide variety of investment solutions pan-India, with focus on semi-urban areas. It aims to provide means to help investors transition from investing in simple saving instruments to investing in mutual funds. It provides end-to-end solution for investing in Equity Funds, Tax Saver Funds, Debt Funds and Hybrid funds through its website, mobile application and through an extensive network of distributors empaneled with the Mutual Fund.

Rs. 5,303 crores

AUM

6 Debt Funds

7 Equity Funds

3 Hybrid Funds

PRESENCE

Expanding our reach across the nation

We hope to meet the growing financial aspirations of our countrymen in the rural and semi-urban areas, and hence, we have been expanding our footprint in terms of our branch network.

State-wise Customer Penetration

	State/Union Territory	MMFSL	MRHFL	MIBL
1	Andaman and Nicobar Island	2,322	-	414
2	Andhra Pradesh	64,183	79,467	51,332
3	Arunachal Pradesh	2,128	-	-
4	Assam	1,30,346	-	54,797
5	Bihar	1,88,657	10,025	92,330
6	Chandigarh	5,413	-	5,819
7	Chhattisgarh	61,723	6,532	50,891
8	Dadra and Nagar Haveli	2,083	-	-
9	Delhi	33,409	-	40,193
10	Goa	145	-	25
11	Gujarat	1,34,303	48,287	78,682
12	Haryana	78,818	-	46,069
13	Himachal Pradesh	37,812	-	19,696
14	Jammu And Kashmir	27,950	-	16,256
15	Jharkhand	68,757	-	35,296
16	Karnataka	1,02,030	4,204	89,390
17	Kerala	78,926	21,361	69,264
18	Ladakh	216	-	-
19	Madhya Pradesh	2,02,468	57,231	1,08,593
20	Maharashtra	1,88,451	2,79,601	1,07,044
21	Manipur	1,059	-	-
22	Meghalaya	13,561	-	4,227
23	Mizoram	9,498	-	416
24	Odisha	75,402	60	48,870
25	Pondicherry	2,761	-	2,644
26	Punjab	47,937	-	30,743
27	Rajasthan	1,33,803	23,507	90,120
28	Sikkim	6,761	-	2,251
29	Tamil Nadu	81,316	1,30,854	83,481
30	Telangana	76,401	25,836	48,680
31	Tripura	16,447	-	6,619
32	Uttar Pradesh	3,02,898	5,104	1,74,578
33	Uttarakhand	34,550	140	19,768
34	West Bengal	1,56,485	-	63,228
Grand Total		23,69,019	6,92,209	14,41,716

General Disclosures: GRI 102-4, GRI 102-6

Smart Branches

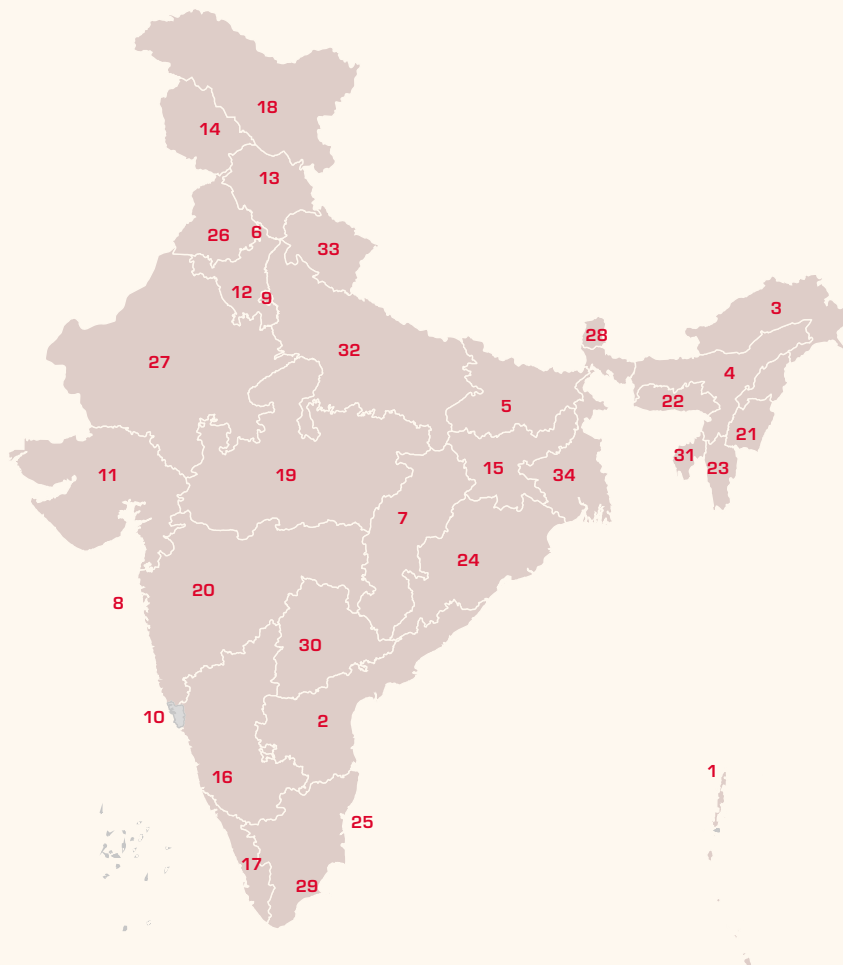
In order to provide our customers a better experience in terms of service and have a closer association with dealers, we have opened 200+ smart branches within the premises of our dealer partners. These branches have minimum infrastructure, lesser number of employees compared to regular branches and cater to a specific dealer partner.

Physical Assets

Apart from our branch and infrastructure, we have IT assets including computers, laptops and printers to enable our staff to deliver their services even from distant locations. We also have DG sets in select locations where they are used as an auxiliary source of power and solar installation of 157 KVA across 57 locations.

Our nationwide network of branches and locally recruited employees help us cater to the diverse financial requirements of our customers by identifying and understanding the needs and aspirations of the people across regions and cultures.

We work closely with this network to create value-driven offerings in response to our customers' needs. As a result, we act as a bridge between our network partners and our customers, benefitting the ecosystem as a whole. Mahindra Finance is thus a preferred partner for prominent OEMs and global equipment manufacturing giants in India as well as for those intending to enter India.



37

REGIONAL OFFICES

1,388

BRANCHES

248

SMART BRANCHES

KEY PERFORMANCE INDICATORS

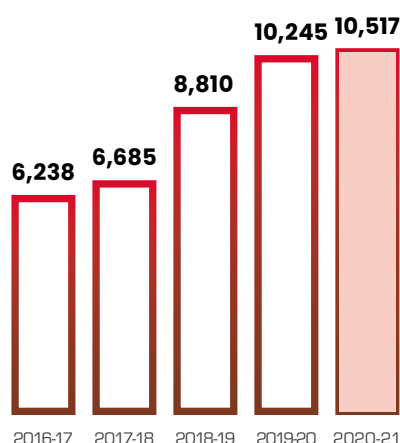
Focusing on sustainable returns

Our cost rationalisation during the year and our ability to balance our capital and debt positions every year ensure sustainable returns to investors. Our continued growth in AUM and Income in an extraordinary year is a testimony to the resilience of our business model.

FINANCIAL METRICS

Total Income

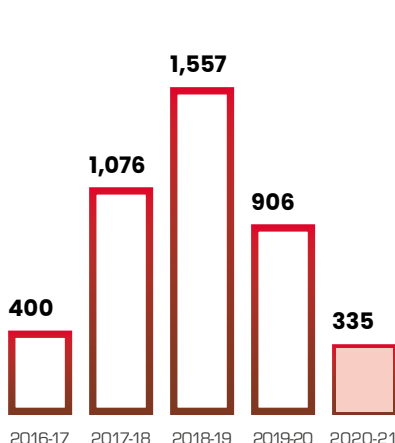
(Rs. in crores)



Rs. **10,517** crores

Profit After Tax

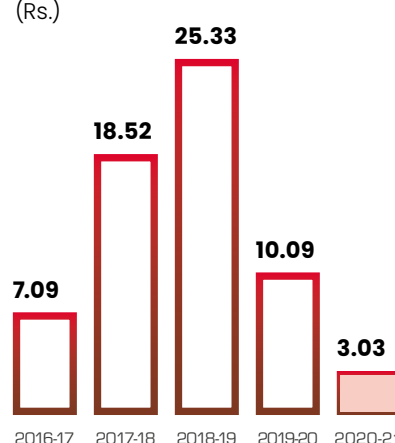
(Rs. in crores)



Rs. **335** crores

Earnings Per Share* (Basic)

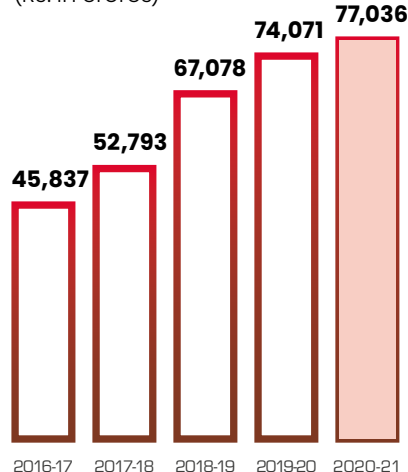
(Rs.)



Rs. **3.03**

Total Assets

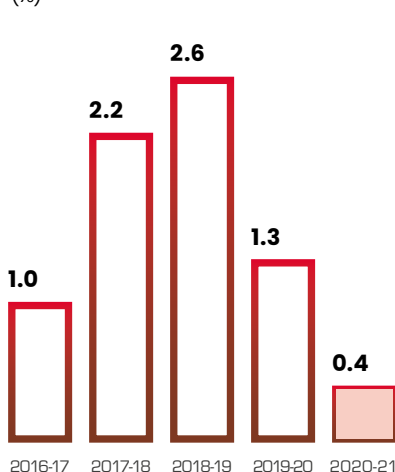
(Rs. in crores)



Rs. **77,036** crores

Return on Assets (ROA)

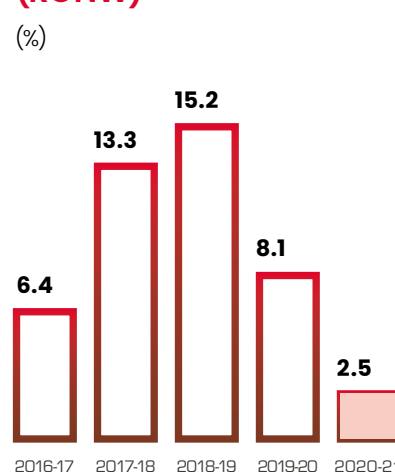
(%)



0.4%

Return on Net Worth (RONW)

(%)



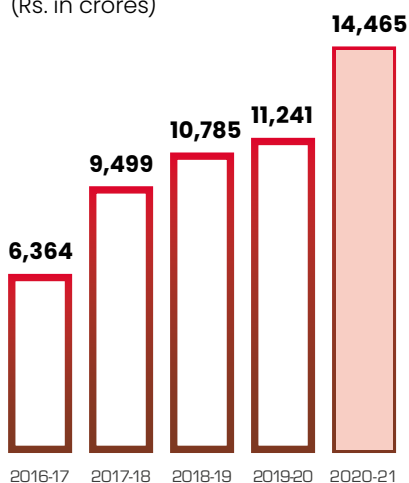
2.5%

*Pursuant to Ind AS - 33, Earnings Per Share, the Basic and Diluted earnings per share for the current year (2020-21) and previous year (2019-20) has been restated for the bonus element in respect of the Rights issue.

General Disclosures: GRI: 102-7

Reserves & Surplus

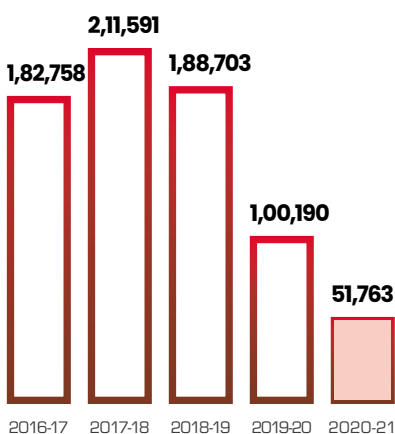
(Rs. in crores)



Rs. **14,465** crores

SOCIAL METRICS

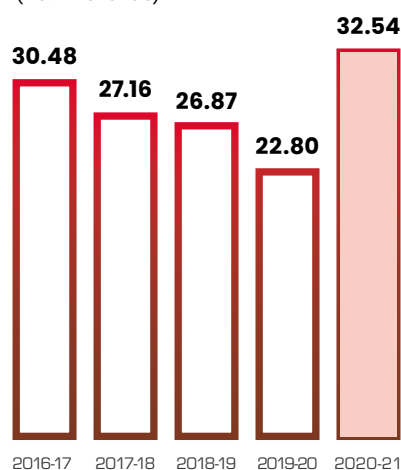
Number of Lives impacted through CSR programmes



51,763

CSR Spend**

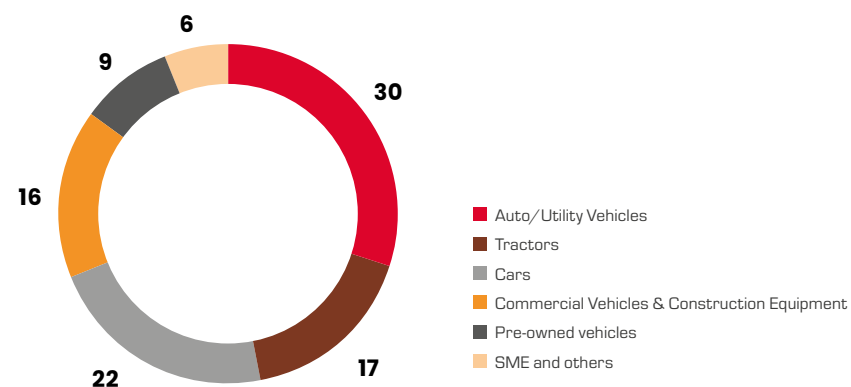
(Rs. in crores)



Rs. **32.54** crores

Breakdown of Assets Financed

(as on March 31, 2021) (%)



**Including a contribution of Rs. 5.17 crores made to PM Cares Fund in 2019-20 over and above the limit of 2% of Average Net Profit of the Company for last three Financial Years (as calculated under Section 198 of the Companies Act, 2013) for 2019-20 which is offsetted against the CSR obligation of 2020-21 as per the Notification issued by the Ministry of Corporate Affairs (D.O. No 05/1/2020-CSR-MCA dated March 31, 2020).

General Disclosures: GRI: 102-7

KEY PERFORMANCE INDICATORS

Economic Value Contribution

(Rs. in crores)

Economic Value Generated and Distributed (EVG&D)	2020-21 (Ind-AS)	2019-20 (Ind-AS)
Economic Value Generated		
a) Revenue	10,516.81	10,245.14
Economic Value Distributed		
b) Operating costs	4,358.17	2,925.30
c) Employee wages and benefits	1,015.23	1,148.44
d) Payments to providers of capital	4,798.70	4,793.70
e) Payments to government	87.28	437.34
f) Community investments	27.21	33.92
Economic Value Retained	230.21	906.40
(calculated as economic value generated less economic value distributed)		

"During the year, we have significantly enhanced and built a liquidity buffer of over 3 months to meet our obligations. With positive ALM across tenures and robust credit rating, we continue to benefit from lower rates and diversified borrowing mix."

Vivek Karve,
Chief Financial Officer

Credit Rating

India Ratings has assigned AAA/Stable, CARE Ratings has assigned AAA/Stable, Brickwork has assigned AAA/Stable and CRISIL has assigned AA+/Stable rating to the Company's long term and subordinated debt.

Cost Optimisation

On the path to cost optimisation, we undertook actions on increasing digital footprint, enhancing automation, adopting lean approach to lending, enhancing share of directly sourced business, using tools for productivity enhancement and undertaking partnerships.

Capital Adequacy

As on March 31, 2021, the Capital to Risk Assets Ratio (CRAR) stood at 26% which is well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India. Out of the above, Tier I capital adequacy ratio stood at 22.2% and Tier II capital adequacy ratio stood at 3.8% respectively.

Proactive Risk Management

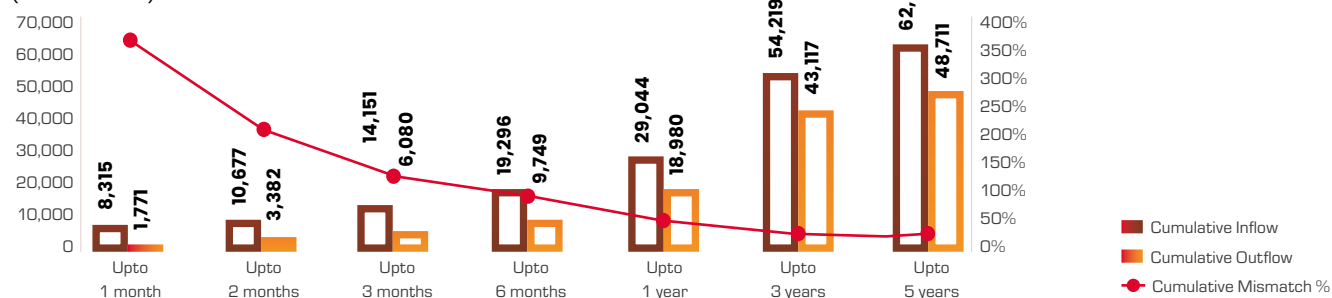
We have constantly refined our underwriting and credit risk management practices to meet the needs of the changing economic environment. Our robust credit approval mechanisms, credit control processes, audit and risk management processes and policies help us maintain the quality of our loan portfolio. We created a provision overlay of Rs. 1,320 crores to keep Net Stage 3 assets below 4%. The Net NPA ratio stood at 3.97% and Stage 3 provisioning coverage ratio stood at 57.9% as on March 31, 2021. With our robust risk management framework, we have consistently maintained higher asset quality across business cycles.

Asset Liability Management

We have a stable business model which has withstood the test of time and has been strengthened by the rich insight we have garnered over the decades. We have, over the years, followed the discipline to stick to our core business. We have chosen strategically to be in semi-urban rural geography and we retain the focus. A strong balance sheet, well-diversified funding mix, comfortable liquidity profile and steady returns guided us through the turbulent times and retained customer's trust. We ensure that prudent Loan-to-Value (LTV) ratios are adhered to while lending.

ALM Position and Liability Maturity

(Rs. in crores)



Specific Disclosures: GRI 103-2 (Economic Performance and Credit rating), GRI 201-1 Non-GRI disclosure for material topic - credit rating

OPERATIONAL HIGHLIGHTS

Rowing steadily through troubled times

Despite the unique challenges presented by a year dominated by the pandemic, we were able to raise funds in the market to power our growth and use our digital strength to reach out to small enterprises and individuals in need of small ticket loans.

At the same time, we made realistic assessments of our service capability and financial viability and made swift adjustments to ensure value. With the rural market comparatively insulated from the effect of the pandemic, we were able to get back on our feet and were able to keep almost all our branches up and running soon after the lockdown, except for the major metros.

Operational highlights for the year

Rights Issue

Towards the end of July 2020, we raised Rs. 3,089 crores through a Rights Issue that saw overwhelming response despite the subdued market.

Oversubscribed approximately 1.3 times, the Rights Issue saw significant investor interest, including from small investors and institutional investors, both Indian and foreign.

The success of the Rights Issue will help us capitalise on the growth opportunities that lie ahead and continue with our objective to push financial inclusion in rural and semi-urban geographies.

Rs. 3,089 crores
RAISED THROUGH RIGHTS ISSUE

Digital Lending

Set-up a Digital FinCo to exclusively operate for small ticket loans, ranging from personal loans to consumer durables.

Through this, we will be providing loans to people at their critical hour of need and saving them the hassle of going through the loan process during the pandemic. The focus is on digital mode of business, but since everyone cannot transact using digital, it is also accompanied by physical presence through tie-ups, if necessary.

We are aiming disbursement to cross Rs. 150-200 billion in three years. We are also keeping a tight control on cost of collection and operating costs. With the increasing response of customers undertaking subscription-based services, we have entered the leasing space to cater to a new segment of customers who prefer to remain asset light.

Building strong relationships

- Improved digital collections during the lockdown period
- Tie up with multiple partners like CSC, FINO was undertaken to enable cash collection from customers
- Continued good relationship with all major OEM's, dealers and channel partners

"Our business has consistently maintained a very cautious approach in financing policies, which reduces the risks of default. We maintain our asset quality by adhering to credit evaluation standards, limiting customer and vehicle exposure and interacting with customers directly and regularly."

Rajnish Agarwal,
EVP – Operations

VICE CHAIRMAN AND MD'S MESSAGE

Keeping an unwavering focus on the path ahead

Dear Stakeholders,

I would not be wrong to say that events over the last one year have been unprecedented and, in many ways, disturbing. But each one of you has stood up to this crisis and shown exceptional attributes in shaping the metamorphosis of your company.

Given this background, I am pleased to present to you our first Integrated Report for FY 2020-21. Based on the guidelines of International Integrated Reporting Council (IIRC), this Report will give you a more insightful understanding of our economic, environmental and social performance and our ability to create long-term value for all stakeholders. Our business model embeds, sustainability in our processes, systems and way of functioning.

NBFCs play a critical role in the nation's economic development through employment generation, infrastructure development, wealth creation and credit delivery even in the remotest corners of the country. This has led to improved financial inclusion along with creation of micro entrepreneurs who provide livelihood opportunities to million of individuals.

The pandemic has caused financial, health and emotional stress globally including all our stakeholders. The role played by NBFC's in furthering financial inclusion remains undiminished. The long-term prospects for highly-rated and established NBFC's remain robust, and with things getting back to normal as the second wave subsides, this industry will continue to catalyse India's economic growth. I am proud to state that your Company, by virtue of its proactive and prudent strategies, has remained resilient in the face of the unprecedented challenges witnessed during this year.

After all, a crisis is an opportunity in itself to Rise above the ordinary.

The spread of the novel coronavirus in India since March 2020 and the subsequent lockdowns had brought the entire economy to a virtual halt. The first half of the year was tough due to restrictions, which were particularly hard on our earn-and-pay customers. We chose to partner with our employees and customers in those difficult days and went beyond government and RBI guidelines to keep our people safe and customers insulated from

immediate financial difficulties on account of their loans. A substantial section of our customer base benefitted from moratorium as their instalment were deferred providing them an opportunity to return back to normalcy without causing undue financial stress.

Government and regulator interventions coupled with relaxations in lockdown as the year progressed improved the business environment. This resulted in significant improvement in disbursement and collection efficiencies during the second half of the year. This displayed the strength of our model of 'local connect' with dealers and customers, and our highly engaged employees with deep understanding of on-ground realities. We witnessed recovery in demand for utility vehicles, cars, construction equipment, tractors, and rural housing on the backdrop of improved monsoon and restarting of government projects. Loan growth in the financial industry was weaker during this period resulting in enhanced competition in the vehicle industry.

Our total Income increased marginally by 3% to Rs. 10,517 crores during the financial year ended March 31, 2021 and our AUM increased by 5.9% as compared to last year. We prioritised asset quality and took an aggressive stand on bad debt provisioning as well as terminating contracts with customers with poor likelihood of recovery. We made an additional provision of Rs. 1,742 crores over and above the requirement of expected credit losses (ECL) requirements. This included an additional provision of Rs. 1,320 crores to bring our net NPA below 4.0% vs. 5.98% at the of March 2020. Consequently, our Profit After Tax for the year declined by 63% to Rs. 335 crores. We believe that our provisioning policies are prudent given the aggressive nature of the second wave of pandemic, and the fact that end-use demand recovery has not been broad based and OEMs are facing supply chain issues.

Our balance sheet continues to remain strong with sufficient liquidity in liquid investments and undrawn lines to meet near-term obligations. In spite of the market downturn, we embarked on the Rights Issue of Rs. 3,089 crores in July 2020, confident of our business model and the shareholders' faith reposed on us. Our belief was proved right by overwhelming response from both small and institutional investors, both Indian and foreign. We are well covered for any externalities going into the future with our capital adequacy ratio at 26.0%, and our Stage-3 coverage ratio at 57.9%, much above the ECL requirement. We continue to benefit from the strong credit ratings resulting in a diversified borrowing mix at attractive rates.

Our rural housing subsidiary has been able to maintain asset quality even during this turbulent time despite weakened disbursements and the Loan book witnessing a decline. They are adequately capitalised with sufficient liquidity. Insurance broking continues to remain a

Rs. 10,517 crores

TOTAL INCOME FOR 2020-21

26%

CAPITAL ADEQUACY RATIO

General Disclosures: GRI 102-14

In spite of the market downturn, we embarked on the Rights Issue of Rs. 3,089 crores in July 2020, confident of our business model and the shareholders' faith reposed on us.



very strategic business and it continues to increase its spread and benefit from Group's network. The asset management company has maintained its asset book and has been able to provide good returns to investors.

Technology driven operations

Technology and digitisation is all pervasive across our operations and will gain further traction in future. The pandemic has brought renewed focus on digital in terms of its scope to reach and service customer and finally make collections. It is heartening to note that we have withstood this test and managed to operate seamlessly even from remote locations. We will continue to make requisite investments to build new digital platforms and strengthen the existing ones to deliver superior customer experience. We have set up our Digital FinCo, which will exclusively operate for small ticket loans, offering personal loans for consumer durables and other such products.

A responsible corporate citizen

Our approach towards environmental stewardship is guided by our core value of 'Good corporate citizenship'. We are a responsible market operator and have integrated climate related risks into our risk register. We have set immediate and long-term targets while formulating our sustainability roadmap. We are the only NBFC from India to have made it to the DJSI 'Sustainability Yearbook 2021'. We are committed to fight climate change through our commitment to Science Based Targets initiative and carbon neutrality. We are particularly happy to be offering the financing of electrical vehicles (EVs), which are part of our green product portfolio. During 2020-21, we financed 2,993 EVs with a total financing value of Rs. 41.62 crores.

Investing in people and communities

The collective capabilities of our people have taken us far, and we will continue to invest in developing our team,

sharpening their skills through training and continue to introduce industry-leading practices. Given the challenges this year, we concentrated on e-learning modules and created Aarambh, for our Pre-owned Car Loan (POCL) executives to improve their performance, forge stronger relationships with channel partners. We have also come up with Learnscape, with the objective that on-the-ground learnings are shared within business executives and direct marketing verticals to help them better connect with rural customers.

Driving positive change in our communities is our larger mission. We have identified healthcare, education and livelihood, and environment as our key thrust areas for our corporate social responsibility initiatives. This year we have launched flagship programme for the welfare of one of our key stakeholders – the driver community – and tried to drive wider change in rural India through our welfare initiatives for them.

In gratitude

Together with my colleagues, and encouraged by the support of all our stakeholders, we will continue to forge ahead and contribute to India's transformational journey towards self-reliance. I thank the Board for its guidance and express my profound gratitude for our shareholders for their continued faith in our abilities and for their unwavering support for all our endeavours. I assure you that while driving forward our growth story, we will stay committed to embracing best practices in the environmental, social and governance domains, for I believe, this alone will create holistic and sustainable value for our stakeholders.

Regards,

Ramesh Iyer
Vice-Chairman & Managing Director

Care.

Above everything else.

We, at Mahindra Finance, have always felt a strong sense of stakeholder responsibility and our business model is anchored in the vision to help accelerate sustainable development for all. We always focus on the long-term which requires us to rethink and steadily transform our ways of working. We believe in a business with purpose, a business which cares.



To counter the challenges presented by a year dominated by the pandemic, we prioritised asset quality and cost efficiency over growth, while ensuring safety, security and well-being of our employees and customers.

We have recently added 150 branches and have signed up more OEMs, and are identifying specific segments with higher growth prospects like pre-owned vehicles, affordable houses, etc. to build our asset base.

We further strengthened our balance sheet by successfully raising Rs. 3,089 crores via Rights Issue, beefed up our liquidity and enhanced our coverage ratios to make us ready for growth.

PG 12



It was important to maintain our connect with our customers during crises and we ensured that our field executives were available over the phone to our customers for all their needs.

We have made digital pervasive across our organisation by launching apps and mobile solutions. We opened branches including 200 smart branches to deepen our reach.

PG 10

Care for availability



One-stop-online- shop is the goal for us and we used the opportunity to provide one-stop EMI payment solution to our customers. We launched Digital FinCo for small loans and investment solutions portal to meet our customers' credit, insurance and investment needs.

PG 22

Care for prosperity

Care for convenience



We are ranked 25th in India's 'Best Companies to Work For' and for a good reason. We took care of our employees during the lockdown with no lay-offs and automated HR services for their convenience and efficiency.

PG 48

Care for well-being



We worked with our heart on our sleeve and avoided repossession of our customers' assets during their difficult days. The Government sponsored Emergency Credit Line Guarantee Scheme was offered to all eligible customers in the second half to mitigate the difficulties of vehicle owners in commercial applications. We have created product for customers to lease assets rather than buy. And we ventured into the market for small-ticket loans for our core base in rural & semi-urban area.

PG 60

Care for relationships



We launched a flagship programme for the welfare and upliftment of one of our key stakeholders – the driver community – who are strongly intertwined with our core customer base in vehicle financing. We provided timely relief to those affected by COVID-19 by supplying ration and scholarships as well as contributing to PM CARES.

PG 56

Care for progress



We are promoting care for climate by increasing our financing for EVs. Moreover, our continued efforts towards paperless environment, use of efficient energy and water technologies and people first initiatives got us recognition as we made it to DJSI Sustainability Yearbook 2021 – the only Indian diversified financial services to achieve this feat.

PG 44

Care for environment

COVID-19 RESPONSE

Quick and decisive actions

The COVID-19 outbreak created a great deal of uncertainty and hardship for the people, businesses and communities we serve around the world. Throughout the year, we have taken proactive steps to support our stakeholders as we navigate this challenging period together.

Supporting our people

When the COVID-19 pandemic was declared in March 2020, our priority was the health and safety of our employees and their families. We acted quickly and decisively as a Group to ensure we could continue to work safely under changing local conditions and protocols.

Maintaining business continuity

We ensured business continuity by taking proactive measures before the formal announcement of the lockdown on March 24, 2020. We started actioning initiatives to deal with the restrictions and simultaneously ensured that our IT infrastructure and systems were in place, tested and checked.



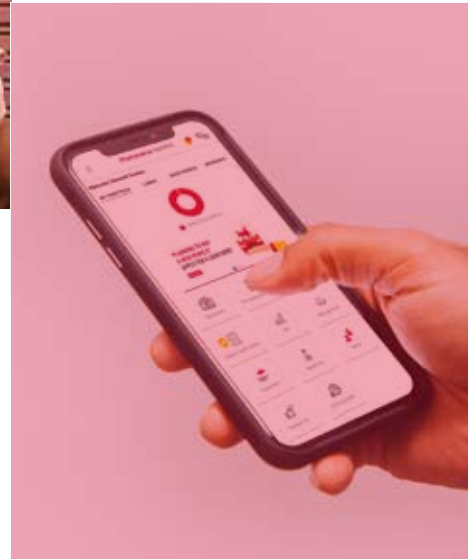
Resumption of operations

We resumed operations in a phased manner, and in accordance with the directives issued by the central and state governments, and district authorities.

The health and safety measures undertaken by us to resume operations safely included issuing of safety guidelines for our staff, conducting regular fumigation of office premises, conducting thermal screening of customers visiting our branch offices and providing masks and hand sanitisers at our offices.

Collections

Our field executives typically visit customers to collect due instalments. However, on account of the 'stay at home' orders issued in various jurisdictions, we have been calling up our customers and sending them intimations over the phone. We informed our customers of the different digital modes through which they can make their payments.



Assisting local communities

The pandemic increased hygiene and safety concerns and exacerbated social challenges, such as poverty and food security.

We focused our social investments on local needs. We distributed essential ration kits to the driver community and provided scholarships to their children as part of our COVID-19 response.

Bolstering liquidity buffer and optimising cost

We undertook multiple 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.

DIGITAL

Reinforcing growth through technology

At Mahindra Finance, digitalisation is a strategic initiative that is deployed across the business value chain. We have been continuously digitising our internal processes and service offerings. Our technology initiatives have not only helped us improve our overall efficiency but has also helped us greatly enhance the customer experience.

Material issues addressed

- Digital innovation and disruption

Key risks considered

- Information technology risk

SDGs impacted



We have proactively transformed our business through digitalisation to secure our position as a market leader. The complete digital makeover, which includes the use of data analytics tools and data intelligence, brings business benefits in terms of scalability, cost-efficiency and ensures greater accessibility and convenience for customers, thus earning their confidence.

We have enhanced our online and in-mobile presence to provide a superior digital experience to our customers and ease for employees, customers and partners alike. Today, the entire lending process is digitally enabled, which has facilitated EMI collections through digital and online mode. Along with our subsidiaries, we offer customers digital access to our products, including fixed deposits, mutual funds and insurance products.

Key Highlights 2020-21

Integration of Bharat Bill Payment System (BBPS)

The project was implemented in January 2021 with an aim of connecting with our existing and potential customers in a convenient, affordable, quick and secure manner. BBPS, with their wide channel distribution of over 300 channels, allows use of any third-party application for customers while they are making a payment. Currently, the project has been implemented only for Vehicle Loans and can be extended to all other verticals such as Consumer Durables, SME and so on. The facility offers one-stop EMI payment solutions for the customer, providing the ease of seamless digital payments.

Investment solution portal

Clients were earlier dependent on our employees for onboarding in order to invest in mutual funds or make other investments. This portal allows clients self-onboarding and the option of investing in any mutual funds, including Mahindra Finance FDs. We have a new micro-site dedicated to investment solutions on our website that elaborates the features of the portal, guiding clients to make an investment. We are keeping our clients informed about the option through mailers and SMS.



Non-GRI disclosure for material topic – Digital innovation and disruption

Customer mobile app

For lending and FD customers, we offer a bouquet of services through a user-friendly mobile app. The app also ensures greater convenience for our employees in servicing customers. The customer app has been revamped to have more scalability with multilingual capabilities. The app is now available in 11 languages including English, Hindi, Tamil, Telugu, Kannada, Malayalam, Marathi, Bengali, Gujarati, Punjabi and Odia, thereby further empowering rural customers.

Customer experience has been improved with quick registration, login and simplified navigation design. Other features include multi-product, easy EMI payment option, contact details, and click-to-call feature for branch executives, among others. To create greater awareness of the app, we have been running marketing campaigns through diverse channels. Of these, the most effective has been the 'How-To' videos.

Benefits

- Enables faster onboarding and easy login for the customer
- Seamless integration with core systems and payment gateway, allows for quick lookup on pending EMIs and simplified repayments
- Customer can also view his/her account details anytime, anywhere
- App Registrations- 5.5 lakhs+ and total app downloads 10.75 lakhs
- Payment collection through MF app contributes to 20% (average) of the overall digital collection
- MF customer app achieved 4+ rating and is currently rated 4.4/5 on Playstore and 4.5/5 on ios platform with positive customer reviews

5.5 lakhs+

APP REGISTRATIONS AVAILABLE IN 11 LANGUAGES,
CONTRIBUTES 20% OF DIGITAL COLLECTION

Process improvements

Digital technology has also helped make continual improvement in business processes at Mahindra Finance, thereby addressing stakeholder expectations. The initiatives can be divided into two categories.

Strategic

The projects are backed with a focused digital strategy to improve business performance, enhance customer experience, create new products or reimagine existing products to create new competitive advantage in market using newer technologies.

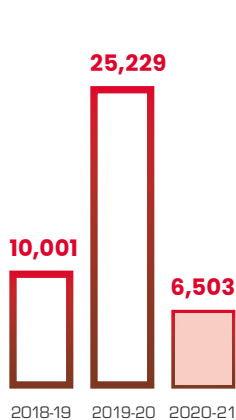
Operational efficiency

This involves three aspects.

(i) Pragati Kaizen Initiative

These indicate improvements achieved through individual effort.

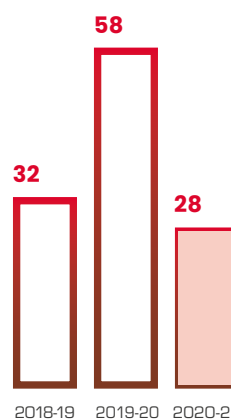
Trend of Kaizen Count



6,503

Kaizen Participation

(%)



28

(ii) Root Cause Analysis (RCA)/ Mahindra Yellow Belt (MYB)

This indicates improvements achieved at the department head level and includes RCA/ MYB projects and IT-enabled initiatives. They involve structured problem-solving such as the Six Sigma DMAIC (Define, Measure, Analyse, Improve and Control) methodology.

(iii) IT-enabled improvements

In addition to the above, we undertake various initiatives using IT as an enabler.

STRATEGIC PRIORITIES

A purpose-led strategy for future growth

We have been able to deliver industry-leading value because we have retained a consistent focus on our aim to transform lives and drive positive change.

Our business strategy, innovation focus and partnerships are guided by this larger vision. We are constantly building on our existing strengths while reimagining our business priorities to reach new horizons of growth and opportunities.



Objective



Progress made during the year



Plan for 2021-22



Financial capital



Manufactured capital



Human capital



Intellectual capital



Natural capital



Social and relationship capital

Focus on rural and semi-urban markets to grow market share



Our sound financials provide us significant scope to explore organic and inorganic long-term growth opportunities. While we are open to acquisitions that may be available at competitive valuations for inorganic growth, we are equally keen on pursuing organic growth opportunities



- Set-up digital FinCo to exclusively operate for small ticket loans to undertake life-cycle financing
- Combined with above, also provide investment and protection solutions



- Leverage strengths to capture growth in underrepresented areas
- Through direct marketing initiative, target existing and new customers to cater to their financing requirements, thus generating new business and diversify loan assets
- Exploring both organic and inorganic long-term growth opportunities

Capitals impacted



Customer-centricity



Our sensitivity to local cultures and aspirations have enabled us to gain the confidence of customers. We plan to build on our relationships to grow our business sustainably



- Entered into strategic tie-up for EMI cash collection through Common Service Centre (CSC) locations. Customers can now conveniently pay their loan EMIs at CSCs
- Granted moratorium on the payment of instalments to all eligible borrowers in line with the RBI guidelines



- Seamless multi-channel distribution across branch, online, mobile and telephony
- Tailored product propositions to meet customer needs more effectively

Capitals impacted



Expand reach and elevate operational excellence



Our technology leverage enables us to expedite and streamline approval and documentation procedures and reduce the incidence of errors



- Opened 151 new branches in rural markets to ensure deeper penetration
- Enhance digital presence through launch of apps, mobile solutions
- Digitisation of customer onboarding and servicing



- With greater reach and scale of operations, we intend to further develop and integrate our technology to support our growth, improve upon the quality of our services and approve loans at a faster rate
- Leverage existing distribution infrastructure to increase our penetration in markets where we already have a presence

Capitals impacted



Invest in technology and digitalisation



We have been at the forefront of technology adoption and intervention, producing solutions that improve customer experience and provide world-class convenience



- Integration of Bharat Bill Payment System for one-stop EMI payment solutions, diversification of payment options and increasing ease for customers who can make seamless digital payments
- Implementation of investment solutions portal for customers to ensure complete online on-boarding experience and seamless transaction capabilities
- MF customer mobile app – crossed 10 lakh downloads in March 2021, payment collection through MF app contributes to 20% of the overall digital collection; mobile app achieved 4+ rating and is currently rated 4.4/5 on Playstore with positive customer reviews



- Re-engineer and simplify processes to deliver efficiency in a tech-savvy world
- Increase investment in IT efficiency by providing streamlined approval and documentation procedures and reduce incidence of errors

Capitals impacted



Building best-in-class teams



Our employees are fundamental to the achievement of our strategy. We are committed to building a business our people are proud to work for



- Human Rights e-learning module launched on internal e-learning platforms. 75% of employees have completed this module
- Ranked 25th among India's Best Companies to Work 2020 by Great Place to Work® Institute



- Create a great place to work that is focused on customer requirements
- Build a high-performance organisation
- Create an inclusive workplace with a diverse workforce

Capitals impacted



BUSINESS MODEL

Flexible, transparent and self-driven

INPUTS



Financial Capital

- Equity – Rs. 246.4 crores
- Borrowings – Rs. 58,577 crores



Manufactured Capital

- Number of offices – 1,388
- Smart branches – 248



Intellectual Capital

- 8 multiple market insights studies undertaken to understand changing consumer behaviours and expectations



Human Capital

- Number of employees – 29,950
- Average training hours – 34.16



Social and Relationship Capital

- Contribution by employees under various CSR programmes – 63,000+ man-hours
- Number of customers – 7.3 million+



Natural Capital

- Paper consumption – 138.2 tonnes
- Energy usage – 8,3997.4 GJ

VALUE CREATION PROCESS

Earn and pay segment for customers

Enabling livelihood creation by evaluating the earning potential of customers rather than past financial history

Low-serviced regions

Focus on rural and semi-urban parts of India that are not covered by conventional banking services

Local employment

Hiring local people, generating employment opportunities and gaining a better understanding of markets and customers

Inclusive business model for value creation

Local suppliers

Preference to local suppliers, thereby providing business opportunities and improving their service level with constant engagement

Local communities

Imparting financial literacy and focusing on livelihood, health and education in communities

Customised products and customer centricity

Offering customised products and a flexible repayment schedule, and partnering with customers in meeting the needs of rural India

ACTIVITIES TO SUSTAIN VALUE

Strategic priorities

Focus on rural
and semi-urban
markets

Customer
centricity

Expand reach and
elevate operational
excellence

Invest in technology
and digitisation

Building
best-in-class
teams

PG 24

Sustainability roadmap

People

Planet

Profit

PG 38

- **Strengthen business model**
- **Maintaining strong corporate governance structures**
- **Regular investor communication**

- **Value to customers**

- **Quicker turnaround time**
- **Improvement in collection efficiency**
- **Disbursement through digital channels**

- **Performance oriented culture**
- **Strong focus on diversity**
- **Continuous productivity enhancement**

- **Engaged actively with regulators, pursuing full compliance and driving societal contribution**
- **Continued investment in ensuring strong positive customer experience**

- **Strong focus on energy efficiency**
- **Operational excellence for resource conservation**

OUTCOMES

- Total Income – Rs. 10,517 crores
- EPS (Basic) – Rs. 3.03

- E-waste recycled – 100%
- Percentage of local suppliers – 100%

- Best-in-class ecosystem benefiting customers
- Use of data driven methods across business lifecycle operations

- New recruits – 3,038
- Introduced e-learning module on human rights

- Lives impacted through various social initiatives – 51,763

- GHG savings through reduction in paper consumption – 784.62 tCO₂
- EVs financed – 2,993

OPERATING CONTEXT

Trends that hold great promise

We have identified several industry trends that are transforming the financial services landscape. At Mahindra Finance, we ensure that we respond to market changes in an agile manner and calibrate our strategies accordingly to remain relevant to our customers and build long-term value for our stakeholders.

Government push for financial inclusion

Financial inclusion in India has grown significantly due to the development and adoption of innovative digital financial solutions and an increase in regulatory and policy requirements that promote inclusion.

With multiple schemes such as Jan Dhan Yojana and Mudra Yojana, among others, the Government of India has been laying emphasis on bringing a larger part of the population within the ambit of formal banking. It is also ensuring that small and medium-sized enterprises (SMEs) get easy access to affordable loans. All these measures are likely to increase overall institutional credit demand in the country. The total balance of Jan Dhan accounts stood at Rs. 1,45,550 crores as on March 31, 2021 with 42.20 crores beneficiaries.

The Union Cabinet unveiled a stimulus package of Rs. 3 trillion in May 2020 known as the Emergency Credit Line Guarantee Scheme (ECLGS) in aid of Micro, Small and Medium Enterprises, (MSMEs). This was aimed at addressing their working capital needs, operational liabilities and aiding businesses to restart.

42.20 crores

BENEFICIARIES OF JAN DHAN
ACCOUNTS SERVICED INSURANCE CASES



Increasing consumerism

Rising urbanisation and the thrust on rural infrastructure and connectivity are some of the key factors boosting the future prospects of Tier-II and Tier-III regions in India.

In fact, given that affluence is rising in rural India too, consumption is no longer limited to urban India. Growing digital access is firing aspirational demand in rural India as well. Favourable government policies to boost agriculture, small-scale industries and consumption are likely to act as long-term growth catalysts in boosting this demand.

We understand the transformation underway in rural and semi-urban India and hence, the importance of supporting customers' needs in these areas, ensuring ease of transaction and being there for them at every stage of their lives with a variety of banking services and products that meet their evolving needs and expectations are undertaken by us.

While agriculture grew amid an unprecedented economic contraction, 2020-21 was also notable for the record 389.35 crores person-days of employment generated under MGNREGA.

389.35 crores

PERSON-DAYS OF EMPLOYMENT GENERATED
UNDER MGNREGA



Digitalisation

Rapid technological advancements are causing significant disruption across the financial services industry. Customer needs and expectations are constantly evolving, requiring customised solutions and convenience in communication and engagement.

The current imperatives are:

- End-to-end digitisation for exceptional organisational productivity, speed-to-market and customer engagement
- More focused investments in social, analytics, cloud and other digital technologies

According to fintech firm Razorpay, digital payment transactions are up by 76% in Jan-Feb-March (JFM) of 2021, as compared to JFM 2020. Tier-II and III cities and towns continued to contribute over 50% of all online transactions. At Mahindra Finance, we continue to focus on building capabilities that can deliver these outcomes for customers.

50%

CONTRIBUTION OF TIER-II
AND III CITIES TO ONLINE TRANSACTIONS



Affordable housing

Although India is undergoing rapid urbanisation, the Ministry of Housing estimated a housing shortage of 18.78 million houses during the 12th plan period, mostly for economically weaker sections. Besides, rising incomes and expansion of India's middle class have created an enormous demand for 'affordable' housing.

The government is providing tax incentives and interest subsidies to increase affordability and achieve its target of Housing for All by 2022. According to digital real estate brokerage firm PropTiger.com, around 45% of sales in the January-March quarter of 2021 were from the affordable housing segment.

Housing finance has thus evolved into an important focus area for the banking and finance industry. In terms of mortgages penetration (mortgage loans as % of GDP), India has the lowest level globally. Long-term growth drivers that put housing finance on a strong footing include increasing urbanisation, favourable demographics, rising disposable income, and tax incentives.

45%

SALES IN JAN-MAR 2021 WERE FROM
AFFORDABLE HOUSING SEGMENT



Our response



We are committed to driving financial inclusion and empowering our customers through a wide spectrum of financial solutions to enable them to pursue their aspirations.



Our aim is to provide affordable financial products and services in a fair and transparent manner, with the support of advanced technology and our nationwide distribution network.



Our multiple businesses are a logical extension of our focus on being a facilitator of rural transformation in more ways than one.



Our industry expertise, deep knowledge and reach enable us to leverage the rural opportunity and serve our stakeholders better.

STAKEHOLDER ENGAGEMENT

Fostering deep and wide partnerships

At Mahindra Finance, we believe that engagement and collaboration along the value chain sustains the organisation and makes it more efficacious in delivering value to its stakeholders. By building deep connection with our stakeholders, we identify our challenges and find solutions to our mutual benefit.

Honest and regular engagement with our shareholders and stakeholders is essential to building a sustainable business, and we do that with regularity. As a Company, we recognise that our responsibilities go far beyond delivering excellent returns to our shareholders.

We have identified our stakeholders as those persons, groups or organisations who are directly impacted by our activities, as well as those who can reasonably be foreseen to be impacted by our activities. A planned system of engagement exists to ensure the timely communication of accurate and relevant information to, and interaction with, each stakeholder group in a consistent manner.



General Disclosures: GRI 102-40, GRI 102-42, GRI 102-43

Customers



Care for comfort

Why they are important

Customer feedback, or as we call it, the Voice of Customer, is key to process improvements, quality enhancement, service performance and cost optimisation

Key priorities

- Service quality
- Differentiation and product relevance
- Safety and privacy
- Ethical business practices
- Environmental impact

Mode and frequency of engagement

- Gram Sabha – ongoing
- Customer meets/Shikhar Sammelan – ongoing
- Dealer and OEM events such as loan mela and roadshows – ongoing
- Mandi Diwas – weekly
- Saathiya Diwas – ongoing
- NOC activity – monthly

Topics of engagement

- Digital disruption
- Customer need identification and satisfaction
- Brand
- Customer privacy
- Product portfolio
- Financial product and services information

Community / NGOs



Care for progress

Why they are important

A harmonious relationship with the communities in the regions where we are present gives us the social licence to operate; they are our partners in progress

Key priorities

- Livelihood opportunities
- Environmental protection
- Community development

Mode and frequency of engagement

- CSR initiatives – ongoing
- Volunteering activities
- Community need identification – ongoing as per CSR project requirements
- Community engagement initiatives
- Impact assessment studies

Topics of engagement

- Local employment generation
- Gender equality
- Carbon emissions/footprint
- Waste management
- Financial literacy
- Community initiatives

Employees



Care for empowerment

Why they are important

Our employees are at the centre of all our operations. Their collaborative skill and expertise are essential for our growth

Key priorities

- Capability building, development and enhancement of skills
- Positive and enabling work environment
- Safety and security
- Employee well-being

Mode and frequency of engagement

- Training calendar – annual
- Talent management and employee development initiatives – ongoing
- Performance appraisal – bi-annual and annual
- Employee engagement activities – ongoing
- Diversity and inclusion initiatives – annual

Topics of engagement

- Local employment generation
- Happy and productive employees
- Employee growth and development
- Human rights
- Safety
- Diversity and equal opportunity
- Community initiatives

STAKEHOLDER ENGAGEMENT

Regulators



Care for security

Why they are important

Key for ensuring compliance, interpretation of regulations and uninterrupted operations

Key priorities

- Timely compliance with regulations
- Transparent and open operations
- Timely tax payments
- Support to various schemes of central and state governments

Mode and frequency of engagement

- Furnishing timely and accurate information as and when required
- Filings, correspondence, quarterly, half-yearly and annual reports

Topics of engagement

- Credit rating
- Governance
- Transparency and disclosures
- Investor security
- Representation with regulators
- New opportunities
- Environmental, Social and Governance (ESG) aspects

Shareholders/Investors



Care for growth

Why they are important

As providers of capital, they are key to our growth and expansion plans

Key priorities

- Financial performance and dividends
- Good governance
- Transparency
- Growth and expansion
- Operational and resource efficiencies

Mode and frequency of engagement

- Quarterly investor calls/ presentations
- Correspondence - Annually, half-yearly, quarterly, need based
- Annual General Meeting (AGM)
- Extraordinary General Meeting/ Postal Ballot
- Annual Report
- Annual Business Responsibility Report and Sustainability Report

Topics of engagement

- Credit rating
- Sustainable business model
- Governance
- Return on Net Worth/Earnings Per Share
- Communication/ correspondence with investors
- Shareholders' / Investors' complaints/ grievances management
- Exponential growth
- Cost optimisation

Dealers and OEMs



Care for progress

Why they are important

Key for providing enhanced purchase experience along with best after-sales service

Key priorities

- Business performance
- Health of assets
- Operational and resource efficiencies

Mode and frequency of engagement

- Dealer portal – formal mechanism
- Informal engagement – ongoing
- Dealer and OEM events such as dealer meets and roadshows – ongoing

Topics of engagement

- Market share
- Business profitability
- Dealer relations and satisfaction
- Service and support
- Sustainable supply chain

Lenders



Care for stability

Why they are important

A positive relationship enables us to raise growth capital in a timely and cost-effective manner

Key priorities

- Timely repayment of both principal and interest
- Adherence to a healthy credit discipline
- Timely updates on financial performance of the Company

Mode and frequency of engagement

- Quarterly and Annual Results
- AGM and other disclosures
- Engagement with Treasury and Corporate Affairs team – ongoing

Topics of engagement

- Credit rating
- Sustainable/ relevant business model
- Governance and risk management
- Lender relationship
- ESG risks and opportunities

Vendors and Suppliers



Care for relationships

Why they are important

Our operations are closely linked with the timely availability and services that we source. These, in turn, have a material impact on the efficiency of our service delivery

Key priorities

- Quality and availability of goods and services
- Resource efficiency
- Supplier development

Mode and frequency of engagement

- Informal engagement – ongoing
- Dealer engagement meets

Topics of engagement

- Sustainable supply chain
- Fair procurement practices
- Brand
- Supplier engagement and development
- Compliance with regulatory/ statutory requirements
- Community initiatives

MATERIALITY

Identifying mutual concerns

Our long-term success depends on our understanding of the overall environment and issues that will impact the future of the Company and its ability to create value.

Our material issues are what matters most to our business and to our stakeholders. It is important to identify them as they are integral to our ability to take advantage of the opportunities as well as to managing the risks to the business and shaping our effective response to them.

We continually monitor relevant business developments, risks and opportunities, sustainability trends, changes in legislation and the perspectives and needs of our stakeholders. During the year, we carried out a comprehensive materiality assessment with internal and external stakeholders and there has been change in the material topics as compared to last year.

Our relationship with stakeholders are based on trust and mutual respect, which makes all the material topics important to us. We have developed our sustainability roadmap which is in line with our material issues and impact areas and KPIs are covered in materiality table. Even the scope of reporting changed to 1,388 offices in the reporting year.

Materiality Process

Identify

Material issues are determined through a wide range of inputs including regulatory reviews, benchmarking and through group management processes

Prioritise

Material issues are prioritised in terms of their potential impact on business, external operating environment and key stakeholders

Validate

Validate with the management

Disclose

The most material topics are mapped to the relevant GRI standards indicators and the progress is disclosed



General Disclosures: GRI 102-44, GRI 102-47, GRI 102-49

Specific Disclosures: GRI 103-1, GRI 103-2, GRI 103-3

MATERIAL ISSUES

Material topics	GRI/Non-GRI	GRI Disclosure	Boundary	Impact	KPIs
Financial					
Credit ratings	Non-GRI	Non-GRI	Within Mahindra Finance	We believe that our strong credit rating improves access to capital at competitive rates. Eventually helping us to fund the aspirations of rural India. Thus, credit ratings have an impact on operational and financial decisions along our value chain, from ensuring investor security to meeting our customers' needs.	Credit rating from two rating agencies
Economic performance	GRI	201-1, 201-2, 201-3	Within Mahindra Finance	We focus on delivering sustainable value to our customers and the wider fraternity of stakeholders, despite challenges such as industry volatilities or economic hardships. We take a longer view of the business and craft an appropriate roadmap to strengthen the core fundamentals of our business.	Refer GRI- KPI
Intellectual					
Digital innovation and disruption	Non-GRI	Non-GRI	Within and outside Mahindra Finance	We have been at the forefront of leveraging state-of-the-art technology platforms for deriving business benefits and differentiation in the marketplace through automation, digitalisation and analytics. The full set of digital payment options and the integration with partner networks has significantly supplemented the efforts of collections on the field and at the branches.	Onboarding on mobile app for customers Increase digital collections

MATERIALITY

MATERIAL ISSUES

Material topics	GRI/Non-GRI	GRI Disclosure	Boundary	Impact	KPIs
Human					
Employee training and education	GRI/Some Non-GRI internal KPIs	404-1, 404-2, 404-3	Within Mahindra Finance	Employees are our brand ambassadors who carry forward the company's mission of transforming rural lives and driving positive change in the communities. We have accordingly placed great emphasis on employee learning and development, mentoring and knowledge sharing through various initiatives and structured programmes.	Increase in training coverage
Diversity and equal opportunity	GRI	405-1	Within Mahindra Finance	We are an equal-opportunity employer when it comes to attracting, retaining and developing new talent. These all help drive a respectful and inclusive workplace for our colleagues, better service to our customers and engagement with our communities.	Refer GRI-KPI
Employee engagement	Non-GRI	Non-GRI	Within Mahindra Finance	Mahindra Finance makes employee engagement a high priority, recognising that an engaged workforce performs better, is more committed and delivers a stronger customer focus.	Employee engagement /satisfaction survey
Natural					
Climate strategy	GRI/Some Non-GRI internal KPIs	305-1, 305-2, 305-3, 305-4, 302-1, 302-3	Within and outside Mahindra Finance	We are committed to minimising our environmental impact and building operational resilience to the effects of climate change on our business and the communities we serve. We have also mapped and identified risks pertaining to sustainability and climate change and shared them for inclusion in our risk register.	Maintaining declining trend in CO ₂ emissions per employee (tonnes of CO ₂ eq per employee) Increase the plantation with focus on survival rate Financing M&M Electric vehicles

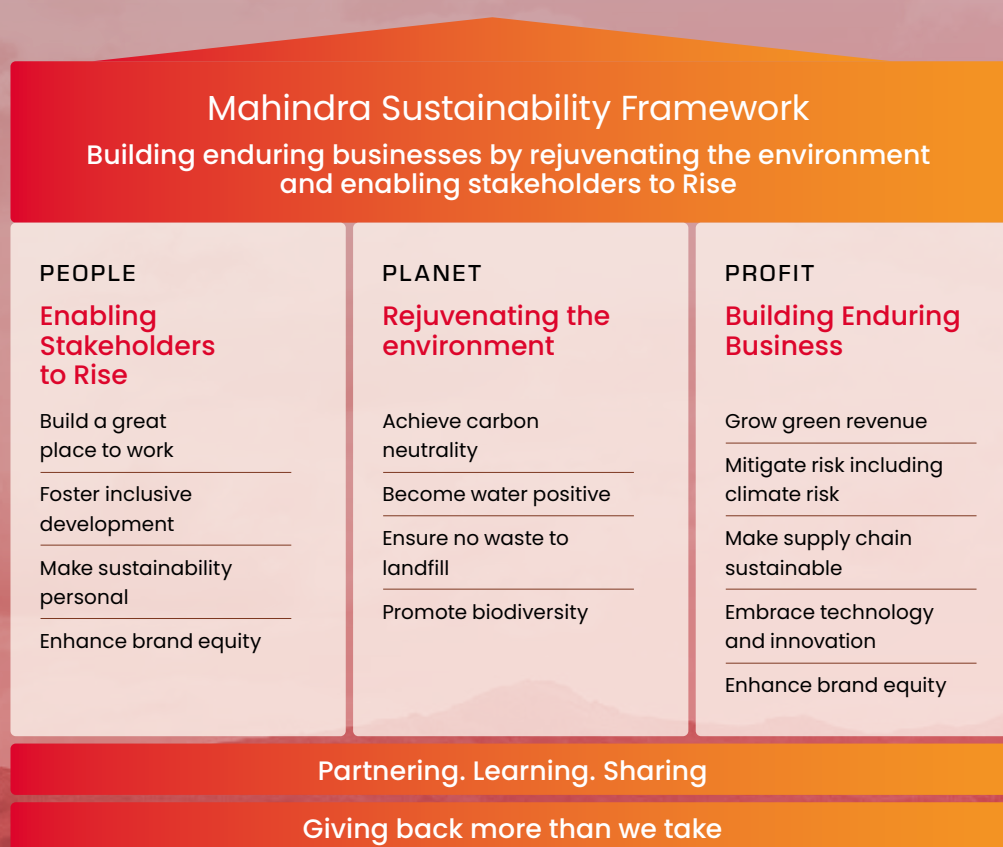
MATERIAL ISSUES

Material topics	GRI/Non-GRI	GRI Disclosure	Boundary	Impact	KPIs
Social and Relationship					
Customer relationship management	Non-GRI	Non-GRI	Within and outside Mahindra Finance	We maintain a high level of customer centricity in our business and endeavour to meet the changing needs of customers by offering customised financial products and services. Through our vast experience and market knowledge we are providing financial resources to the underserved parts of the nation. Thus, being instrumental in financial inclusion.	CaP score survey
Local communities and corporate citizenship	GRI/Some Non-GRI internal KPIs	413-1	Within and outside Mahindra Finance	Our Corporate Social Responsibility (CSR) initiatives attempt to transform the landscape of our businesses with a focus on creating value for indigent communities that desire a secure future by creating sustainable livelihoods for them.	Increase in number of beneficiaries for flagship programme for Drivers

SUSTAINABILITY STRATEGY

Clear roadmap for sustainable growth

We work to create a lasting impact for our customers, employees and investors to achieve the social and environmental change that makes our stakeholders proud to work with or for us. This is only possible by focusing on delivering sustainable operations.



We align our performance with the three pillars of the Mahindra Group Sustainability Framework for long-term value creation. The alignment with material topics of the Mahindra Group sustainability framework allows us to remain consistent with our parent organisation's vision and strategy. In line with our sustainability strategy, we have taken a precautionary approach to avoid negative impacts on the environment.

We have a dedicated sustainability policy that integrates the well-being of the community and the environment with long term economic value creation.

PEOPLE

Enabling Stakeholders to Rise



Material topic	Goal statement	Measure of performance	Baseline 2019-20	2020-21 target	2021-22 target	2022-23 target	2020-21 performance
 Human capital							
Employee Engagement	Create a more engaged work environment	Employee engagement/ Satisfaction survey	MMFSL – 4.66	MMFSL ≥ 4.45			Not conducted*
			MRHFL – 4.45	MRHFL – 4.40+			Not conducted*
			MIBL – 4.52	MIBL – ≥ 4.45			Not conducted*
Employee training and education	Build people capabilities	Increase in training coverage	MMFSL >60%	>60% employees	>70% employees	>80% employees	83% employees
			MRHFL >60%	Maintain training coverage of 85% and above for all employees			98.87% employees
			MIBL >60%	83% employees	84% employees	85% employees	93% employees
 Social and relationship capital							
Local communities and corporate citizenship	Uplift communities through need-based interventions and increase beneficiaries coverage under CSR programmes	Increase in number of beneficiaries for flagship programme for Drivers	FSS (MMFSL, MRHFL & MIBL): Driver Community Welfare: Flagship programme, FSS (launched in 2020-21)	25,000	27,500	30,250	51,763 [#]
Customer relationship management	Improve CaP score	CaP score survey	MMFSL – 56 for 2018-19 (not conducted in 2019-20)	Maintain score of 60 and above	Maintain score of 60 and above	Maintain score of 60 and above	Not conducted [@]
			MRHFL – 29 for 2018-19 (not conducted in 2019-20)	Maintain score of 30 and above	Maintain score of 30 and above	Maintain score of 30 and above	Not conducted [@]
			MIBL – Initiative will be launched in 2021-22	MIBL – NA for 2021	MIBL – CaP score of 55	MIBL – CaP score of 60	MIBL: Initiative will be launched in 2022

*This study was done in 2018-19 and due to COVID-19, it was not conducted in the reporting year

[#] The reported number is the total beneficiaries count of our CSR project, the flagship project was in planning stage because of COVID-19

[@] This study was done in 2018-19, CaP Survey was not conducted in the reporting year because of COVID-19

Material topic - Non-GRI – employee engagement

SUSTAINABILITY STRATEGY

PLANET

Minimising our Environmental Impacts



Material topic	Goal statement	Measure of performance	Baseline 2019-20	2020-21 target	2021-22 target	2022-23 target	2020-21 performance
Climate Strategy (managing carbon emissions)	Ensure continual reduction in carbon emissions	Maintaining declining trend in CO ₂ emissions per employee (Scope 1 + 2) (tonnes of CO ₂ eq per employee)	MMFSL – 0.86	0.77	0.69	0.63	0.65
			MRHFL – 0.26	0.24	0.22	0.21	0.22
			MIBL – 0.72	0.65	0.59	0.53	0.40
	Increase plantation of tree across India	Increase the plantation with focus on survival rate	FSS (MMFSL, MRHFL & MIBL): Plantation study will focus on survival rate	30,000	34,500	39,675	Planted 30,160 saplings across India through employee volunteering
	Increase financing of electrical vehicles	Financing M&M electric vehicles	39% market share	41% market share	50% market share	50% market share	44% achieved

PROFITS

Building Evergreen Businesses



Material topic	Goal statement	Measure of performance	Baseline 2019-20	2020-21 target	2021-22 target	2022-23 target	2020-21 performance
 Intellectual Capital							
Digital innovation and disruption	Active customers using mobile app	Active customers using mobile app	MMFSL: 4.21 lakhs	5 lakhs registered users	6 lakhs registered users	7 lakhs registered users	5.01 lakhs registered users
		Increase digital collections	Baseline is same as target for FY 20-21	MMFSL - 13%	MMFSL - 15%	MMFSL - 18%	MMFSL - 12%
			MRHFL - 18%	MRHFL - 20%	MRHFL - 25%	MRHFL - 30%	MRHFL - 21%
 Financial Capital							
Credit ratings	Maintaining Credit Rating at par with M&M	Credit Rating from two Rating Agency	MMFSL: AAA	MMFSL – Maintaining Highest Level of Credit Rating applicable for our sector			AAA rating received
			MRHFL: AA+	MRHFL – Maintaining current rating of AA+			AA+ rating received

Non-GRI disclosure for material topic - Digital innovation and disruption

As a conscientious corporate citizen and part of one of India's largest conglomerates, we are aware of our responsibilities.

We hope to mitigate climate change by adopting environment-friendly technology and innovation, manage our own resources more effectively and partner the development of communities. We are trying to link our practices with larger global objectives such as the United Nations Sustainability Development Goals. We also integrate ESG parameters into our business decisions.

ENVIRONMENT

Responsibly using and protecting the natural environment through conservation and sustainable business practices

PG 44



SOCIAL

Being responsible and accountable towards the health, safety, well-being and satisfaction of our people, communities and other relevant stakeholders

PG 48

GOVERNANCE

Building trust, transparency and excellence by adhering to best-in-class industry practices, ensuring business integrity through responsible leadership

PG 64



ENVIRONMENT

Optimising resource consumption

At Mahindra Finance, we carefully factor in our commitment to protecting the environment, conserving natural resources, combating climate change, and achieving sustainable economic development in our business strategy.

Our approach to environmental sustainability is linked to three pillars:

- Protecting the environment by minimising impact
- Improving and promoting the environmental sustainability of products and services
- Complying with legal obligations and voluntary commitments, promoting ambitious environmental management practices

Material issues addressed

Climate strategy
(managing carbon emissions)

Key risks considered

Climate risk

SDGs impacted



Specific Disclosures: GRI 103-2 [Energy and Emissions]

Energy and emission performance

We recognise climate change as one of the major challenges of our time. Protecting the environment from further deterioration and preserving our natural resources are the two most pressing needs of the hour.

We continuously work on programmes to conserve natural resources and reduce our emissions. Taking on emission and carbon footprint reduction targets as per the SBTi framework is a testimony of our continuing efforts to combat climate change. **Aligning to Mr. Mahindra's commitment, we have developed Carbon Neutrality Roadmap 2040.**



Automation of Conveyance Claim

Paper saving

Automation of Conveyance Claim

This is a process in place to automate conveyance reimbursement payments to field/business executives. Executive travel is tracked, and distance is calculated automatically basis the same. Thus, they do not have to submit paper proofs. This process implementation avoids submission of lots of paper proofs and work as everything is automated or done online.

So, total emissions avoided due to use of Slate app and automation of conveyance claim was 784.62 tonnes of CO₂.

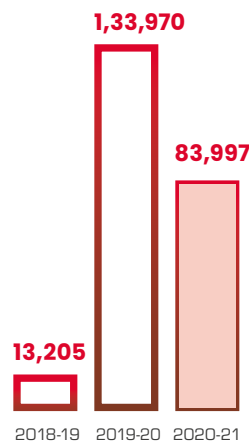
Energy/emission reduction initiatives

In order to map, manage and reduce our environmental footprint, we have undertaken several emission and energy reduction initiatives.

Energy Conservation

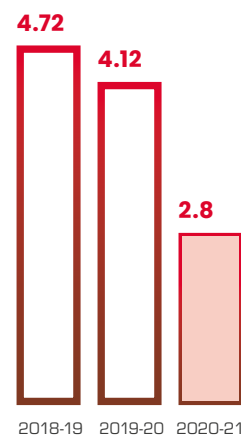
- Use of LED Lights in place of CFL at offices
- Installation of higher efficiency air conditioners (3 star and above) and blade servers
- Quality improvement initiatives with actions focused on energy conservation

Total energy consumption (GJ)



83,997 GJ

Energy intensity (GJ/employee)



2.8 GJ/employee

Note: The reporting boundary for 2019-20 has been expanded to all 1,322 locations from erstwhile 32 locations. The coverage is thus increased to 100% in 2019-20.

The energy calculation for electricity has been done by dividing the total electricity bills of the state by average electricity tariff rate of that state.

Total direct and indirect GHG emissions by weight

	2018-19		2019-20		2020-21	
	GHG emissions	GHG intensity	GHG emissions	GHG intensity	GHG emissions	GHG intensity
Scope 1	1,737.55	0.71	3,370.27	0.10	1,523.33	0.05
Scope 2	2,845.26	1.16	18,847.08	0.58	13,858.73	0.46
Scope 3	12,167.86	4.94	22,921.71	0.71	13,051.28	0.44

GHG Intensity is calculated as tonnes of CO₂eq./Total Employees considered for all locations in the boundary of reporting.

Note: The reporting boundary for 2019-20 has been expanded to all 1,322 locations from erstwhile 32 locations. The coverage is thus 100%.

For Scope 1: The emission factors and GWP (Global Warming Potential) values have been taken from the GHG protocol

For Scope 2: The emission factors have been taken from CEA's (Central Electrical Authority) CO₂ Baseline Database, Version 15

For Scope 3: The emissions related to transportation has been calculated by taking the average fuel price for various states and other relevant emissions factors (Defra, IPCC, Paper calculator 4.0) has been used for other sources

Specific Disclosures: GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 302-1, GRI 302-2, GRI 302-3

ENVIRONMENT

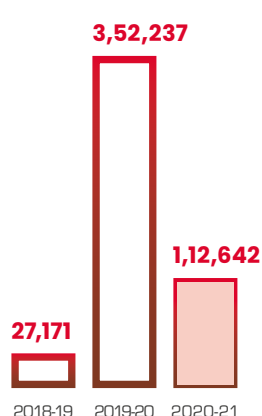
Water Saving

Water is a necessary component in the operation of our facilities and an indispensable part of the daily life of our communities. It is therefore critical to manage the resource carefully for our communities and operations, as well as for the future generations.

- Aerators in taps of offices
- Watershed management and rainwater harvesting project together with communities on a pilot basis

Total water consumption

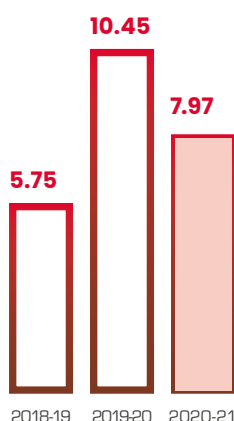
(KL)



1,12,642 KL

Total e-waste generated and recycled

(tonnes)



7.97 tonnes

Waste Reduction

We make focused efforts within the boundaries of our operations to facilitate proper waste segregation and resource conservation by minimising waste generation.

- Use of technology and digitisation of processes to make them paperless
- Reusing and recycling of waste
- Segregation of dry and wet waste
- Usage of compostable bags for garbage disposal

Dry Waste

We have sent 2,131 kg of waste generated at our Head Office for responsible disposal and recycling. In return, we have received 11,195 Swachh Bharat Points which can be redeemed for environmentally-friendly office stationery items from the vendor partner.

Record Management

Waste generation and recycling done for 2,896 boxes weighing 16,500 kg at our office for records management, where we store records and documents pertaining to loan agreements.

Wet Waste

We have started the initiative of disposing wet waste through government authorised vendors appointed by the building management. The lockdowns have, however, impacted this initiative.

E-waste

With use of electrical and electronic equipments in our daily operations, disposal of obsolete equipments are increasingly posing a threat to our environment. At Mahindra Finance we are committed to sustainable e-waste management; 100% of our e-waste is sent for recycling through registered recyclers as per the E-waste Management and Handling Rules.

The reporting boundary for 2019-20 has been expanded to all 1,322 locations from erstwhile 32 locations in 2018-19. The coverage is thus increased to 100% in 2019-20.

For 2020-21, the amount includes 480 KL bottled water and the remaining amount is attributed to 35 litres per employee per day and 107 days working [Due to COVID-19 lockdown]. For previous reporting years it was 300 days.

Going forward we intent to monitor all non hazardous waste stream

Specific Disclosures: GRI 303-5, GRI 306-1

Growing Green Revenue

We have a focus on financing of electrical vehicles, which are part of our green product portfolio. This has been taken into consideration while formulating our sustainability roadmap. During 2020-21, we financed 2,993 electric vehicles with a total financing value of Rs. 41.62 crores.

2,993

ELECTRIC VEHICLES FINANCED
IN 2020-21



I Am Responsible

Through the 'I Am Responsible' initiative, we encourage employees to make sustainability personal and to make a social contribution through our monthly calendar activities. The Sustainability Calendar is designed with SDGs as an overarching framework.

Approach towards climate risk

At Mahindra Finance, we acknowledge the risks posed by environmental degradation and climate change. To mitigate it there is an urgent need to transition to a low-carbon economy.

Failure to transition to a low-carbon economy would result in lower financial returns and impact environmental and social performance. As a part of our future proofing exercise, we have mapped all our climate change related risk and included it in our risk management framework.

We are constantly looking at creating new opportunities in India's climate resilient business sectors and believe that our step towards mitigating climate change will also create a business opportunity for innovated green products in India.

Climate related risk identification

As a financial sector institution, we are exposed to various climate-related risks mainly through our borrowers and customers. Risks ranging in the category of current regulation like new emission norms, Electric vehicle entry to risks such as 'Risk to Commitment' eg: Non-conformance with carbon sink procedures have been included.

SOCIAL

Partnering for holistic development

Our employees drive our business through their loyal commitment. Therefore, it is our responsibility to provide a supportive, empowering, diverse and inclusive workplace. We are equally committed to empowering communities and customers not only by promoting financial inclusion but also creating opportunities that broaden their life choices and improve their quality of life.

Material issues addressed

- Employee training and education
- Diversity and equal opportunity
- Employee engagement

Key risks considered

- Human capital risk
- Pandemic risk

SDGs impacted



People first

At Mahindra Finance, we strive to create a future-ready workforce by making people the agents of their own development. We cultivate a progressive work environment that ensures their well-being and deepens their connection and engagement with the Company.



“Our people are the foundation of all that we do and creating an environment where everyone can do their best work is fundamental to our success. Our constant focus remains on improving employee experience and capability building to meet future growth requirements”.

Atul Joshi,
VP – HR & Admin

Sustainability Training for Employees

Initiative: UN Climate Change course

The Mahindra Group & UN CC partnered to offer a course on climate change for its employees. The course consists of 6 modules spread over 8 hours. On completion of the course with a score of >70%, a certificate by UN was provided to employees. The module was hosted on our internal learning platform.



Human Rights Module

Introduced a mandatory e-learning module on human rights on the internal learning platforms. This unique 40 minute-module elaborates on human rights and the importance of respecting them for business development. It also talks about the relevance of human rights in the context of Mahindra Finance. It has been especially customised for our employees and linked to our policies. A quiz and assessment help gauge the impact on learners.

In 2020-21, a total of 14,937 employees completed the course helping us achieve 78% coverage.

14,937

EMPLOYEES COMPLETED E-LEARNING
MODULE ON HUMAN RIGHTS



DIVERSITY AND INCLUSION (D&I)

Our people practices across Mahindra Finance reflect our promise to be an inclusive business. We are an equal-opportunity employer when it comes to attracting, retaining and developing fresh talent. These all help create an open, stimulating, supportive workplace for our colleagues, helping them, in turn, to better serve our clients and engage with our communities.

Key Initiatives 2020-21

Affinity group for women

To provide a safe environment for our women employees so that they are able to freely learn, share and connect with others, we had decided to create a women affinity group that will:

- Enable women of Mahindra Finance to collectively drive positive change for themselves, community and organisation
- Enable women to rise by fostering valuable connections, facilitating success by strengthening visibility and becoming the voice of the community
- Encourage, engage and empower the women of Mahindra Finance
- M-WOW (Mahindra World of Women) – An affinity group for women has been launched and its orientation session was conducted on May 20, 2021.

Identification of roles and alternative employment formats for women and PWD

We aim to increase the percentage of women and PWD employees in our workforce to create more diverse teams across locations and departments through this project. Through this project, we are conducting a series of discussion with our functional heads and taking hiring commitments for identified roles for women and PWD employees. Aligning our hiring processes and systems is also a very critical to achieving the project objective.

For more details please refer our [Human Rights Policy](#)

SOCIAL

LEARNING AND DEVELOPMENT

We are committed to providing our employees with opportunities, experience and training to grow their knowledge, skills and capabilities and realise their full potential.

Learning and development is a key differentiator in the financial services industry. As the workplace and business environment evolve, companies that develop employees' skills for the long-term will be best prepared to respond to emerging trends and opportunities and attract the best talent. Mahindra Finance employs a wide range of learning and development approaches to develop its people.

These include on-the-job learning, mentoring and coaching, classroom training workshops, peer circles and digital/mobile learning.

Aarambh

This is an e-learning module created to build and enhance product and process knowledge of our POCL (Pre-owned car loan) executives which can elevate their performance, leading to improved business outcome and collection efficiency. So far, we have covered 295 executives across regions who have undergone various process-related modules followed by assessment.

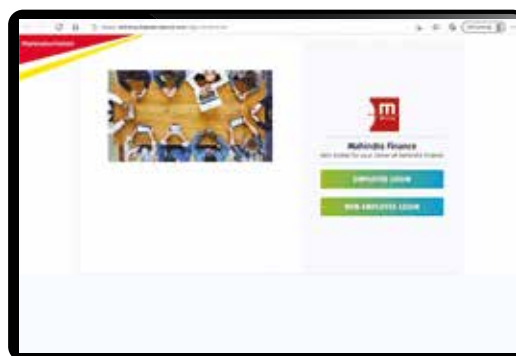
This training helps our executives strengthen channel partner relationship and serve our channel partners better by bringing an elevated understanding of the channel business, skills to manage the business, and know how to enhance channel partner delight. This programme has benefitted our business by reducing file processing TAT and driving better due diligence, leading to higher productivity and market share.

Learnscape

Reinforcing our value of 'Customer Focus', this programme aims at sharing best practices and techniques with business executives of the direct marketing vertical and help them connect with the rural customer in a better way and deliver seamless experience. Internal leaders from different functions share some of the best practices on topics such as lead generation, effective usage of system for loan processing, focus on top-up loans, rural market penetration and so on. This is an e-learning programme, which we drive through our learning platform M-DRONA. In 2020-21, 281 employees were sensitised with best practices which they are expected to implement on the field.

281

EMPLOYEES SENSITISED
THROUGH PROJECT LEARNSCAPE



Car loan festive gear-up

During the festive season, a webinar was conducted for all car loan vertical employees. This initiative was intended to fortify organisation value of 'Customer first and quality focus' by fostering selling skills, negotiation skills and stakeholder management techniques, enabling employees to develop a better connect with customers and tap opportunities at the dealership.

The webinar, which is likely to be repeated, covered aspects that would enhance understanding of the daily workflow, help employees set priorities right, understand needs and pain points of customers and dealers that would, in turn, deepen ties and culminate in lead generation. Taken during the festive season, the webinar helped team to perform better and push sales. Around 964 employees across grades and states were covered under this programme.

964

EMPLOYEES ACROSS GRADES
AND STATES COVERED

Financial Products Distribution (FPD) – sales and stakeholder management

This initiative is about imbibing skills for self-sourcing business and stakeholder management. This half-day virtual session aids FPD vertical employees to understand lead generation sources, acquire skills to self-source leads, comprehend planning methods for better conversation ratio and create a mature mindset that helps deliver customer delight. So far, 35 employees from FPD vertical have taken the benefit of the programme.

Udaan

It is a capability development programme for the business executives of the auto sector loans vertical. The programme aims to enhance employees' functional knowledge and skills through functional training. It acts as a foundation to better propagate and nurture organisational values by developing the mindset around crucial values such as customer-centricity, professionalism and quality focus.

Having attended knowledge upgradation sessions on process and products, and sessions on tips and best practices for business process optimisation and improved productivity, 1,391 executives of the auto vertical are contributing to raising the bar on service standards.

1,391

EXECUTIVES OF THE AUTO VERTICAL
BENEFITED THROUGH UDAAN PROGRAMME

Leader as Coach

This programme is intended to build a coaching culture and focus on mindset shift from appraisal feedback to taking the lead. This was conceptualised and executed on the virtual platform using a blended approach, including instructor led trainings, simulation, videos and e-learning modules on learning management system. We covered over all 316 business and collection managers across the verticals and region through the programme. The programme creates an opportunity for employees to meet career aspirations, while promoting an environment for better execution with better engagement through the GROW model.

EMPLOYEE ENGAGEMENT

At Mahindra Finance, we give high priority to employee engagement, recognising that an engaged workforce performs better, is more committed and delivers a stronger customer focus. We continuously try to strive to surpass our own benchmarks in matters of enhancing employee experience through greater engagement and connect.

Virtual Adda

An engagement initiative where we connect with our teams virtually to bring forth the work culture we celebrate. Through it, we aim at

- Bringing camaraderie in the teams
- Strengthening and encouraging informal bonding among teams
- Bringing a celebrated work culture to the verticals

Open house

Open House conducted with ~2,000 field executives that helped resolve their queries and enlightened them about organisational expectations

- Addressed and resolved ground level queries
- Addressed moratorium and repossession related queries
- COVID-19/branch opening queries
- Appraisals and job security related queries



SOCIAL



Launch of Ekincare, a holistic solution for health and wellness

It is an AI-driven health and wellness app, that closely monitors employee health needs. It enables them to achieve their full potential and ensure measurable wellness in the Company.

Services offered

- Unlimited 24X7 doctor consultation
- Eye and dental check-up
- Online pharmacy
- Stress management – one-on-one personalised therapy
- Health coach – 3-month programme
- Smoking cessation – 3-month programme
- Pregnancy care – 12 months programme

95%

HEALTH RISK ASSESSMENTS COMPLETED

41%

EMPLOYEE AND / OR THEIR DEPENDENTS ARE USING THE EKINCARE SERVICES



COVID-19 teleconsultation and home quarantine

Mahindra Finance partnered with 'Nightingales Services'. This healthcare partner provided our employees and their family members multi-lingual teleconsultation and home quarantine support.

Nightingales Team of Trained doctors could be contacted through the helpline number, in case employee feared infection or is tested positive. For those tested positive and advised home quarantine; a 14-days quarantine support was initiated. The quarantine supported offered 5 Doctors and 30 Nurses consultation

Process Impact

1st Wave i.e. June – Sep 2020

650

EMPLOYEES AVAILED THE TELE-CONSULTATION SERVICES

322

EMPLOYEES AVAILED THE HOME QUARANTINE SERVICES

2nd Wave – Nightingales Home Quarantine Services was reinitiated from April 29, 2021; as on date 115 employees have availed the home quarantine services

MF-People First

A process that provided employee an opportunity to celebrate, communicate, reward and recognise, encourage talent, etc

- Launched a virtual engagement platform that helps employees congratulate colleagues on winning awards, redeem their award points, give spot recognition, create groups to interact on common areas of interest etc.
- Mahindra Finance Got Talent completed three events i.e. Singing Sensation, Dancing Sensation and Shayari Sensation. These events witnessed an average count of 50+ participants and 300+ audience
- Reward and recognition initiatives such as MF Star for outstanding performance in Q42021 saw 188 winners and quarterly Gem awards for going an extra mile for 2021 saw 1,500+ winners
- Aarogya webinars across circles and Head office location were conducted close to 160 free Doctor Webinars on varied topics such as Diabetes, Cholesterol, Heart Alignments, Nutrition, Women Health, Pregnancy Care etc.

Employee grievance redressal mechanism

At Mahindra Finance, we have created various interventions to address employee grievances and also to obtain feedback or concerns from them either manually or through an automated process. Our endeavour is to ensure that the grievances raised by the employees are addressed satisfactorily within the stipulated timelines, thereby creating a safe, healthy and happy work environment for our employees.

We have a Grievance Redressal Policy for employees, which provide easily accessible mechanism for the settlement of their grievance in a professional and transparent manner with prompt and responsive resolution.

1,061

NO. OF PEOPLE CONNECT
CALLS REPORTED

73

NO. OF GRIEVANCE CALLS
REPORTED

HEALTH AND SAFETY

Employee health and well-being directly impacts business success. At Mahindra Finance, we aim to provide a productive and enabling workplace that fosters health and helps minimises work-related stress. This benefits the business through reduced absence and higher productivity while improving employee experience. Our Health and Safety management system covers all employees and people whose work is controlled by the organisation.

It is every employee's right to work in a safe and healthy environment. There were 5 reportable fatalities and 14 work-related injuries. Corresponding to 14 work-related injuries, lost day rate was MMFSL: 0.37, MRHFL: 7.36, MIBL: 2.93 and absentee rate was MMFSL: 0.000%, MRHFL: 0.006%, MIBL: 0.002%.

Key initiatives 2020-21

Initiated 'Safe driving dashboard'

for Company-owned vehicles to send alerts on incidents like night travel, over speeding; also initiated a scorecard-based driving for employee health and safety. Accordingly, we improved on all the metrics in the scorecard

Launched safety training programmes

using modes like safety e-learning video sharing with branches and e-mails to created awareness among employees under Suraksha Abhiyaan, Defensive Driving Training Programme and Project Raasta. The programmes covered over 5,800+ FSS employees

Internal safety audit conducted

for 105 branch offices and closed all risk category observations

Launched Safety App

for all cash handling employees such as field executive, cashier and female employees in a phased manner across FSS sector

SOCIAL

Performance Table

Workforce distribution (Count in Nos.)

Workforce Level		As on March 31, 2021										
Age	<30			30-50			>50			Total		Total
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Employees
Senior Management	0	0	0	46	7	53	26	1	27	72	8	80
Middle Management	10	3	13	1,485	127	1,612	124	3	127	1,619	133	1,752
Junior Management	9,903	429	10,332	17,039	630	17,669	112	5	117	27,054	1,064	28,118
TOTAL	9,913	432	10,345	18,570	764	19,334	262	9	271	28,745	1,205	29,950

Employees joining during the reporting year (Count in Nos.)

Workforce Level		2020-21										
Age	<30			30-50			>50			Total		TOTAL
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Employees
Senior Management	0	0	0	5	1	6	2	0	2	7	1	8
Middle Management	5	0	5	45	4	49	1	0	1	51	4	55
Junior Management	1,883	44	1,927	1,089	21	1,110	1	0	1	2,973	65	3,038

Employees leaving in the reporting year (Count in Nos.)

Workforce Level		2020-21										
Age	<30			30-50			>50			Total		TOTAL
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Employees
Senior Management	0	0	0	70	3	73	2	0	2	72	3	75
Middle Management	4	0	4	74	5	79	1	1	2	79	6	85
Junior Management	2,729	103	2,832	2,778	72	2,850	3	0	3	5,510	175	5,685

Employees joining and leaving in the reporting year (Count in Nos.)

Workforce Level			2020-21									
Age	<30			30-50			>50			Total		TOTAL
Gender	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Employees
Senior Management	0	0	0	0	0	0	0	0	0	0	0	0
Middle Management	0	0	0	3	0	3	0	0	0	3	0	3
Junior Management	175	2	177	119	1	120	0	0	0	294	3	297

FSS - Training hour of employees (Hours)

Workforce Level			2020-21		
Gender			Male	Female	Total
Senior Management			853	50	903
Middle Management			30,408	3,702	34,110
Junior Management			9,62,705	25,459	9,88,164
TOTAL			9,93,965	29,211	10,23,176

Parental leaves by employees (Count in Nos.)

FSS		2020-21	
Reporting Parameters		Male	Females
1	Employees that availed parental leave in Reporting Period	446	47
2	Employees who returned to work after availing Parental Leave in reporting period	446	43
3	Employees who were due for return to work after availing Parental Leave in reporting period	24	0
Return to work rate		100%	91%
4	Total number of employees currently working who completed 12 months in reporting period after returning to work following a period of parental leave	908	45
5	Total number of employees who were supposed to complete 12 months in current reporting period after returning from parental leave in the prior reporting period(s)	1257	64
Retention rate		72%	70%

CORPORATE SOCIAL RESPONSIBILITY

Enhancing choices and capabilities

We believe that as our success lies in not only creating value for our shareholders, but also for the larger community.

We are committed to making a positive social change.

Our Corporate Social Responsibility (CSR) initiatives attempt to transform the lives of indigent communities, who look forward to financial security and a better life, by improving their choices and enabling their access to sustainable livelihoods. We continue to focus on health, education, employment and livelihood generation, rural development and community welfare. The Mahindra Finance CSR Foundation, formed in 2019, undertakes CSR initiatives for the Company.

In the reporting year we spent Rs. 32.54 crores on Corporate Social Responsibility programmes including the management overhead of Rs. 41.49 lakhs. Apart from these tangible contributions, we have also set up a COVID-19 Relief Fund at Mahindra Foundation, where employees of Mahindra Group made contribution to support individuals whose livelihood were affected during the pandemic. As per new CSR mandate we would be conducting the impact assessment in the next reporting year.

Material issues addressed

- Local communities and corporate citizenship

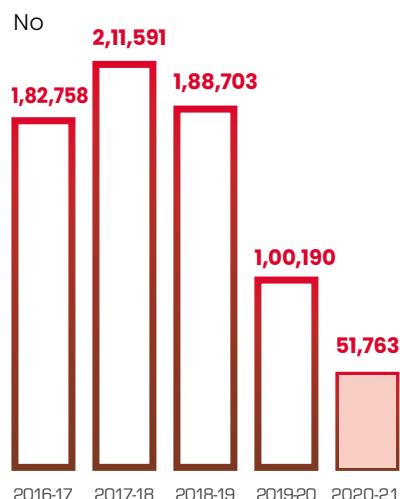
Key risks considered

- Human capital risk
- Pandemic risk

SDGs impacted



Lives Impacted



51,763

Please note: Due to COVID-19 restrictions across the implementation states, our numbers have come down



Mahindra Pride School

At Mahindra Finance, we believe it is our duty to conduct business responsibly and demonstrate our commitment to societal wellbeing. The business has identified Driver community as one of its key stakeholders. Driving as a profession is highly prone to uncertainties and they face several challenges such as high incidence of accidents, long working hours, financial problems, aspire for quality education for children and most importantly, respect in the community, amongst others.

'Swabhimaan'

To address challenges faced by drivers and their families in their daily lives, and to further strengthen the endeavour to support drivers, Mahindra Finance launched flagship programme- "SWABHIMAAN - a holistic driver development programme". We initiated this multilayer programme to address the most material issues of the drivers to bring about meaningful change in their lives.

Multiple interventions are being implemented focusing on skill development, livelihood generation, education support for the drivers' children and health and financial security for the drivers' families.

Driving training for freshers

The objective is to promote driving skills amongst male and female freshers. We provide around two months' training for 1,500 (1,000 males for light motor vehicles (LMV), 400 women for LMVs and 100 women for an Auto rickshaw) beneficiaries. The programme is being implemented in selected states.

Auto-mechanic training for women

The main objective is to promote automotive skills amongst women to enhance livelihoods. The programme entails a two-month training for 500 women beneficiaries in selected states.

Road safety training for existing drivers

The main objective is to impart knowledge of safe driving practices and vehicle maintenance to drivers. This is a four-hour refresher training programme for 1,000 drivers in selected states.

Financial Planning (Dhan Samvaad)

The objective is to inculcate good financial practices for better money management. This is a 90-120 minute session conducted for 25,000 drivers from selected states.

Saksham Scholarship

The objective is to provide financial aid for the education of drivers' children studying in grade 1 to 12, pursuing graduation & post-graduation. 3,200 children are to be awarded scholarships.

Insurance

The main aim is to provide free personal accident and medical insurance cover to drivers. We are aiming to mobilise and provide an insurance policy to 15,000 drivers in selected states.

Other CSR initiatives

Divyang Vikas Kendra



Multiple sector skills are provided to people with disability (PWD) persons so that they find employment in sectors such as Retail, Hospitality and ITES. Through this programme we are training 250 PWD at Vishakhapatnam and 115 at Bhopal to make them employable.

Nanhi Kali



The objective of the project is to contribute to the nation's development through education of the girl child. The project intends to curtail the high dropout rate prevalent amongst schoolgirls in India, while ensuring that girls attend school with dignity and attain quality education. In 2020-21, Mahindra Finance supported education of 10,872 marginalised girls in Andhra Pradesh, Maharashtra, Punjab, Uttar Pradesh, Tamil Nadu and West Bengal.

10,872

GIRL EDUCATION SUPPORTED
THROUGH NANHI KALI

Mahindra Pride School (MPS)



This is a livelihood training school which provides intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged backgrounds. In 2020-21, Mahindra Finance, supported the school in Pune, Chennai and Hyderabad which skilled 1,822 youth.

Mahindra Pride Classrooms (MPC)



MPCs provided 40-120 hours of training to final year students covering English, training in life skills, aptitude, interview, group discussion and digital literacy. In 2020-21, 30,627 students were supported by the Company from selected states in India.

30,627

STUDENTS SUPPORTED THROUGH MPC

CORPORATE SOCIAL RESPONSIBILITY



Employee volunteering – Mahindra Hariyali programme

COVID-19 interventions

Over the years, Mahindra Finance has adopted the strategy of providing timely support towards the disasters occurring in the country. We have been at the forefront of helping communities during the COVID-19 pandemic through various initiatives. Since the beginning of the pandemic, we have undertaken initiatives such as distribution of ration Kits and donation to PM Cares Fund.

Distribution of ration kits

We distributed 5,000 ration kits (food materials / essential items) to driver community as part of COVID-19 response. This was implemented in collaboration with NGO partner in the selected districts of Maharashtra, Gujarat, Bihar, Uttar Pradesh and Delhi – NCR.

COVID-19 relief fund

This fund was set up at Mahindra Foundation, where employees of Mahindra Group made a generous contribution to support individuals in our ecosystem whose livelihood had been affected. This included 650+ canteen and housekeeping (outsourced) staff and individual vendors.

Employee volunteering initiatives

On field volunteering

Mahindra Hariyali (Tree Plantation)

Mahindra Hariyali efforts started at various branches of Mahindra Finance across India. Our target had been to plant 30,000 saplings, but we managed to plant over 30,160 saplings across the states of Karnataka, Tamil Nadu, Maharashtra, Kerala, Gujarat, Andhra Pradesh, Madhya Pradesh, Telangana, Chhattisgarh, Bihar, Jharkhand, Uttar Pradesh, West Bengal, West UP, Assam, Odisha, Delhi, Himachal Pradesh, Punjab and Haryana.

Visit to orphanage/old age homes

Our employee volunteers visited orphanages, old age homes and homes for the differently-abled where they conducted 13 activities, benefiting over 780 people.

Swachh Bharat activity

The programme supports the Prime Minister's clean India campaign by spreading awareness about the Swachh Bharat Abhiyan. Our employees volunteered in nine activities and benefited 3,264 people.

Virtual volunteering

This initiative was envisaged due to the difficulty in organising physical activities during the pandemic. We also introduced pilot virtual volunteering activities for FSS Head Office employees in July and August 2020, and received good response from employees. These volunteering activities helped our employees to reach out to affected people with help of NGOs.

Connect For

Over 350 such virtual interactions were made available and employees across India could choose any activity they wanted to relate to and volunteer either for one time or in long-term projects.

MySeva

This programme was launched on our Founder's Day on October 2, 2020 as part of our Parent Company's 75th year celebration. The programme encouraged employees to spend some time performing acts of kindness throughout the year and share their experiences through the portal.

3,000+

EMPLOYEES CONTRIBUTED
63,000+ MANHOURS ACROSS INDIA
IN VARIOUS ONLINE OR OFFLINE
VOLUNTEERING ACTIVITIES

CASE STUDY

Supporting the driver community with essentials during the pandemic

During the nationwide lockdown, the driver community was amongst the most affected people. Some of these families did not have bank accounts, had limited knowledge and access to digital transactions, banks and ATMs, especially in remote and rural areas. Therefore, there was an emergent need for a Family Essential Kit.

Local teams of Mahindra Finance coordinated with the implementing NGO team along with the All India Transporters Welfare Association. This 3-way network enabled us to reach out to the most vulnerable among the driver community through text messages, phone calls and in-person communication to inform them about the distribution plans.

Impact

5,000

DRIVERS' FAMILIES WERE SUPPORTED THROUGH THE INITIATIVE

20,000

INDIVIDUALS IMPACTED

"I live in Baroda city, and I am driver by profession. I have my own vehicle but due to the lockdown, my income stopped entirely, and I was going through a very difficult phase with no one to turn to for help.

I would like to thank Mahindra Finance and Habitat India from bottom of my heart for supporting the driver community through their initiative. Many of the drivers were struggling to meet their daily needs and meals, but the team came at the right time to help us and relieve us for few days from the worry of arranging our daily meals. Thank you so much."

Nayan Thakkar, Baroda



CASE STUDY

Skill Building Centre, Visakhapatnam

After the success of Divyang Vikas Kendra, Bhopal, we further extended our support by starting one more Skill Building Centre. This time in Visakhapatnam. It is known as the Sarthak Divyang Vikas Kendra, Visakhapatnam and the centre provides vocational skill training for employment in IT-ITes, organised retail and hospitality sectors. The project aims to cater to the demand for a skilled workforce of PWD required in various industries by way of carrying out job mapping drives and making the candidates competent and skilled to perform the job. The project entails:

- Interactive and audio/ video/ presentations for job training
- Trainings in language mediums that benefit beneficiary groups, such as
 - Training through sign language and video content for trainees with hearing impairment
 - Training through JAWS/ NVDA to trainees with visual impairment
- Active involvement of stakeholders to support the candidates. Various workshops for parents, round table conferences, stakeholder engagement seminars and regional summits are organised to spread awareness and advocate our case.



CUSTOMERS

Driving customer centricity and choice

As a strong and respected NBFC brand, we are a trusted partner to millions of customers in rural and semi-urban India, giving wings to their aspirations by providing them relevant and accessible financial solutions.

Material issues addressed

- Customer relationship management

Key risks considered

- Human capital risk
- Pandemic risk

SDGs impacted



Many of our customers are first-time borrowers with limited payment history. We also have a strong base of existing borrowers whose trust we have earned with our service delivery, our wide choice of products that cater to their diverse needs, and the use of technology and digital tools that make it easy for them to access our services wherever and whenever they need it.



MF- Sutradhaar programme

Specific Disclosures: GRI 103-2 (Customer relationship management), GRI 417-1
Non-GRI disclosure for material topic – Customer relationship management

Key Highlights 2020-21

MF-Sutradhaar programme

This is a unique customer-get-customer programme wherein existing customers with a good track record are enrolled as MF-Sutradhaars, who, due to their strong local connect, are able to refer more customers to Mahindra Finance.

In line with this, we have created the Sutradhaar Samruddhi Programme, which is an event that brings together Sutradhaars belonging to a particular geography at one venue, with an aim to engage with them, inform them about new products and schemes, and get their feedback so that we can improve our services.

The programme has 75,000 existing customers enrolled till date (i.e. in last three years). They have contributed 18,800 units of business with a disbursement of Rs. 825 crores approximately.

Sampark branches

Sampark branches are located in niche rural markets where we cover surrounding villages and service the customers.

This initiative takes us near the customer's locality and helps us activate the market and offer all the products under one roof with easy accessibility. The Sampark branch EDMT does Gram Pravesh activity at the beginning of the month. This activity helps generate more leads for potential customers. Through this daily activity, the EDMT covers three villages and helped tap potential at the grassroots. We are also appointing existing customers as MF Sutradhaars to enable alternative livelihood for the rural community while helping transform lives in rural India.

Loan against vehicle campaign

We launched a campaign to promote our key loan against vehicle offering. The campaign, which was launched in selected districts of Gujarat and Uttar Pradesh, aimed at creating awareness and generating leads for the product.

The tactical pilot included communication and promotion through various media such as print, radio, cable TV, newspaper inserts, digital, CRM campaigns and on-ground activations. The campaign executed during February-March 2021 received good response and also generated important insights and learnings which we intend to utilise while scaling up the campaign in other geographies.



Faayde ki Baat' – timely EMI payment educational communication

We created a customer educational video, 'Faayde ki Baat', which focused on the good habit of paying loan EMIs on time and how that benefits the customer in the long-term. The video content was created in 10 regional languages to communicate with customers more effectively and was disseminated to the existing customer base. The intervention was also aimed at boosting collection efforts for our vehicle loans business in the long run.

Investment solutions – Lead and awareness campaigns

We executed various campaigns and interventions for our Investment Solutions Business to create awareness and generate leads for various fee-based offerings distributed by Mahindra Finance. These included campaigns to promote Mutual Funds, New Fund Offerings (NFO) and Fixed Deposits.

Gwalior Mela

We participated in Gwalior Mela 2021, where we put up our stall in the Auto Zone to cater to the target audience and prospective vehicle buyers. Along with the exclusive stall, we also put-up promotional material across all other auto stalls at the mela. The response was excellent and our business team was able to finance 913 vehicles during the Mela. Apart from this business we were able to generate 500+ interested leads which are awaiting closure.

913

VEHICLES FINANCED
DURING GWALIOR MELA

CUSTOMERS

Digital Loan Mela

In collaboration with Mahindra Small Commercial Vehicle Team, we organised the Mahindra SCV Maha Loan Digital Mela.

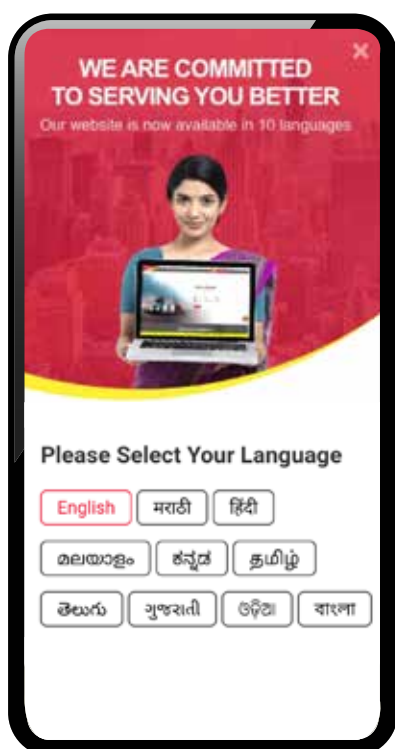
The end-to-end digital event was created with an aim to boost the sales of Mahindra Small Commercial Vehicles, with Mahindra Finance being the exclusive financier during the event. There was total of eight digital events which were organised to cover multiple states. The Mela received a good response with over 30,000 customer registrations.

30,000+

CUSTOMER REGISTRATIONS
ON DIGITAL LOAN MELA

Mahindra Finance website in four additional regional languages

Last year, we revamped our corporate website and launched a new version in six languages, including five regional languages. In 2020-21, the website was launched in four more regional languages i.e. Gujarati, Bengali, Odia, and Malayalam, with an aim to connect even better with our customer base and prospects, the majority of whom are present in rural and semi-urban India.



Mahindra Finance now on WhatsApp

We launched some of our key customer related services over WhatsApp, in order to take customer convenience to the next level.

WhatsApp is now an additional channel through which customers can connect with us anytime, anywhere and can avail our services ranging from getting details related to their loans and investments, tracking EMI schedule and making payments, new loan applications and investments to other customer service support. This service is backed by an automated Chatbot and is especially relevant for delivering services effectively to our core customers, a majority of whom do use WhatsApp to communicate regularly.

SUPPLIERS AND VENDORS

Our supplier base consists of human resource service providers, utilities providers, technology partners, office stationary suppliers, office infrastructure vendors and service providers.

Our suppliers/vendors are an important part of our operations. We believe in working with them to ensure our sustainability expectations are clear and that products and services are compliant with our standards.

As part of our continued engagement with suppliers and focus on quality and delivery time, our suppliers have improved their service levels. We also encourage them to adopt sustainable practices, also appreciating and recognising good practices followed by them. There is no significant changes to the organisation and its supply chain in the reporting year.

Proportion of spending on local suppliers

	Purchase from Top 10 suppliers (Rs. in lakhs)	Purchase from local suppliers (within top 10) (Rs. in lakhs)	Percentage of local suppliers (within top 10) (%)
MMFSL	9,470.74	9,470.74	100
MRHFL	5,662.76	5,662.76	100
MIBL	1,588.92	1,588.92	100

To show our commitment towards value chain we have a [Vendor and Supplier Code of Conduct](#)



GOVERNANCE

Guiding with prudence and foresight

We uphold the highest ethical standards and remain committed to achieving sustainable and profitable growth. Our efficient risk management framework ensures that we are able to navigate market vagaries smoothly while our strong governance practices guarantee effective internal control over processes and reliable reporting of our performance.

We believe sound corporate governance is the bedrock of a sustainable and commercially successful business. Our culture of corporate governance goes long back, and it is essentially about meeting our strategic goals responsibly and transparently, while being accountable to our stakeholders.

The principles and beliefs that ensure good governance are entrenched at a fundamental level within the organisation and are distinctly visible across the Mahindra Group businesses. Strong governance is essential to building a resilient Mahindra Finance which has embedded sustainability at all levels. We engage openly and transparently with all stakeholders and conduct our business fairly. A robust Board, transparent management and best practices guide our operations.

Sustainability governance structure

M&M Group Sustainability Council

(At M&M Group Level)

A cross-sector committee of senior executives chaired by a member of the Group Executive Board. Mr. Ramesh Iyer, Vice Chairman and Managing Director - Financial Services Sector, is a member of the Mahindra and Mahindra Group Sustainability Council.

Mahindra Finance Sustainability Council

To act as a liaison between the Mahindra Finance businesses and the Group Sustainability Council. Consists of a cross-functional team using an integrated network.

Responsibilities are to:

- Effectively integrate sustainability into business strategy and practices
- Ensure all relevant sustainability policies and goals are well informed, aligned and efficiently executed
- Ensure a high level of organisational understanding, alignment and engagement of the sustainability vision throughout the Company

Sustainability Champions

(FSS Level)

Leading sustainability for each business with responsibility for:

- Disseminating information, ensuring monitoring and review of data and information
- Being a single-point of contact between the businesses and the sustainability cell
- Ensuring reporting under the GRI framework
- Implementing initiatives and driving sustainability awareness programmes

Region-wise Sustainability Champions

(Regional Office level)

Overall responsibility at the regional office for data collection. They are aided by a team of sustainability enthusiasts to implement various sustainability activities.

Diverse Expertise

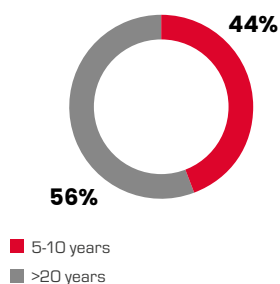
The Board of Mahindra Finance brings together a wealth of knowledge, perspective, professionalism, divergent thinking and experience. Our Board Members have a deep understanding of governance, technical, financial and non-financial issues.

The Directors take active part at the Board and Committee Meetings by providing valuable guidance and expert advice to the Board and the Management on various aspects of business, policy direction, governance, compliance, etc. and play critical role on strategic issues and add value in the decision-making process of the Board of Directors.

	Business experience	Financial experience and risk oversight	Technology and innovation	Governance and regulatory oversight	Consumer insights and marketing exposure (mainly rural and semi-urban markets)
Dr. Anish Shah (Non-Executive Chairman)	✓	✓	✓	✓	
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	✓	✓	✓	✓	✓
Mr. Dhananjay Mungale	✓	✓		✓	
Mr. C. B. Bhavé	✓	✓		✓	
Ms. Rama Bijapurkar	✓	✓	✓	✓	✓
Mr. Milind Sarwate	✓	✓	✓	✓	✓
Dr. Rebecca Nugent	✓		✓		
Mr. Amit Rajé (Whole-time Director-Chief Operating Officer Digital Finance-Digital Business Unit)	✓		✓		✓
Mr. Amit Kumar Sinha	✓	✓	✓	✓	✓

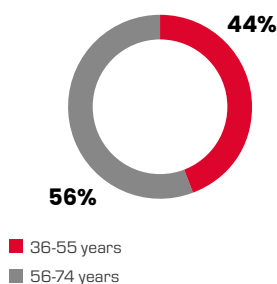
Board Demographics

Board Experience



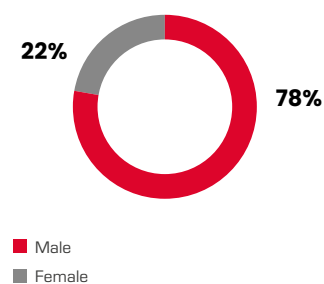
61 years
MEDIAN DIRECTOR AGE

Board Age Profile



4.3 years
AVERAGE TENURE OF INDEPENDENT DIRECTORS

Board Diversity



98.2%
AVERAGE ATTENDANCE AT BOARD MEETINGS

GOVERNANCE

Board Committees

The Committees constituted by the Board play an important role in the governance, focus on specific areas and make informed decisions within the delegated authority. Each Committee is guided by its Charter or Terms of Reference, which provides for the composition, scope, powers & duties and responsibilities, as mandated by the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant RBI Master Directions/Guidelines. The recommendations, observations and decisions of the Committees are placed before the Board for information and approval.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Asset Liability Committee
- Risk Management Committee
- Committee for Strategic Investments
- IT Strategy Committee

Creating Value through Good Governance

We have developed policies for our businesses based on core values and principles followed by the Mahindra Group.

Good governance leads to sustainable businesses. At Mahindra Finance, governance is deeply embedded into our culture and ethos and we have institutionalised it through a set of Core Values, Code of Conduct, policies and structures. The framework is firmly in place to ensure that all governance issues are effectively and transparently addressed generating long-term sustainable value for all our stakeholders.

To know more about policies, please refer – <https://www.mahindrafinance.com/investor-zone/corporate-governance#Policies>

A Culture of Integrity

Ethical conduct of business, prevention of corruption and unlawful disclosure or use of inside information, and observance of human rights are among the essential principles that guide Mahindra Finance's operations and its risk management system.

We strive to foster a healthy culture of feedback in which employees can feel free to voice any concerns they may have. Should employees become aware of irregularities or wrongdoing, they can also report their concerns anonymously, as governed by our Whistle Blower Policy.

Our Approach to Public Policy and Advocacy

We through our management are represented on several industry associations that share our common goals, and we routinely work together to advance public policies of interest to us and the financial services industry.

Name of the Industry Association/ Institution	Representation by the Company
Finance Industry Development Council (FIDC)	Chairman of FIDC
Federation of Indian Chambers of Commerce and Industry (FICCI)	Member of the NBFC Taskforce
Confederation of Indian Industry (CII)	Co-Chairman of National Committee on Financial Inclusion and Digitisation
Bombay Chamber of Commerce and Industry	Member of Banking & Finance Committee
IITB-Washington University	Member of the Board of Advisors

BOARD OF DIRECTORS



Dr. Anish Shah
Non-Executive Chairman



Mr. Ramesh Iyer
Vice-Chairman & Managing Director



Mr. Dhananjay Mungale
Independent Director



Mr. C.B. Bhav
Independent Director



Ms. Rama Bijapurkar
Independent Director



Mr. Milind Sarwate
Independent Director



Dr. Rebecca Nugent
Independent Director



Mr. Amit Raje
Whole-time Director
Chief Operating Officer Digital
Finance-Digital Business Unit



Mr. Amit Kumar Sinha
Additional Non-Executive
Non-Independent Director

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Asset Liability Committee

- Risk Management Committee
- Committee for Strategic Investments
- IT Strategy Committee

C Chairperson

M Member

SUMMARY OF RESULTS

(Rupees in crores unless indicated otherwise)

Sr. No.	Particulars	F- 2021	F- 2020	F- 2019	F- 2018	F- 2017	F- 2016	F- 2015	F- 2014	F- 2013	F- 2012
1	Estimated Value of Assets Financed	25,249	42,388	46,210	37,773	31,659	26,706	24,331	25,400	23,839	19,504
2	No. of Contracts	73,11,675	68,58,082	61,00,619	53,39,238	47,13,066	41,56,944	36,34,688	31,19,034	25,57,172	20,24,038
3	Total Assets*	77,036	74,071	67,078	52,793	45,837	39,462	35,074	31,666	25,492	18,562
4	Total Income*	10,517	10,245	8,810	6,685	6,238	5,905	5,585	4,953	3,895	2,795
5	Profit before depreciation & tax*	548	1,462	2,443	1711	666	1,079	1,295	1,370	1,301	945
6	Depreciation*	126	118	60	44	46	41	42	24	22	20
7	Profit before tax*	422	1,344	2,382	1,667	620	1,038	1,254	1,346	1,279	925
8	Profit after tax*	335	906	1,557	1,076	400	673	832	887	883	620
9	Dividend %	40	0	325	200	120	200	200	190	180	140
10	Equity Share Capital*	246	123	123	123	113	113	113	113	113	103
11	Reserves & Surplus*	14,465	11,241	10,785	9,499	6,364	5,975	5,557	4,982	4,342	2,848
12	Net Worth*	14,712	11,364	10,908	9,622	6,477	6,088	5,669	5,094	4,455	2,951
13	No. of Employees Engaged	19,952	21,862	21,789	18,733	17,856	15,821	14,197	12,816	11,270	9,715
14	No. of Offices	1,388	1,322	1,321	1,284	1,182	1,167	1,108	893	657	607
15	Earnings Per Share - Basic (Rupees)** (Face value - Rs.2/- per share)	3.03	10.09	25.33	18.52	7.09	11.92	14.75	15.75	16.59	12.09
16	Earnings Per Share - Diluted (Rupees)** (Face value - Rs.2/- per share)	3.02	10.08	25.28	18.49	7.04	11.83	14.62	15.60	16.40	11.93

*Figures for F-2021, F-2020, F-2019 and F-2018 are as per Ind AS and for other financial years as per IGAAP.

*Pursuant to Ind AS - 33, Earnings Per Share, the Basic and Diluted earnings per share for the current year (2020-21) and previous year (2019-20) has been restated for the bonus element in respect of the Rights issue.

ASSURANCE STATEMENT



KPMG Assurance and Consulting Services LLP
1st, 2nd and 3rd Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011, India

Telephone: +91 (22) 3989 6000
Fax: +91 (22) 3090 2210
Internet: www.kpmg.com/in

Independent Limited Assurance Statement to Mahindra & Mahindra Financial Services Limited on selected non – financial disclosures reported in its Integrated Report for Financial Year 20-21

To the Management of Mahindra & Mahindra Financial Services Limited, Mahindra Tower, 4th Floor, Dr. G M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai- 400 018.

Introduction

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG') have been engaged by Mahindra & Mahindra Financial Services Limited and its subsidiaries namely Mahindra Rural Housing Finance Limited and Mahindra Insurance Brokers Limited hereafter referred as ('MMFSL' or 'the Company') for the purpose of providing an independent limited assurance on selected non – financial disclosures presented in the Integrated Report ('the Report') for the reporting period from 1st April 2020 to 31st March 2021. Our responsibility was to provide limited assurance on selected non – financial disclosures in the Report as described in the scope, boundary and limitations.

Reporting Criteria

MMFSL applies its own sustainability reporting criteria derived from Global Reporting Initiative (GRI) Standards 'in-accordance' core option and the principles of the International Integrated Reporting Framework (<IR>) published by the International Integrated Reporting Council (IIRC).

Assurance Standard

We have conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
 - Under this standard, we have reviewed the information presented in this Report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
 - Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement.

Scope, Boundary and Limitations

- The scope of assurance covers selected sustainability related disclosures as mentioned in the table below, for the period 01 April 2020 to 31 March 2021.
- The reporting boundary includes operations of MMFSL and its subsidiary companies in India only, as mentioned in the Report.

KPMG Assurance and Consulting Services LLP an Indian limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

KPMG (Registered) is a partnership firm with Registration No. SA-62445 converted into KPMG Assurance and Consulting Services LLP (a Limited Liability Partnership with LLP Registration No. AAF-0387) with effect from July 23, 2020

Registered Office: Lodha Excelus, 1st Floor, Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai 400 011, India

ASSURANCE STATEMENT



The Disclosures¹ subject to assurance based on GRI Standards are as follows:

Universal Standards
• General Disclosures ○ Organisational profile: 102-2, 102-4, 102-6, 102-8 ○ Strategy: 102-14 ○ Ethics & Integrity: 102-16 ○ Stakeholder engagement: 102-40, 102-42 ○ Reporting practice: 102-46 to 102-52, 102-54, 102-55 • Management approach ○ Disclosure on management approach: 103-1, 103-2, 103-3
Topic Specific Standards
• Environment ○ Energy (2016): 302-1, 302-2, 302-3 ○ Water and Effluents (2018): 303-5 ○ Emissions (2016): 305-1, 305-2, 305-3², 305-4 ○ Waste (2020): 306-5 • Social ○ Employment (2016): 401-1, 401-3 ○ Occupational Health and Safety (2018): 403-9 ○ Training and Education (2016): 404-1 ○ Diversity and Equal Opportunity (2016): 405-1 ○ Local Communities (2016): 413-1

The assurance scope is subjected to following limitations:

- Disclosures other than those mentioned under the scope above
- Data and information outside the defined reporting period
- Data related to Company's financial performance
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues
- Data review outside the operational sites as mentioned in the boundary above
- Strategy and other related linkages expressed in the Report

Assurance Procedure

Our assurance process involve performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances.

Our assurance procedure also included:

- Review of materiality and stakeholder engagement framework deployed by MMFSL.
- Testing on a sample basis, the evidence supporting the data and information.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by MMFSL for data analysis.
- Assessment of MMFSL's reporting procedures regarding their consistency with the application of GRI Standards.
- Review of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report
- Discussion with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the report.

¹ For details regarding the disclosures, please refer the GRI Content Index

² The data disclosed under 305-3 includes Business travel (Road, air), Purchased goods & services (Paper consumption), Employee commute



- Review of the report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings.
- Assessment of data reliability and accuracy.

The data was reviewed through virtual interactions through screen sharing tools at the corporate office and selected sample locations. The locations included:
Mumbai HO, Bhopal RO, Chennai RO, Chandigarh RO

Conclusions

We have reviewed selected non-financial disclosures in the Report of MMFSL. Based on our review and procedures performed, nothing has come to our attention that causes us not to believe that the sustainability data and information as per the scope of assurance presented in this Report is appropriately stated in all material respects, and in accordance with GRI Standards.

We have provided our observation to the company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard of Quality Control (ISQC1) and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

MMFSL is responsible for developing the Report contents. MMFSL is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of MMFSL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to MMFSL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than MMFSL for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to MMFSL on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura

Associate Partner
KPMG Assurance and Consulting Services LLP
June 30, 2021

GRI CONTENT INDEX



“For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.”

GRI Standards	Ref No.	Disclosure	Page No.
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organisational profile		
	102-1	Name of the organisation	1
	102-2	Activities, brands, products, and services	8-9
	102-3	Location of headquarters	Back cover
	102-4	Location of operations	10-11
	102-5	Ownership and legal form	7
	102-6	Markets served	10-11
	102-7	Scale of the organisation	12-13
	102-8	Information on employees and other workers	54
	102-9	Supply chain	63
	102-10	Significant changes to the organisation and its supply chain	63
	102-11	Precautionary principle approach	38
	102-12	External initiatives	66
	102-13	Membership of associations	66
	Strategy		
	102-14	Statement from senior decision-maker	16-17
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behaviour	6, 64
	Governance		
	102-18	Governance structure	64
	Stakeholder engagement		
	102-40	List of stakeholder groups	30-33
	102-41	Collective bargaining agreements	As there are no trade unions, there is no collective bargaining agreements
	102-42	Identifying and selecting stakeholders	30-33
	102-43	Approach to stakeholder engagement	30-33
	102-44	Key topics and concerns raised	34-37

GRI Standards	Ref No.	Disclosure	Page No.
GRI 102: General Disclosures 2016	Reporting practice		
	102-45	Entities included in the consolidated financial statements	1
	102-46	Defining report content and topic Boundaries	1
	102-47	List of material topics	34-37
	102-48	Restatements of information	1
	102-49	Changes in reporting	34
	102-50	Reporting period	1
	102-51	Date of most recent report	1
	102-52	Reporting cycle	1
	102-53	Contact point for questions regarding the report	1
	102-54	Claims of reporting in accordance with the GRI Standards	1
	102-55	GRI content index	72-75
	102-56	External assurance	69-71
Material Topics			
GRI 200 Economic Standard			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 14
	103-3	Evaluation of the management approach	34-37
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	14
GRI 300 Environmental			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 44
	103-3	Evaluation of the management approach	34-37
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	45
	302-2	Energy consumption outside of the organisation	45
	302-3	Energy intensity	45
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 44
	103-3	Evaluation of the management approach	34-37
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	45
	305-2	Energy indirect (Scope 2) GHG emissions	45
	305-3	Other indirect (Scope 3) GHG emissions	45
	305-4	GHG emissions intensity	45

GRI CONTENT INDEX

GRI Standards	Ref No.	Disclosure	Page No.
GRI 400 Social			
Employee Engagement			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 48
	103-3	Evaluation of the management approach	34-37
	Non-GRI	Employee Engagement Survey	39
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 48
	103-3	Evaluation of the management approach	34-37
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	55
	404-2	Programmes for upgrading employee skills and transition assistance programmes	50-51
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 48
	103-3	Evaluation of the management approach	34-37
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	54, 65
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 56
	103-3	Evaluation of the management approach	34-37
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments and development programmes	56-59
Digital Innovation and disruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37
	103-3	Evaluation of the management approach	34-37
	Non-GRI	Information on material issues	5, 22-23, 41
Customer relationship management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 60
	103-3	Evaluation of the management approach	34-37
	Non-GRI	Information on material issues	60-62
Credit Rating			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	34-37
	103-2	The management approach and its components	34-37, 14
	103-3	Evaluation of the management approach	34-37
	Non-GRI	Information on material issues	14

GRI Standards	Ref No.	Disclosure	Page No.
Non-Material Topics			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	63
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	66
	205-2	Communication and training about anti-corruption policies and procedures	66
	205-3	Confirmed incidents of corruption and actions taken	66
GRI 303: Water and Effluents 2018	303-5	Water consumption	46
GRI 306: Waste 2020	306-1	Waste by type and disposal method	46
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	54-55
	401-3	Parental leave	55
GRI 403: Occupational Health and Safety 2018	403-9	Work-related injury	53
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labelling	60-62
	417-2	Incidents of non-compliance concerning product and service information and labeling	The Company operates in a highly regulated sector with strong systems, and no such incidents were reported
	417-3	Incidents of non-compliance concerning marketing communications	The Company operates in a highly regulated sector with strong systems, and no such incidents were reported

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

MAPPING

Goal No	Sustainable Development Goals	Page no.
1	End poverty in all its forms everywhere	10-11, 12-14, 56-59
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	56-59
3	Ensure healthy lives and promote well-being for all at all ages	48-55, 56-59
4	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	48-55, 56-59
5	Achieve gender equality and empower all women and girls	48-49, 56-59
6	Ensure availability and sustainable management of water and sanitation for all	10-11, 46
7	Ensure access to affordable, reliable, sustainable and modern energy for all	56-62
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	10-11, 48-55
9	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	10-11, 22-23, 44-47
10	Reduce inequality within and among countries	56-59
11	Make cities and human settlements inclusive, safe, resilient and sustainable	10-11, 56-59
12	Ensure sustainable consumption and production patterns	10-11, 40-43
13	Take urgent action to combat climate change and its impacts	44-47
14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	44-47
15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	10-11, 44-47
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	48-55, 64-67
17	Strengthen the means of implementation and revitalise the global partnership for sustainable development	10-11, 56-59

NATIONAL VOLUNTARY GUIDELINES (NVGs) MAPPING

NVG Principle	Description	Page no.
Principle 1	Ethics, Transparency and Accountability	64-67
Principle 2	Goods and Services which contribute to sustainability throughout the lifecycle	44-47
Principle 3	Employee wellbeing	48-55
Principle 4	Responsiveness towards all stakeholders, especially those who are marginalised and disadvantaged	34-37
Principle 5	Respect and promote human rights	66
Principle 6	Protect and restore environment	44-47
Principle 7	Influencing regulation and public policy	64-67
Principle 8	Inclusive growth and equitable development	56-59
Principle 9	Engagement and responsible value for customers and consumers	60-62

Board's Report

To,

The Members of
Mahindra & Mahindra Financial Services Limited

Your Directors are pleased to present their Thirty-First Report together with the Audited Financial Statements of your Company for the Financial Year ended 31st March, 2021.

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

PERFORMANCE HIGHLIGHTS

- Consolidated income for the year increased by 1.5% to Rs. 12,170.5 Crores as compared to Rs. 11,996.5 Crores in 2019-20;
- Consolidated income from operations for the year was Rs. 12,050.3 Crores as compared to Rs. 11,883.0 Crores in 2019-20, a growth of 1.4%;
- Consolidated profit before tax for the year was Rs. 934.1 Crores as compared to Rs. 1,602.0 Crores in 2019-20;
- Consolidated profit after tax and non-controlling interest for the year was Rs. 773.2 Crores as compared to Rs. 1,075.1 Crores in 2019-20.

FINANCIAL RESULTS

	CONSOLIDATED		STANDALONE	
	March 2021	March 2020	March 2021	March 2020
Total Income	12,170.5	11,996.5	10,516.8	10,245.1
Less: Finance Costs	5,307.6	5,390.6	4,733.2	4,828.8
Expenditure	6,046.4	4,902.9	5,241.4	3,954.3
Depreciation, Amortization and Impairment	150.5	146.9	125.9	118.3
Total Expenses	11,504.4	10,440.3	10,100.5	8,901.4
Profit before exceptional items and taxes	666.1	1,556.1	416.3	1,343.8
Share of Profit of Associates & Joint Ventures	39.5	45.9	-	-
Exceptional items	228.5	-	6.1	-
Profit Before Tax	934.1	1,602.0	422.4	1,343.8
Less: Provision for Tax				
Current Tax	512.3	647.3	450.3	556.9
Deferred Tax	(340.9)	(129.9)	(347.5)	(119.6)
(Excess) / Short provision for Income Tax - earlier years	(17.6)	(1.2)	(15.5)	-
Profit After Tax for the Year	780.3	1,085.8	335.2	906.4
Less: Profit for the year attributable to Non-Controlling interests	7.1	10.7	-	-
Profit for the year attributable to Owners of the Company	773.2	1,075.2	335.2	906.4
Balance of profit brought forward from earlier years	4,578.0	3,957.3	4,293.6	3,834.0
Add: Other Comprehensive Income/(Loss)	(1.8)	(14.7)	(2.4)	(11.3)
Add: Transfer from Debenture Redemption Reserve	-	223.7	-	223.7
Balance available for appropriation	5,349.4	5,241.4	4,626.4	4,952.8
Less: Appropriations				
Dividend paid on Equity Shares (including tax thereon)	-	484.2	-	477.9
Transfer to Statutory Reserves	98.8	222.8	68.0	181.3
Add/Less: Other Adjustments:				
Gross obligation at fair value to acquire non-controlling interest	35.4	43.6	-	-
Changes in Group's Interest	(1.0)	-	-	-
Balance profit carried forward to balance sheet	5,285.0	4,578.0	4,558.4	4,293.6

TRANSFER TO RESERVES

The Company proposes to transfer an amount of Rs. 68.0 Crores to the Statutory Reserve. Further, the Board of your Company decided not to transfer any amount to the General Reserve for the year under review. An amount of Rs. 4,558.4 Crores is proposed to be retained in the Statement of Profit and Loss.

DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 0.80 per Equity Share of the face value of Rs. 2 each, payable to those Members whose names appear in the Register of Members as on the Book Closure date. Dividend is subject to approval of Members at the ensuing Annual General Meeting and shall be subject to deduction of tax at source.

The Equity dividend outgo for the Financial Year 2020-21 would absorb a sum of Rs. 98.8 Crores.

The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy, containing the requirements prescribed in Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is appended as "Annexure I" and forms part of this Annual Report.

The Dividend Distribution Policy can also be accessed on the Company's website at the web-link: <https://mahindrafinance.com/discover-mahindra-finance/policies>.

During the year, an amount of Rs. 7,13,234 being the unclaimed/unpaid dividend of the Company for the Financial Year ended 31st March, 2013 was transferred in September, 2020 to the Investor Education and Protection Fund Authority.

OPERATIONS

The year under review has been one of the most challenging years both for your Company and its customers. The COVID-19 pandemic outbreak which began in the middle of March 2020 continued to impact the economy throughout the financial year 2020-21. The year was full of uncertainties with slowdown in activities on the ground. The world was introduced to the new normal of lockdowns, containment zones, work from home with restricted movements of people and goods. The nationwide transport system came to a grinding halt as Air, Train and Road travel got severely impacted. This was a never seen before situation which

brought the economic activities in the country to a virtual standstill. The impact of the pandemic led to closure of almost all the Company's offices, business and recovery touch points and completely stalled the field operations from the last week of March 2020. Operations gradually resumed in mid-May in offices pan-India. Your Company has been strictly adhering to lockdown announcements in accordance with the directives issued by the Central, State Government and Local Administration.

Your Company is primarily in the financing of Automobiles and Tractors and addresses customers who use these vehicles for earning their livelihood. Your Company remains a significant financier to its customers in semi-urban and rural geographies by providing a wide range of easy and affordable products and services designed to suit their cashflow cycles. Your Company expanded via its channel connect with leading car dealers. Your Company has retained its leadership position in financing the Mahindra range of vehicles and tractors in addition to extending its lending to vehicles of other leading Auto Original Equipment Manufacturers (OEMs). Your Company has aggressively pursued financing of pre-owned vehicles and used tractors. The demand for both new and used automobiles for the second consecutive year saw a substantial dip due to subdued load factors, and supply side constraints leading to poor sentiments and thus a much lower demand. The overall business volumes continued to be low for the Company on the backdrop of certain segments like Taxi, school bus/van, traders, tourist operators, contracting segments, sand & stone mining applications, etc., opting to refrain from purchasing new vehicles. This further led to overall lower disbursements by your Company. Simultaneously, the earnings of the customers covered in the above mentioned segments were severely impacted due to slowdown of the economy. Hence, the collections were also subdued during most parts of the year. The Regulator did provide timely moratorium which gave support to our customers by allowing them to defer the EMI's by a period of 6 months. A significant majority of our customers availed the benefit under this moratorium scheme. Your Company continued to partner with the customers during these difficult times and offered moratorium to all eligible customers. The agricultural sector was relatively less impacted as monsoons, water levels, yields, support prices were above average and hence resulted in decent farm based cashflows. The second half of the year witnessed some amount of normalcy returning to the market with unlocking of the country. This led to better collection efficiencies starting December 2020. The Government supported Emergency Credit Line Guarantee Scheme (ECLGS) was offered to all eligible customers in the second half of the fiscal to mitigate the difficulties of vehicle users in commercial applications. A few of your Company's

Board's Report

customers took benefit of this scheme to lubricate their working capital.

The Business model got stress-tested for an elongated period of extreme uncertainty on an all-India basis. The flexibility and the elasticity of the model is demonstrated by the return of near normal disbursements and high collection efficiencies in the fourth quarter, as the pandemic started easing out.

Building Blocks for Growth, Efficiency, Customer Experience

A. Deeper Physical Reach

Your Company has an extensive pan-India distribution network with 1,388 offices spanning across 27 States and 7 Union Territories as of 31st March, 2021. During the year under review, your Company enhanced its footprint into deeper rural pockets by adding another 156 new branches in its network towards the year-end. Your Company's widespread office network reduces its reliance on any one region in the country. The geographic diversification also mitigates some of the regional, climatic, and cyclical risks, such as heavy monsoons or droughts. In addition, the Company's extensive office network benefits from a decentralized approval system, which allows each office to grow its business organically as well as leverage its customer relationships by offering multiple financial products including distribution of insurance products and mutual funds. Your Company services multiple products through each of its offices, which reduces operating costs and improves total sales. Your Company believes that the challenges inherent in developing an effective office network in rural and semi-urban areas have also created opportunities of catering to the diverse financial requirements of its customers by identifying and understanding the needs and aspirations of the people.

B. Enhancing Digital Reach

Your Company has an enhanced on-line and in-mobile presence to provide a superior digital experience to its customers. Employees, customers and partners are being enabled digitally for all their needs and substantial progress has been made in this direction. Today, the entire lending process is digitally enabled, which has facilitated the EMI collections being received through Digital and on-line means. This year also saw that the challenge posed by the pandemic for collections was to an extent mitigated when customers extensively used our online and App based Digital Channels for making their monthly repayments. In the last quarter of the

fiscal, the total amount collected from the customers by digital means had gone up by 94% compared to the last quarter of the previous year. Your Company and its subsidiaries have embraced digital in performing different activities like customer acquisition, digitally enabled collections, offering Fixed Deposits, Mutual Funds and Insurance products.

C. Leveraging Technology

Information Technology has enabled the automation and digitisation of processes across the organisation, empowering employees with the workflows and knowledge for efficiency and controls, and engendering newer business products, analytical models, and decision-making tools. The Company's digital channels of multi-lingual website, mobile app, and contact centre too are increasingly popular with the customers. Your Company has successfully leveraged enterprise technology platforms such as enterprise service bus, customer relationship management, mobile application management, data lake and business intelligence. It is at an advanced stage in upgrading its Loan Origination System and Loan Management System capabilities to meet the future growth requirements and to be able to seamlessly service its large customer base and partners in the rural and semi-urban geographies.

D. Data as Competitive Advantage

Your Company's presence in the rural and semi-urban markets for more than 25 years, working with several profiles gives your Company a huge advantage, in applying Analytics and Artificial Intelligence (AI) on the data leading to customized personalized offerings that are designed and delivered with speed and lower risks. Your Company has launched its proprietary algorithms to offer faster loan approvals at dynamic interest rates to low risk customers which would help in gaining market share, improving portfolio quality and profitability. Customer acquisition, retention, cross selling, and collections will be substantially enhanced with the combined Integrated activation of Digital, Analytics and Technology.

E. Growth Drivers for Future

Your Company is having several plans to expand its offerings to its customers for growth. Pre-owned Vehicles, used tractors and commercial vehicles have a large opportunity for growing within the vehicle segments while growing the market share for the Company's existing range of products.

Meeting the Non-vehicle Financial needs of customers in the rural and semi-urban regions is another area of opportunity. Products like Personal Loans, Consumer Loans, Farm Related Working Capital Loans, etc., will have a growth focus targeting our large existing customer bases as well as new customers. For this purpose, the Company has formed a strategic business unit (SBU) for its Fintech vertical which will focus on digital lending.

Leasing as a method of Specialized Financing of certain customer segments for both vehicle and beyond is also being set up. Leasing offers an emerging opportunity and will aid in expanding the Financing portfolio in the medium and long term.

SME Lending

The SME lending faced significant head winds during the year due to weak economic environment and slowdown in the auto segment. The COVID-19 pandemic resulted in disruptions across businesses and SMEs also underwent significant stress. As a matter of abundant caution, your Company curtailed disbursements in significantly stressed sectors and supported deserving clients with good track record. Consequently, the Assets Under Management as of March 2021 has de-grown by 34% in comparison to March 2020. Further, your Company focused on strengthening its systems to reduce risk and enhance customer centricity. Your Company also strengthened its product offerings and broadened its tie-ups with more OEMs. It is expected that with these measures your Company would be able to grow its book significantly once the economic activity picks up.

The total value of assets financed stood at Rs. 25,248.9 Crores as compared to Rs. 42,388.2 Crores in the previous year. Total Income grew by 2.7% at Rs. 10,516.8 Crores for the year ended 31st March, 2021 as compared to Rs. 10,245.1 Crores for the previous year. Profit Before Tax (PBT) declined by 68.6% at Rs. 422.4 Crores as compared to Rs. 1,343.8 Crores for the previous year. Profit After Tax (PAT) declined by 63.0% at Rs. 335.2 Crores as compared to Rs. 906.4 Crores in the previous year. During the year under review, the Assets Under Management stood at Rs. 81,689 Crores as at 31st March, 2021 as against Rs. 77,160 Crores as at 31st March, 2020, a growth of 5.9%.

Despite the most difficult times the Gross Stage 3 loan assets stood at an absolute level of Rs. 5,786 Crores, almost the same as that on 31st March, 2020 (Rs. 5,747 Crores). This was a resilient performance given the backdrop of tough macro conditions and severe logistical issues. However, as the disbursements slowed down in the aftermath of COVID-19 outbreak, the Gross Non-Performing Assets were at 9.0% of closing loan assets as on 31st March,

2021, a tad higher against 8.4% as on 31st March, 2020. The Company continued to reassess its credit exposures and made additional ECL overlay even during the year, which stood at Rs. 996 Crores as on 31st March, 2021 as against Rs. 574 Crores as on 31st March, 2020. Further, in accordance with the regulatory expectation of the Reserve Bank of India to bring down the Net Non-Performing Asset (NPA) ratio below 4%, the Company recorded an additional provision of Rs. 1,320 Crores during the fourth quarter on Stage 3 loans. Resultantly, the Net NPA ratio of the Company stood at 3.97% as at 31st March, 2021 as against 5.98% as on 31st March, 2020. The Stage 3 provisioning coverage ratio stood at 57.9% as compared to 31% in the previous year.

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

FINANCIAL PRODUCTS DISTRIBUTION

During the year under review, your Company has initiated activities to increase the sale of Third Party Products to its customers and increased the fee income of the Company. As a green initiative measure and for the convenience of its investors, your Company has recently launched an Investment portal to enable them to transact in Mutual Funds as well as Fixed Deposits of the Company. The portal is available on the website of the Company under the Investment tab. With the launch of this Investment Solutions portal, your Company aims to increase the sales of third party investment products via the digital route along with other channels such as its branch network and a dedicated team to sell these products to its clients.

The Company's Assets under Management for distribution of Mutual Fund Products (MFP) as on 31st March, 2021 stood at Rs. 2,900 Crores, which grew 109% as compared to the AUM as on 31st March, 2020. Further, sales of other Third Party Products such as mutual funds, insurance, bonds & debentures, etc., grew from Rs. 309 Crores in FY 2019-20 to Rs. 482 Crores in FY 2020-21, recording a growth of 56% over the corresponding period in the previous year. Your Company has also implemented a customer service process as well as a process for evaluation and recommendation of Mutual Fund schemes. All these initiatives will lead to an increase in fee based income in the coming years.

MORATORIUM OF LOANS

As mentioned in the previous Annual Report and in accordance with the Board approved Moratorium Policy read with the Reserve Bank of India ('RBI') guidelines dated 27th March, 2020, 17th April, 2020 and 23rd May, 2020 relating to 'COVID-19 - Regulatory Package', your Company has granted moratorium up to six months on the payment of installments which became due between 1st March,

Board's Report

2020 and 31st August, 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. During the year under review, 81% of the customers have availed of the moratorium facility offered by the Company.

The Government of India, Ministry of Finance, vide its notification dated 23rd October, 2020, had announced COVID-19 Relief Scheme ('the Scheme') for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts as per the eligibility criteria and other aspects specified therein and irrespective of whether the RBI moratorium was availed or not. Accordingly, your Company has credited an ex-gratia amount of Rs. 110.27 Crores in the accounts of the eligible borrowers. The Company filed a claim with the State Bank of India for reimbursement of the said ex-gratia amount as specified in the notification and has received an amount of Rs. 109.28 Crores towards the same on 31st March, 2021.

Further, in connection with the judgment of the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters dated 23rd March, 2021 and as advised by RBI vide its Circular No. RBI/2021-22/17 DOR. STR.REC.4/21.04.048/2021-22 dated 7th April, 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19th April, 2021, your Company has put in place a Board approved Policy to refund/ adjust the 'interest on interest' charged to the borrowers, not covered under the Ex-gratia Scheme, for the moratorium period i.e. 1st March, 2020 to 31st August, 2020. The Company has made an estimated provision of Rs. 31.75 Crores as on 31st March, 2021 towards this.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

CORPORATE GOVERNANCE

Your Company practices a culture that is built on core values and ethical governance practices. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics.

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India and the

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance along with a Certificate from Messrs. KSR & Co., Company Secretaries LLP regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report.

SHARE CAPITAL

The Members at their Extraordinary General Meeting held on 30th June, 2020, have approved the increase in the Authorised Share Capital of the Company from Rs. 190,00,00,000 (Rupees One Hundred Ninety Crores) divided into 70,00,00,000 (Seventy Crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company to Rs. 550,00,00,000 (Rupees Five Hundred Fifty Crores) divided into 250,00,00,000 (Two Hundred Fifty Crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company by creation of additional 180,00,00,000 (One Hundred Eighty Crores) Equity Shares of Rs. 2 (Rupees Two) each.

Rights Issue of Equity Shares

During the year under review, your Company has allotted 61,77,64,960 Equity Shares of the face value of Rs. 2 each for cash at a price of Rs. 50 per Equity Share (including premium of Rs. 48 per Share) in the ratio of 1 (one) Rights Equity Share for every 1 (one) fully paid-up Equity Share of the Company, held by the eligible Equity Shareholders on the Record Date i.e. 23rd July, 2020. The Issue opened on 28th July, 2020, and closed on 11th August, 2020. The Rights offering by your Company received a very satisfactory response, as seen by the high levels of subscription and strong participation from Shareholders and investors, and was over-subscribed approximately by 1.3 times of the Issue Size. The Company received the approval from Stock Exchanges for listing on 19th August, 2020 and trading of Rights Equity Shares on 20th August, 2020.

The proceeds from the Rights Issue have been fully utilised for the objects of the Rights Issue as mentioned in the Letter of Offer filed with the Securities and Exchange Board of India.

Consequently, pursuant to the allotment of Rights Shares on 17th August, 2020, the issued, subscribed and paid-up Equity Share Capital of the Company stands increased from 61,77,64,960 Equity Shares to 123,55,29,920 Equity Shares of the face value of Rs.2 each, fully paid-up.

The issued, subscribed and paid-up Equity Share Capital as on 31st March, 2021 was Rs. 247.11 Crores, comprising 123,55,29,920 Equity Shares of the face value of Rs. 2 each, fully paid-up.

During the year, the Company has not issued any sweat equity shares or equity shares with differential voting rights.

As on 31st March, 2021, none of the Directors of the Company holds instruments convertible into Equity Shares of the Company.

STOCK OPTIONS

During the year under review, no Options were granted to Eligible Employees under the Mahindra & Mahindra Financial Services Limited Employees' Stock Option Scheme-2010 ("2010 Scheme"). The Company does not have any scheme to fund its employees to purchase the shares of the Company. No employee has been issued stock options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

The 2010 Scheme of the Company is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and there were no material changes made to the said Scheme. A Certificate from Messrs. B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, pursuant to Regulation 13 of the SBEB Regulations would be available for inspection by the Members through electronic mode.

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

The details of the Employees' Stock Options and the Company's Employees' Stock Option Trust as required under the SBEB Regulations read with SEBI Circular CIR/CFD/POLICY CELL/2/2015 dated 16th June, 2015 have been uploaded on the Company's website and can be accessed at the web-link: <https://mahindrafinance.com/investor-zone/financial-information>.

ECONOMY

Global and Domestic Growth

With completion of one year of the pandemic, the work lying before administrations to provide health care and vaccines continues to remain daunting. The human toll and loss of economic activity caused by the pandemic is unprecedented which could have been much worse, but for the timely intervention and policy support provided across administrations. The global economic activity is estimated to have contracted by -3.3 percent in Calendar Year (CY)

2020, an improvement of 1.1 percent over the previous prediction in October 2020. The silver lining remains the development and growing coverage of the vaccines which is lifting the sentiment.

The progress of the virus has been slowed with the help of social distancing, increase in availability of vaccines and treatment protocols. However, the health infrastructure of many countries is reeling under the pressure of second and third wave. New restrictions are introduced in countries facing such challenges indicating the recovery to be uneven and still in some distance.

Outlook

The global growth projected is at 6.0 percent in 2021, which thereafter moderates to 4.4 percent in 2022. A lot of this shall depend upon the path of health crisis and the coordinated policy actions taken to limit economic damage. The growth for advanced economies is projected at 5.1 percent in 2021 (vis-à-vis de-growth of -4.7% in 2020) compared to a growth of 6.7 percent in 2021 for emerging and developing economies (vis-à-vis de-growth of -2.2% in 2020).

With varied outlook for different countries, the macro policy objectives still remain as the need to overcome the existing health crisis and returning employment to normal levels. The expectation based on availability of vaccines suggest local transmission to reduce everywhere by end of 2022.

Domestic Economy

The scenario in the Indian economy is much like many other countries where a gradual improvement in macro indicators has been seen. The positives include the resilience demonstrated in rural demand which remained buoyant and had record agriculture production in FY 2020-21. Urban demand has gained strength on the backdrop of normalization of business activity.

The anticipated improvement in economic activity is however held back with new mutations resulting in renewed jump in COVID-19 cases. Associated local lockdowns, which are now prevalent in many States, shall dampen demand for contact intensive services, restrain growth and prolong the return to normalcy. The silver lining remains the expectation of normal monsoon in the current year.

RBI projects the real GDP growth for FY 2021-22 to be at 10.5 percent. These growth expectations may undergo a change as the decisions on lockdowns have increased across States with the number of cases in the second wave now surpassing the numbers during those seen in the previous peak.

(Source: IMF, RBI)

Board's Report

Finance

During the first eight months of the year under review (Apr-Nov 2020), Retail price inflation continued to be higher than the RBI's upper margin of 6%. It fell sharply in November 2020 with food inflation coming down and has since moved up again but within the RBI's upper margin. Having reduced policy repo rate in the first quarter of FY 2021 from 4.40% to 4.00%, the RBI since then, has maintained status quo in the key policy rates, along with continuing an accommodative stance until necessary to sustain growth on a durable basis.

The Government of India and the Reserve Bank of India have taken a series of actions during the year which has assisted the financial sector including the NBFC industry to wither the pandemic storm. These included, amongst others, reducing the benchmark rates, announcing moratorium for six months, restructuring scheme for a set of eligible borrowers and long-term repo operations to make easier access to liquidity. These actions led to stabilization of the financial sector with significant liquidity buffers being maintained across companies.

At the start of the fiscal year (April 2020), 10-year G-Sec benchmark yields (6.45% GS 2029), was trading at 6.14% levels. The new benchmark (5.85% GS 2030) closed the year at 6.18%. The yields during the year remained range bound as policy actions aimed at ensuring steady supply of funds. During the year, the INR appreciated by 2.5 percent from INR 75.39 to INR 73.50 per USD after a sharp depreciation of 9.0 percent during the previous year.

Your Company has been identified as a "Large Corporate" under the framework provided by the Securities and Exchange Board of India and accordingly, has ensured that more than 25% of its incremental borrowings during the year was by way of issuance of Debt securities.

During the year under review, your Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Fixed Deposits, Commercial Papers, etc., and maintained prudential Asset Liability match throughout the year. Your Company sourced long-term debentures and loans from banks and other institutions at attractive rates. Your Company continues to expand its borrowing profile by tapping into new lenders and geographies.

During the year, your Company has successfully completed 3 securitisation transactions aggregating to Rs.5,120.30 Crores and raised JPY 15 billion (Rs. 1,063.50 Crores) through External Commercial Borrowings.

Private Placement Issues of Non-Convertible Debentures

During the year under review, your Company issued Secured/Unsecured Redeemable Non-Convertible Debentures including Secured Redeemable Principal Protected Non-Convertible Market Linked Debentures ("NCDs") and raised an amount aggregating to Rs. 4,815.90 Crores on a private placement basis, in various tranches. The NCDs are listed on the debt market segment of the BSE Limited.

Details of all the above-mentioned issues were provided to the Board on a periodic basis.

As specified in the respective offer documents, the funds raised from NCDs were utilised for various financing activities, onward lending, to repay existing indebtedness, working capital and general corporate purposes of the Company. Details of the end-use of funds were furnished to the Audit Committee on a quarterly basis.

The Company is in compliance with the applicable guidelines issued by the Reserve Bank of India, as amended from time to time.

The Company has been regular in making payments of principal and interest on all the NCDs issued by the Company on a private placement basis and through public issue. There are no NCDs which have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption.

Commercial Paper

As at 31st March, 2021, the Company had Commercial Paper (CPs) with an outstanding amount (face value) of Rs. 500 Crores. CPs constituted 0.8% of the outstanding borrowings as at 31st March, 2021. The CPs of the Company are listed on the debt market segment of the National Stock Exchange of India Limited.

Rupee Denominated Medium Term Note

Under the Company's Medium Term Note Programme, the Company has not raised any funds through Rupee denominated bonds during the year.

INVESTOR RELATIONS

Your Company has done multiple interactions with Domestic and International investors/analysts during the current year. Given the ongoing pandemic, all such meetings were

done through use of technology i.e. conference calls, video-conferencing. Your Company attended multiple investor meets organised by reputed Global and Domestic Broking Houses during the year, to communicate details of its performance, important regulatory and market developments and exchange of information. Roadshows were held during the year with Domestic and International investors on the backdrop of the Rights Issue undertaken to strengthen the Capital Adequacy. Quarterly and annual earnings calls were scheduled through structured conference calls to keep various stakeholders informed about the past performance and future outlook of the industry, especially those having a bearing on the Company. These interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis. Your Company uploads the transcript of the quarterly earnings calls on its website which can be accessed by existing and potential investors and lenders. Your Company shall continue to make effective use of technology and limit in-person meetings.

Your Company believes in transparent communication and building a relationship of mutual understanding and trust. Your Company further ensures that critical information about the Company is available to all the investors by hosting such information on the Company's website.

CAPITAL ADEQUACY

As on 31st March, 2021, the Capital to Risk Assets Ratio (CRAR) of your Company was 26.0% which is well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India.

Out of the above, Tier I capital adequacy ratio stood at 22.2% and Tier II capital adequacy ratio stood at 3.8% respectively.

RBI GUIDELINES

The Company continues to comply with all the applicable regulations prescribed by the Reserve Bank of India ("RBI"), from time to time.

CREDIT RATING

Your Company believes that its credit rating and strong brand equity enables it to borrow funds at competitive rates.

The credit rating details of the Company as on 31st March, 2021 were as follows:

Rating Agency	Type of Instrument	Credit Rating *	Remarks
India Ratings & Research Private Limited	Commercial Paper Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND A1+	The 'A1+' rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	Long-term (incl. MLD) Debt instruments, Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND AAA/Stable IND PP-MLD AAA emr/Stable	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. 'PP-MLD' refers to Principal Protected Market Linked Debentures. Suffix "emr" denotes the exclusion of the embedded market risk from the rating.
CARE Ratings Limited	Long-term Debt Instruments and Subordinated Debt Programme	CARE AAA/Stable	The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
Brickwork Ratings India Private Limited	Long-term Subordinated Debt Programme	BWR AAA/Stable	
CRISIL Ratings Limited	Fixed Deposit Programme	CRISIL FAAA/Stable	The 'A1+' rating indicates the Highest Level of Rating. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
	Commercial Paper Programme and Bank Loan Facilities	CRISIL A1+	
	Long-term Debt Instruments, Subordinated Debt Programme and Bank Loan Facilities	CRISIL AA+/Stable	

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2020-21. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.

Board's Report

ACHIEVEMENTS

Awards/Recognition received by your Company during the year are enumerated hereunder:

Marketing:

Won the Silver Award in the category of 'New on ground property of the year' at the Rural Marketing Association of India (Flame Awards) for the Gram Pravesh initiatives of the Company.

CSR & Sustainability:

- Included in the renowned FTSE4Good Index Series for the second year.
- Ranked 48th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2020 by Futurescape.
- Attained performance band: B in the Carbon Disclosure Project Assessment 2019-20.
- Included in 'DJSI Sustainability Yearbook 2021'

Human Resources:

- Recognized among "India's Best Workplaces in Career Management 2020" by Great Place to Work® Institute.

FIXED DEPOSITS AND LOANS/ADVANCES

Your Company offers a wide range of Fixed Deposit schemes that cater to the investment needs of various classes of investors. These Deposits carry attractive interest rates with superior service enabled by robust processes and technology. In order to tap rural and semi-urban savings, your Company continues to expand its network and make its presence felt in the most remote areas of the country.

During the year, CRISIL has reaffirmed a rating of 'CRISIL FAAA/Stable' for your Company's Fixed Deposits. This rating represents the highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk. Your Company's Deposits continue to be a preferred investment amongst the investors.

As on 31st March, 2021, your Company has mobilised funds from Fixed Deposits to the tune of Rs. 9,481.16 Crores, with an investor base of over 1,96,278 investors.

Your Company continues to serve the investors by introducing several customer centric measures on an ongoing basis to further strengthen its processes in sync with the requirements of the Fixed Deposit holders. The

Company periodically communicates various intimations via SMS, e-mails, post, courier, etc., to its investors as well as sends reminder emails to Depositors whose TDS is likely to be deducted before any pay-out/accrual. Your Company also provides a digital platform for online application/renewal of deposits, online generation of TDS certificates from customer/broker portal and seamless investment process for employees.

During the year under review, your Company has rolled out several initiatives aimed at offering a superior customer experience. Some key ones are:

- An integrated web portal has been developed to facilitate online application/online renewal of Fixed Deposits, Loan against FDs, profile updates, etc.
- Online submission of Forms 15 G/15H by all eligible Depositors through the FD Customer portal is made available on the Company's website.
- TDS certificate(s) are made available in the Customer portal and Broker portal, in addition to the same being sent to the concerned Depositors, from time to time.
- In order to offer various payment options to Depositors, more payment gateways have been added across various FD investment portals.
- An advanced version of Customer Relationship Management (CRM) has been launched to record the queries, requests and complaints for future data analysis in order to enhance customer service.

An integrated service portal (E-Sarathi) has been introduced to address the queries of Depositors routed through the Channel Partners on real-time basis during working hours.

- The process of recording Central Know Your Customer (CKYC) details of the Depositors has been strengthened by introducing various control measures.

As at 31st March, 2021, 6,052 Deposits amounting to Rs. 5.41 Crores had matured for payment and remained unclaimed. The unclaimed Deposits have since reduced to 5,882 Deposits amounting to Rs. 5.17 Crores. There has been no default in repayment of Deposits or payment of interest during the year.

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

The information pursuant to Clause 35(1) of Master Direction DNBR.PD.002/ 03.10.119/2016-17 dated 25th

August, 2016 issued by the Reserve Bank of India on Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, regarding unpaid/unclaimed public deposits as on 31st March, 2021, is furnished below:

- i. total number of accounts of Public Deposits of the Company which have not been claimed by the depositors or not paid by the Company after the date on which the deposit became due for repayment: 6,052.
- ii. total amounts due under such accounts remaining unclaimed or unpaid beyond the dates referred to in clause (i) as aforesaid: Rs. 5,41,47,729.

Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their Deposits. Your Company regularly sends letters/reminders via email to all those Fixed Deposit holders whose Deposits have matured as well as to those whose Deposits remain unclaimed. Where the Deposit remains unclaimed, follow-up action is also initiated through the concerned agent or branch.

Pursuant to Section 125(2) (i) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the IEPF Rules') as amended from time to time, matured Deposits remaining unclaimed for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF) Authority established by the Central Government. Further, interest accrued on the matured deposits which remain unclaimed for a period of seven years from the date of payment will also be transferred to the IEPF under Section 125(2) (k). The concerned depositor can claim the Deposit and/or interest from the IEPF Authority by following the procedure laid down in the IEPF Rules.

During the year, an amount of Rs. 0.11 Crores has been transferred to the IEPF Authority.

During the year under review, the Company has not given any loans and advances in the nature of loans to its subsidiaries or associate(s) or loans and advances in the nature of loans to firms/companies in which Directors are interested.

Accordingly, the disclosure of particulars of loans/advances, etc., as required to be furnished in the Annual Accounts of the Company pursuant to Regulations 34 (3) and 53 (f) read with paragraph A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS IN SECURITIES

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

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

SUSTAINABILITY INITIATIVES

Sustainability has been deeply embedded in the Company's business model from the very beginning. At the heart of our organizational strategy is an inclusive business model which enables the residents of semi-urban and rural India to access formal channels of credit/finance, helping them create long-term value. In line with the Mahindra Group's motto: 'Rise for Good' your Company is also gearing up to be future ready by making sustainability and climate change an integral part of the business strategy and risk framework. Your Company has been enabling customers to meet their aspirations through a diversified portfolio of financial product offerings. It helps people build their homes through affordable housing finance solutions provided by Mahindra Rural Housing Finance Limited, secure their life and assets with insurance solutions facilitated by Mahindra Insurance Brokers Limited and offers investment options through its asset management subsidiary Mahindra Manulife Investment Management Private Limited. By providing the right set of opportunities and prospects in the remote areas, your Company has helped customers to forge ahead. The Company lays strong emphasis on customer centricity. Its customer base is spread across more than 3.80 lakh villages in India, with majority of them belonging to the 'Earn and Pay' segment.

Your Company commenced its journey towards reporting sustainability performance in 2008-09 through Mahindra Group's Sustainability Report and in the year 2012-13 the Company released its first standalone Sustainability Report. In FY 2019-20, the Company released its Eighth Sustainability Report with the theme "Positive & Promising". The Report adheres to the Global Reporting Initiative's (GRI) Standards and is based on the Integrated Reporting framework. The Report is externally assured by KPMG.

Board's Report

The Content index has been checked by GRI and carries the GRI logo. FY 2019-20 was truly a year of building sustainable resilience for the Group Financial Services Sector. The "Positive & Promising" theme of the Report shows that despite a variety of challenges through the year, the Company collectively stayed true to its core purpose and values, helping its customers, teams and communities realize their true potential.

This Report is hosted on the Company's website and can be accessed at: <https://mahindrafinance.com/media/383687/mahindra-finance-sustainability-report-2019-20.pdf>.

Your Company continued to focus on integrating Sustainability into the business practices and on building awareness for different stakeholders by taking various initiatives to engage them. In FY 2018-19, your Company became the 1st Financial Company in India to be committed towards call to action for Science Based Targets.

The Science Based Targets initiative (SBTi) requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science.

Your Company was recognized for its Sustainability initiatives during the year under review, with the following accolades:

- ❑ Included in the renowned FTSE4Good Emerging Markets Index series for ESG Performance for the 2nd time. FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance practices.
- ❑ Ranked 48th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2020 by Futurescape.
- ❑ Included in the 'Dow Jones Sustainability Indices' Sustainability Yearbook 2021 (the only Indian Company among the Diversified Financial Services Companies to feature in the same).
- ❑ Attained performance band "B" in the Carbon Disclosure Project (CDP) assessment 2020-21, greater than the Sector average and Asia Regional average.
- ❑ Selected as the winner of the 'The Mahindra Group Sustainability Performance Award, 2020'.

Your Company's approach has been to make its environmental disclosure transparent, and accordingly,

it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India since Financial Year 2011-12.

Sensitising the employees to a novel concept such as Sustainability has been one of the key initiatives of the Company during the year. Capacity building on Sustainability has been driven by Sustainability Courses on the learning platform. The Company launched a module on Human Rights in the reporting year and made it mandatory for all the employees. The Mahindra Group and the United Nations have partnered to offer a Course on Climate change for its employees.

During the year, your Company made proactive efforts to reduce CO₂ emissions (carbon footprint) through Project "Mahindra Hariyali" by planting more than 30,000 saplings throughout the country.

Your Company is gearing up to be future ready by making sustainability and climate change an integral part of its risk framework and taking measures to mitigate and manage them. In the reporting year, the Company has enhanced its existing Risk Register by including applicable Climate change risks. Weather reports are assessed on a regular basis and aligned with business operations to protect the customers and minimize the risk impact. The outlook for the future has been positive and your Company is well equipped to enable its customers and communities to progress through its inclusive and sustainable business model.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report ("BRR") of your Company for the year 2020-21 forms part of this Annual Report as required under Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is appended as "Annexure II".

Your Company is building an inclusive organisation by empowering all the stakeholders and facilitating their contribution towards growth that is both holistic and long term. Through the inclusive business model, your Company endeavours to cater to the bottom of the pyramid in the rural and semi-urban areas, enabling them to earn their livelihood through varied financial products and services. Your Company has always been conscious of its role as a responsible corporate citizen. Through its wide network of branches with locally-recruited employees, strong and lasting relationships with its stakeholders, large customer base, vast experience and market knowledge, your Company is providing financial resources to underserved regions of the country.

The BRR can also be accessed on the Company's website at: <https://mahindrafinance.com/discover-mahindra-finance/sustainability>.

INTEGRATED REPORTING

Your Company is pleased to present its first Integrated Report, which encompasses both financial and non-financial information to enable Members to have a more holistic understanding of the Company's long-term perspective. This Integrated Report forms part of the Annual Report and is in consonance with the SEBI Circular dated 6th February, 2017. An Integrated Report takes corporate reporting beyond just discussing the financial resources, since any value creation activity requires other resources like people, natural resources and business relationships.

The Integrated Annual Report for the year 2020-21 includes details such as the organisation's strategy, governance framework, performance and prospects of value creation based on the six (6) forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital.

The Integrated Annual Report for the year 2020-21 is hosted on the Company's website and can be accessed at the web-link: <https://www.mahindrafinance.com/investor-zone/financial-information/>.

Since 2012-13, the Company has been annually publishing a Sustainability Report conforming to the guidelines of the Global Reporting Initiative ("GRI"). These Reports adhere to the GRI standards and are based on the Integrated Reporting framework and have been externally assured. This year the Sustainability Report has been combined with the Integrated Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

With a vision to transform rural and semi-urban India into a self-reliant, flourishing landscape, Mahindra Finance started its journey in 1991 and grew into a leading NBFC with an employee base of around 20,000 employees all over India. By supporting about 23 NGOs and implementing partners in the areas of Education & Livelihood, Healthcare and Environment, the Company strives to become an asset in the communities where it operates. Your Company's Corporate Social Responsibility ('CSR') initiatives are aligned with the mission of transforming rural lives and hence focus on areas such as Education & Livelihood, Healthcare and Environment.

In FY 2021, to consolidate and further strengthen its endeavor to support drivers, your Company launched its flagship program- "SWABHIMAAN a holistic driver development program".



This program is initiated to address the professional, financial, and familial challenges faced by the drivers and their families and further contribute to their overall well-being. This multi-year program aims to benefit over 75,000 beneficiaries through key interventions focusing on various aspects of a driver's life. Your Company will provide driver's training to freshers, road safety training to existing drivers, auto mechanic training to women, financial planning workshops, accidental and health insurance policy to drivers and award scholarships to driver's children.

Your Company continued its support to People with Disabilities (PwDs) by training them under 'Hunnar' program in various skills in BFSI, hospitality and ITES sectors to enhance their employability. 365 people with disabilities were trained and 274 were placed in jobs. The Company also conducted awareness campaigns about sanitation and hygiene under Healthcare and Swachh Bharat initiatives.

Reaffirming its commitment to the cause of education, your Company continued its support to the Nanhi Kali Program which has benefitted over 10,800 underprivileged girl children from socially and economically marginalized families living in urban, rural, and tribal parts of India. Your Company, to promote inclusive socio-economic growth of the marginalized youth, continued its support to Mahindra Pride School which skilled 1,822 youth and 100% have been placed. Further, Mahindra Pride Classrooms supported an additional 20 hours of online training to 30,627 final year students covering English Speaking, Life Skills, Aptitude, Interview, Group Discussion and Digital Literacy through Polytechnics and Arts & Science Colleges.

To continue with its commitment to increase the green cover, your Company's employees participated in the Mahindra Hariyali project. Employees from most of the branches, planted more than 30,000 saplings in selected locations.

Your Company provided ration kits to more than 5,000 drivers and their families affected by the COVID-19 pandemic across multiple States in India.

Apart from the key thrust areas, your Company contributed funds for other causes such as preservation and promotion of the fine arts and culture and supporting orphanage homes, differently abled homes and homes for the elderly to re-affirm its pledge to strive for a better society.

Board's Report

During the year under review, your Company has spent Rs. 32.54 Crores towards Corporate Social Responsibility on various CSR projects and programs. This includes the contribution of Rs. 5.17 Crores made to PM Cares Fund in the Financial Year 2019-20, which has been off-set against the CSR spend of the Financial Year 2020-21 as per the Notification D.O. No 05/1/2020-CSR-MCA dated 30th March, 2020 issued by the Ministry of Corporate Affairs. Your Company is in compliance with the statutory requirements in this regard.

CSR COMMITTEE

The Company has duly constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013 to assist the Board and the Company in fulfilling the corporate social responsibility objectives of the Company.

Consequent upon the resignation of Dr. Anish Shah as a Member of the Committee with effect from 16th May, 2020 and cessation of Mr. V. Ravi, Member, as Executive Director & Chief Financial Officer of the Company with effect from 25th July, 2020, the Committee presently comprises of the following Directors:

Name	Category
Mr. Dhananjay Mungale	Chairman of the Committee (Independent Director)
Ms. Rama Bijapurkar	Independent Director
Mr. Ramesh Iyer	Vice-Chairman & Managing Director

During the year under review, 4 (four) CSR Committee Meetings were held, details of which are provided in the Corporate Governance Report.

CSR POLICY

During the year under review, the Board based on the recommendation of the CSR Committee, amended the CSR Policy to align the same in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Section 135 of the Companies Act, 2013, as amended, effective from 22nd January, 2021.

The revised CSR Policy is hosted on the Company's website and can be accessed at the web-link: <https://www.mahindrafinance.com/investor-zone/corporate-governance>. The detailed Annual Report on the CSR activities undertaken by your Company during the year, as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is set out in "Annexure III" of this Report.

ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on 31st March, 2021 in Form No. MGT-7, is available on the Company's website and can be accessed at the web-link: <https://www.mahindrafinance.com/investor-zone/financial-information>.

BOARD MEETINGS, EXTRAORDINARY GENERAL MEETING AND ANNUAL GENERAL MEETING

The calendar of the Board/Committee Meetings and the Annual General Meeting is circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Additional Board Meetings are convened by giving appropriate notice to address business exigencies. Apart from Meetings, at times, certain decisions are taken by the Board/Committee(s) through Circular Resolutions, after a discussion over a conference call between Board/Committee Members.

All the decisions and urgent matters approved by way of Circular Resolutions/Circular Note are placed and noted at the subsequent Board/Committee Meeting(s).

The Board of Directors met seven times during the year under review, on 15th May, 2020, 1st June, 2020, 18th July, 2020, 18th September, 2020, 26th October, 2020, 28th January, 2021 and 5th March, 2021. The requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The 30th Annual General Meeting ('AGM') of the Company was held on 10th August, 2020.

During the year under review, an Extraordinary General Meeting ('EGM') of the Members was held on 30th June, 2020 to approve the increase in the Authorised Share Capital of the Company and consequential amendment(s) to the Capital Clause of the Memorandum of Association of the Company.

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

MEETINGS OF INDEPENDENT DIRECTORS

The Independent Directors met twice during the year under review, on 13th August, 2020 and 4th March, 2021. The Meetings were conducted in an informal manner without the presence of the Whole-time Director(s), the Non-Executive Non-Independent Directors, or any other Management Personnel.

COMMITTEES OF THE BOARD OF DIRECTORS

The Company has various Committees which have been constituted as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

Audit Committee

As on 31st March, 2021, the Audit Committee comprised of four Independent Directors and one Non-Executive Non-Independent Director:

Name	Category
Mr. C. B. Bhavé	Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	Independent Director
Ms. Rama Bijapurkar	Independent Director
Mr. Milind Sarwate	Independent Director
Dr. Anish Shah	Non-Executive Non-Independent Director

Changes in Committee Members during the year:

- Mr. V. S. Parthasarathy ceased to be a Member of the Committee consequent upon his resignation as a Non-Executive Non-Independent Director of the Company with effect from 18th September, 2020.
- Mr. Amit Raje, Non-Executive Non-Independent Director of the Company was appointed as a Member of the Committee with effect from 28th January, 2021.

Pursuant to his appointment as a Whole-time Director of the Company with effect from 1st April, 2021, and in order to be consistent with the principles of good governance, Mr. Amit Raje resigned as a Member of the Audit Committee with effect from 5th March, 2021.
- Mr. Arvind V. Sonde ceased to be a Member of the Committee consequent to his resignation as an Independent Director of the Company with effect from 15th March, 2021.

During the year, 7 (seven) Audit Committee Meetings were held, details of which are provided in the Corporate Governance Report.

The recommendations of the Audit Committee were duly approved and accepted by the Board during the year under review.

Other Board Committees

The other Committees of the Board are:

- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Asset Liability Committee
- IT Strategy Committee
- Committee for Strategic Investments

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Chairman of the Board of Directors

- Resignation of Mr. Dhananjay Mungale as Chairman of the Board with effect from close of business hours on 1st April, 2021**

Mr. Dhananjay Mungale (DIN: 00007563) stepped down as the Chairman of the Board of Directors with effect from the close of business hours on 1st April, 2021.

The Board has placed on record its deep appreciation of the contribution and valuable services rendered by Mr. Mungale during his association as Chairman of the Board since 2016.

Mr. Dhananjay Mungale continues to be an Independent Director of the Company.

- Appointment of Dr. Anish Shah as Chairman of the Board of Directors with effect from 2nd April, 2021**

In the light of Mr. Dhananjay Mungale relinquishing his office as Chairman of the Board of Directors of the Company and on the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 28th January, 2021, appointed Dr. Anish Shah (DIN: 02719429) as Non-Executive Chairman of the Board with effect from 2nd April, 2021.

Board's Report

Dr. Anish Shah is currently the Managing Director and Chief Executive Officer of Mahindra & Mahindra Limited ('M&M'), the Holding Company, with responsibility for the Group Corporate Office and full oversight of all businesses other than the Auto and Farm sectors of M&M.

Appointment/Re-Appointment of Directors

Mr. Ramesh Iyer

Re-appointment of Mr. Ramesh Iyer, Managing Director designated as Vice-Chairman & Managing Director

Mr. Ramesh Iyer has been the Managing Director of the Company since 30th April, 2001 and has played a key role in building Mahindra Finance into one of India's leading rural finance companies, since 1995.

In March 2016, Mr. Iyer was elevated as the Vice-Chairman & Managing Director of the Company.

The term of office of Mr. Ramesh Iyer, Vice-Chairman & Managing Director of the Company, expires on 29th April, 2021.

On the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board of Directors at its Meeting held on 23rd April, 2021, has re-appointed Mr. Ramesh Iyer (DIN: 00220759) as the Managing Director, liable to retire by rotation, designated as Vice-Chairman & Managing Director for a period of 3 (three) years with effect from 30th April, 2021 to 29th April, 2024 (both days inclusive), subject to the approval of Members at the ensuing Annual General Meeting.

Mr. Amit Raje

Appointment of Mr. Amit Raje as a Non-Executive Non-Independent Director

Pursuant to the recommendation of the NRC, the Board at its Meeting held on 18th September, 2020, appointed Mr. Amit Raje (DIN: 06809197) as an Additional Non-Executive Non-Independent Director of the Company with effect from 18th September, 2020, liable to retire by rotation.

The Members of the Company have by means of an Ordinary Resolution passed on 3rd March, 2021 vide Postal Ballot conducted through Remote E-voting mode, approved the appointment of Mr. Amit Raje as a Non-Executive Non-Independent Director of the Company.

Appointment of Mr. Amit Raje as Whole-time Director of the Company designated as "Chief Operating Officer Digital Finance – Digital Business Unit"

The Board of Directors of the Company at its Meeting held on 5th March, 2021, has on the recommendation of the NRC, appointed Mr. Amit Raje as a Whole-time Director of the Company liable to retire by rotation, designated as "Chief Operating Officer Digital Finance – Digital Business Unit" for a period of 5 (five) years, with effect from 1st April, 2021 till 31st March, 2026 (both days inclusive), subject to approval of the Members at the ensuing Annual General Meeting.

Dr. Rebecca Nugent

Appointment of Dr. Rebecca Nugent as an Independent Director of the Company

Based on the recommendation of the NRC and on the proposal of the Board of Directors, Dr. Rebecca Nugent (DIN: 09033085) was appointed as an Independent Director of the Company, to hold office for a term of 5 (five) consecutive years commencing from 5th March, 2021 to 4th March, 2026 (both days inclusive), vide an Ordinary Resolution passed by the Members by means of a Postal Ballot through remote e-voting mode on 3rd March, 2021.

Mr. Amit Kumar Sinha

Appointment of Mr. Amit Kumar Sinha as a Non-Executive Non-Independent Director

Pursuant to the recommendation of the NRC, the Board at its Meeting held on 23rd April, 2021, appointed Mr. Amit Kumar Sinha (DIN: 09127387) as an Additional Non-Executive Non-Independent Director with effect from 23rd April, 2021, to hold office up to the date of the ensuing Annual General Meeting ('AGM') of the Company and thereafter, subject to the approval of the Members at the said AGM, as a Non-Executive Non-Independent Director, liable to retire by rotation.

The Company has received the requisite Notice from a Member in writing proposing his appointment as a Director of the Company.

Cessation of Directors

Mr. V. Ravi

As mentioned in the previous Annual Report, Mr. V. Ravi (DIN: 00307328) ceased to be the Executive Director & Chief Financial Officer of the Company upon completion of his tenure with effect from 25th July, 2020. The Board has placed on record its deep appreciation of Mr. V. Ravi's immense contribution and valuable services during his long association with the Company and acknowledged Mr. Ravi's outstanding experience and expertise in serving

the Company including the Group's Financial Services Sector companies.

Mr. V. S. Parthasarathy

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

Mr. V. S. Parthasarathy (DIN: 00125299) resigned as Non-Executive Non-Independent Director with effect from 18th September, 2020.

Consequently, Mr. V. S. Parthasarathy also ceased to be a Member of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Committee and Committee for Strategic Investments of the Board effective 18th September, 2020.

Mr. Parthasarathy joined the Board of Directors of your Company in July 2014. The Board acknowledged Mr. V. S. Parthasarathy's contribution to the Company and has placed on record its appreciation of the invaluable services rendered by Mr. Parthasarathy during his association with the Company.

Mr. Arvind V. Sonde

Resignation of Mr. Arvind V. Sonde as an Independent Director of the Company

Mr. Arvind V. Sonde (DIN: 00053834) was appointed as an Independent Director of the Company by the Members through a Postal Ballot, with effect from 9th December, 2019 for a term of five years.

Mr. Arvind V. Sonde resigned as a Member of the Board with effect from 15th March, 2021, due to other professional and family commitments. Mr. Sonde has confirmed that there are no material reasons for his resignation, other than those mentioned in his resignation letter.

Subsequently, Mr. Arvind V. Sonde also ceased to be a Member of the Audit Committee and Risk Management Committee of the Board effective 15th March, 2021.

The Board has placed on record its sincere appreciation of the valuable services rendered by Mr. Sonde as an Independent Director of the Company.

RETIREMENT BY ROTATION

Mr. Ramesh Iyer retires by rotation and, being eligible, offers himself for re-appointment at the 31st Annual General Meeting of the Company scheduled to be held on 26th July, 2021.

Re-appointment of Independent Directors

None of the Independent Directors of the Company is due for re-appointment.

Resignation of Independent Director(s)

During the year under review, except for Mr. Arvind V. Sonde, none of the Independent Directors of the Company had resigned before the expiry of his/her respective tenure(s).

Declaration by Directors

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under Chapter XI of RBI Master Direction No. DNBR.PD.008/03.10.119/2016-17 dated 1st September, 2016, as amended, and that they are not disqualified from being appointed/continuing as Directors in terms of Section 164(2) of the Companies Act, 2013.

Declaration by Independent Directors

All the Independent Directors of the Company have given their respective declarations/disclosures under Section 149(7) of the Companies Act, 2013 ('Act') and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and have confirmed that they fulfill the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

Further, the Board after taking these declarations/disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant proficiency, expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management of the Company.

In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs, Manesar ('IICA'). The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA within a period of 2 (two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption.

Board's Report

The Independent Directors of the Company except Dr. Rebecca Nugent, are exempt from the requirement to undertake the online proficiency self-assessment test conducted by IICA. Dr. Rebecca Nugent will be undertaking the said test in due course.

Key Managerial Personnel

The following persons have been designated as the Key Managerial Personnel of the Company pursuant to Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Mr. Ramesh Iyer, Vice-Chairman & Managing Director.
- Mr. Amit Raje, Whole-time Director of the Company designated as "Chief Operating Officer Digital Finance – Digital Business Unit".
- Mr. Vivek Karve, Chief Financial Officer of the Company and Group Financial Services Sector.
- Ms. Arnavaz M. Pardiwalla, Company Secretary.

Changes in Key Managerial Personnel

Chief Financial Officer

Mr. V. Ravi ceased to be the Chief Financial Officer of the Company on completion of his tenure as Executive Director & Chief Financial Officer with effect from 25th July, 2020.

Based on the recommendations of the Nomination and Remuneration Committee and the Audit Committee, the Board of Directors of the Company at its Meeting held on 18th July, 2020 appointed Mr. Vivek Karve as the Chief Financial Officer designated as 'Chief Financial Officer of the Company and Group Financial Services Sector' with effect from 14th September, 2020.

Directors' Responsibility Statement

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

- i. in the preparation of the annual accounts for financial year ended 31st March, 2021, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.
- ii. they have in consultation with the Statutory Auditors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and

fair view of the state of affairs of the Company as at 31st March, 2021 and of the profit of the Company for the year ended on that date.

- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. they have prepared the annual accounts for financial year ended 31st March, 2021 on a going concern basis.
- v. they have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls were operating effectively during the financial year ended 31st March, 2021.
- vi. they have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March, 2021.

Performance Evaluation of the Board

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") stipulate the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

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

The evaluation framework for assessing the performance of Directors comprises various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/activities, understanding of industry and global trends, etc.

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

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance

and that of its Committees as well as performance of the Directors individually (including Independent Directors). The evaluation process was based on the affirmation received from the Independent Directors that they met the independence criteria as required under the Companies Act, 2013, and the Listing Regulations.

Feedback was sought by way of well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc., and the evaluation was carried out based on responses received from the Directors. The aspects of succession planning were also considered.

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

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Directors and Non-Executive Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated.

The outcome of the Board Evaluation for the Financial Year 2020-21 was discussed by the Nomination and Remuneration Committee and the Board at their respective meetings held in April 2021. Qualitative comments and suggestions of Directors were taken into consideration by Mr. Dhananjay Mungale, former Chairman of the Board and Mr. C. B. Bhavé, former Chairman of the Nomination and Remuneration Committee. The Directors have expressed their satisfaction with the evaluation process.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the

Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during the Financial Year 2020-21, in terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available on the website of the Company and can be accessed at the web-link: <https://www.mahindrafinance.com/media/383820/familiarisation-programme-for-the-f-y-2020-21-website-uploading.pdf>.

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

i) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management

In accordance with the provisions of Section 134(3) (e) of the Companies Act, 2013 ("the Act") read with Section 178(2) of the Act and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has adopted a Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management team, succession planning for Directors and Senior Management, and the Talent Management framework of the Company.

This Policy is available at the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

ii) Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company

Your Company has also adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of Section 178 of the Act.

Dr. Anish Shah has been appointed as the Non-Executive Chairman of the Board of Directors with effect from 2nd April, 2021. Dr. Shah is in the whole-time employment of Mahindra & Mahindra Limited ('M&M'), the Holding Company and draws remuneration from it. Dr. Anish Shah is not paid any sitting fees or remuneration by the Company.

Board's Report

In view of the above, the Policy on Remuneration of Directors has been amended effective 2nd April, 2021, in line with the aforesaid requirements and administrative changes.

The Policy on Remuneration of Directors, as amended, and the Remuneration Policy for Key Managerial Personnel and Employees of the Company, are appended as “Annexure IV-A” and “Annexure IV-B”, respectively, and form part of this Report. These Policies are also available at the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

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

AUDITORS

Statutory Auditors

Messrs. B S R & Co. LLP, Chartered Accountants, [ICAI Firm Registration No.101248W/W-100022], were appointed as Statutory Auditors of the Company at the Twenty-seventh Annual General Meeting [AGM] to hold office for a period of five consecutive years, commencing from the conclusion of the 27th AGM held on 24th July, 2017 till the conclusion of the 32nd AGM of the Company to be held in the year 2022.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

The Report given by the Auditors on the Financial Statements of the Company for the Financial Year 2020-21 is a part of the Annual Report. The Report is unmodified and does not contain any qualification, reservation, adverse remark or disclaimer.

The Statutory Auditors were present at the last AGM.

Secretarial Auditor

The Board of Directors of the Company has appointed Messrs. KSR & Co., Company Secretaries LLP to conduct the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014. In accordance with the

provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year 2020-21 is appended to this Report as “Annexure V”.

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

The Secretarial Auditor was present at the last AGM.

Secretarial Audit of Material Unlisted Indian Subsidiary

Mahindra Rural Housing Finance Limited ('MRHFL'), a material subsidiary of the Company undertakes Secretarial Audit every year under Section 204 of the Companies Act, 2013. The Secretarial Audit of MRHFL for the Financial Year 2020-21 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report of MRHFL submitted by Messrs. KSR & Co., Company Secretaries LLP, does not contain any qualification, reservation or adverse remark or disclaimer. The Secretarial Audit Report is appended as “Annexure VI” and forms part of this Report.

Cost Records and Cost Audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable in respect of the business activities carried out by the Company.

Reporting of Frauds by Auditors

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the Financial Year with Related Parties were in the ordinary course of business and on an arm's length basis. During the year under review, your Company had not entered into any contract/arrangement/transaction with Related Parties which could be considered material in accordance with the Policy on Related Party Transactions. Pursuant to Section 134 (3) (h) read with Rule 8 (2) of the Companies [Accounts] Rules, 2014, there are no transactions to be reported under Section 188 (1) of the Companies Act, 2013. Accordingly, the disclosure of Related

Party Transactions, as required under Section 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company is uploaded on the website of the Company and same can be accessed on the web-link: <https://www.mahindrafinance.com/investor-zone/corporate-governance/>.

Further details on the transactions with Related Parties are provided in the accompanying Financial Statements.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

The ongoing COVID-19 pandemic and its effect on the overall economy has impacted consumer sentiments and collections thus affecting the Company's performance, and the future effects of the outbreak remain uncertain. The outbreak has necessitated the Government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus. All these have substantially increased the estimation uncertainty in the preparation of the Financial Statements for the year ended 31st March, 2021.

Your Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31st March, 2021 about future events that the management believe are reasonable under these 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.

Across the geographies and segments in which the Company operates, the COVID-19 outbreak has led to a worsening of economic conditions and increased uncertainty, which has been reflected in higher Expected Credit Loss ('ECL')

provisions. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy such as retail, hospitality and commercial real estate. The impact of the pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates.

Further, in accordance with the regulatory expectation of the Reserve Bank of India to bring down the Net Non-Performing Asset (NPA) ratio below 4%, which the Management has agreed with, the Company recorded an additional provision of Rs. 1,300 Crores during fourth quarter on Stage 3 loans.

The final impact of this pandemic and the Company's impairment loss allowance estimates are inherently uncertain, and hence, 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.

The continuing rapid spread of COVID-19 pandemic, emergence of new variants of the virus and the subsequent restrictions/control measures announced by the respective State Governments are the events which have continued till the date of the announcement of financial results of the Company. These uncertainties may adversely impact the Company's business operations in the future period.

Other than the above mentioned situation affecting the Company, there is no material change and commitment that have occurred after the closure of the Financial Year 2020-21 till the date of this Report, which would affect the financial position of your Company.

RISK MANAGEMENT POLICY

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

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including Cyber Security and related risks as well as those risks which in the opinion of the Board may threaten the existence of the Company. The Risk management process has been established across

Board's Report

the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives.

Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company. Your Company has a robust organisational structure for managing and reporting on risks.

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

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for its Directors, Employees and Stakeholders associated with the Company to report their genuine concerns. The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Board at its Meeting held on 23rd April, 2021 has pursuant to the recommendations of the Audit Committee, and in keeping with the changing Corporate Governance landscape, adopted a Revised Whistle Blower Policy of the Company.

As per the Whistle Blower Policy implemented by the Company, the Employees, Directors, customers, dealers, vendors, suppliers, or any Stakeholders associated with the Company are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Ethics Helpline Provider or the Chairperson of the Audit Committee of the Company or the Code of Conduct Committee. The Whistle Blower Policy also provides for reporting of insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information by the employees.

The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. Protected disclosures can also be made by sending an email at the designated email id:

MMFSL_COC@mahindra.com or any other mechanism as prescribed in the Whistle Blower Policy.

The Chairperson of the Audit Committee can be reached by sending a letter to the below address:

Chairperson of the Audit Committee
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor,
Dr. G. M. Bhosale Marg,
P. K. Kurne Chowk, Worli,
Mumbai – 400 018.

The Whistle Blower Policy has been appropriately communicated within the Company and is available on the website of your Company at the web-link: <https://mahindrafinance.com/media/384157/vigil-mechanism.pdf>.

The Audit Committee is apprised on the vigil mechanism on a periodic basis. During the year, no personnel have been denied access to the Audit Committee.

SUBSIDIARIES, JOINT VENTURE(S) AND ASSOCIATE(S)

The Company's Subsidiaries, Joint Venture(s) and Associate(s) continue to contribute to the overall growth in revenues and overall performance of your Company. A Report on the performance and financial position of each of the subsidiaries, joint venture(s) and the associate companies included in the Consolidated Financial Statements and their contribution to the overall performance of the Company, is provided in Form AOC-1 as 'Annexure A' to the Consolidated Financial Statements and forms part of this Annual Report.

Your Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. This Policy has been hosted on the website of the Company and can be accessed at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

SUBSIDIARIES

Mahindra Insurance Brokers Limited

During the year under review, Mahindra Insurance Brokers Limited ('MIBL'), the subsidiary in the business of Direct and Re-insurance Broking, serviced approximately 1.43 million insurance cases, for both Life and Non-Life Retail business. There is de-growth of 14% in Gross Premium facilitated for the Corporate and Retail business lines, decreasing from Rs. 2,431.89 Crores in the Financial Year 2019-20 to Rs. 2,101.06 Crores in the Financial Year 2020-21. The Total Income decreased by 20% from Rs. 336.89 Crores

in the Financial Year 2019-20 to Rs. 268.56 Crores in the Financial Year 2020-21. The Profit before Tax decreased by 40% from Rs. 73.90 Crores to Rs. 43.98 Crores and the Profit after Tax decreased by 40% from Rs. 53.36 Crores to Rs. 32.03 Crores during the same period. MIBL has been able to reach the benefit of insurance to over 3 lakh villages across India.

During the year, MIBL focused on improving manpower productivity and efficiency through automation projects. There is also a sharper focus on diversifying the customer base through additional distribution channel including the Point of Sales Person channel and the direct online sales through paybima.com. Though some of the planned investments in some of the business divisions were delayed, there is no change in the long term strategy of MIBL.

Mahindra Rural Housing Finance Limited

Mahindra Rural Housing Finance Limited ('MRHFL'), the Company's subsidiary in the business of providing loans for purchase, renovation, construction of houses to individuals in the rural and semi-urban areas of the country, registered a total income of Rs. 1,454.7 Crores as compared to Rs. 1,527.6 Crores for the previous year, registering a decline of 4.8%. Profit before tax was 5% lower at Rs. 195.3 Crores as compared to Rs. 205.6 Crores for the previous year. Profit after tax was 1.6% higher at Rs. 151.0 Crores as compared to Rs. 148.6 Crores for the previous year.

During the year under review, MRHFL disbursed loans aggregating to Rs. 796.6 Crores as against Rs. 1,876.4 Crores in the previous year.

MRHFL continued its focus on serving customers in rural India. Majority of the loans disbursed were to customers in villages with an average annual household income of less than Rs. 2.00 lakhs. During the year under consideration, MRHFL disbursed home loans to around 34,559 households (in addition to around 10,45,898 existing households as on 31st March, 2020). MRHFL has been expanding its geographical presence to provide affordable services for rural households.

Mahindra Manulife Investment Management Private Limited and Mahindra Manulife Trustee Private Limited

Equity Infusion by Manulife Investment Management (Singapore) Pte. Limited

As mentioned in the previous Annual Report, Manulife Investment Management (Singapore) Pte. Limited has acquired 49% of the equity share capital of Mahindra

Manulife Investment Management Private Limited [formerly known as Mahindra Asset Management Company Private Limited ('MAMCPL')] and Mahindra Manulife Trustee Private Limited [formerly known as Mahindra Trustee Company Private Limited ('MTCPL')], then wholly-owned subsidiaries, pursuant to the execution of the Share Subscription Agreement and Shareholders' Agreement by and amongst the Company, MAMCPL, MTCPL and Manulife on 21st June, 2019.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL stood reduced 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 and Mahindra Manulife Trustee Private Limited respectively, with effect from 19th May, 2020.

Mahindra Manulife Investment Management Private Limited

Mahindra Manulife Investment Management Private Limited ('MMIMPL') acts as an Investment Manager for the schemes of Mahindra Manulife Mutual Fund. As on 31st March, 2021, MMIMPL was acting as the Investment Manager for sixteen schemes.

The Average Assets under Management in these sixteen schemes were Rs. 5,249 Crores in March 2021 as compared to Rs. 4,771 Crores in March 2020. Of these assets, Rs. 2,591 Crores were in equity schemes in March 2021 as compared to Rs. 1,616 Crores in March 2020. MMIMPL has empanelled more than 15,600 distributors and opened 2,13,610 investor accounts in these schemes, recording a rise of more than 12%.

During the year under consideration, the total income of MMIMPL was Rs. 30.5 Crores as compared to Rs. 17 Crores for the previous year. The operations for the year under consideration have resulted in a loss of Rs. 26.7 Crores as against a loss of Rs. 37.9 Crores during the previous year.

Mahindra Manulife Trustee Private Limited

Mahindra Manulife Trustee Private Limited ('MMTPL') acts as the Trustee to Mahindra Manulife Mutual Fund.

During the year, MMTPL earned trusteeship fees of Rs. 33 Lakhs and other income of Rs. 2.7 Lakhs as compared to Rs. 20.9 Lakhs and Rs. 1 Lakh respectively, for the previous year. MMTPL recorded a loss of Rs. 0.97 Lakh for the year under review as against a loss of Rs. 1.8 Lakhs in the previous year.

Board's Report

Mahindra Finance CSR Foundation

Mahindra Finance CSR Foundation was incorporated on 2nd April, 2019 as a wholly-owned subsidiary of the Company registered under Section 8 of the Companies Act, 2013, to promote and support CSR projects and activities. The CSR Foundation is focused on identifying need-based and long-term social impact interventions in cause areas such as health, education, employment & livelihood generation and environment.

In the current Financial Year, the Foundation has launched a flagship CSR program for one of the important stakeholders of your Company i.e. the Driver Community. It is aimed at providing a safety net to drivers and their family members from a holistic perspective and various interventions would be implemented in collaboration with local NGO partners in select States in India.

JOINT VENTURE/ASSOCIATE

Mahindra Finance USA LLC.

The joint venture company's disbursement registered a growth of 11.5% to USD 860.7 Million for the year ended 31st March, 2021 as compared to USD 772.2 Million for the previous year.

Total Income declined by 10% to USD 61.9 Million for the year ended 31st March, 2021 as compared to USD 68.8 Million for the previous year. Profit before tax was 77% higher at USD 23.4 Million as compared to USD 13.2 Million for the previous year. Profit after tax grew at a healthy rate of 82% to USD 17.5 Million as compared to USD 9.6 Million in the previous year.

Ideal Finance Limited (Sri Lanka)

In August, 2019, your Company entered into a Share Subscription, Share Purchase and Shareholders' Agreement with Ideal Finance Limited (Sri Lanka) ['Ideal Finance'] and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka. The joint venture will capitalise on the Company's expertise of over 25 years in the financial services domain and Ideal Finance's domestic market knowledge to build a leading financial services business in Sri Lanka.

Till date your Company has acquired 38.20% stake in Ideal Finance for an amount equivalent to LKR 110 Crores (approximately Rs. 44 Crores). Your Company is committed to enhancing its equity stake in Ideal Finance up to 58.2% aggregating to an amount not exceeding LKR 200.3 Crores.

This joint venture will further strengthen your Company's presence in the financial services business. It will help your Company's growth in key emerging markets.

Names of Companies which have become or ceased to be Subsidiaries, Joint Ventures or Associate Companies during the year

During the year under review, no company has become or ceased to be a subsidiary, joint venture or associate of your Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company, its subsidiaries, associate(s) and joint ventures for the Financial Year 2020-21, prepared in accordance with the relevant provisions of the Companies Act, 2013 and applicable Indian Accounting Standards along with all relevant documents and the Auditors' Report form part of this Annual Report.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies, associate(s) and joint ventures.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements of the Company, Consolidated Financial Statements along with relevant documents and separate annual accounts in respect of each of the subsidiaries are available on the website of the Company and can be accessed at the web-link: <https://www.mahindrafinance.com/investor-zone/financial-information>.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

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

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has in place adequate internal financial controls with reference to the Financial Statements

commensurate with the size, scale and complexity of its operations.

Your Company uses various industry standard systems to enable, empower and engender businesses and also to maintain its Books of Account. The transactional controls built into these systems ensure appropriate segregation of duties, the appropriate level of approval mechanisms and maintenance of supporting records. The systems, Standard Operating Procedures and controls are reviewed by Management. These systems and controls are audited by Internal Auditors and their findings and recommendations are reviewed by the Audit Committee and the IT Strategy Committee of the Board of Directors which ensures the implementation.

Your Company's Internal Financial Controls were deployed through Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), that addresses material risks in your Company's operations and financial reporting objectives. Such controls have been assessed during the year under review taking into consideration the essential components of 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 risk control matrices are reviewed on a yearly basis and control measures are tested and documented on a quarterly basis. The Company has during the year enhanced its IT systems making the ICFR process completely digital which has further enabled to strengthen its review and monitoring controls. Based on the results of such assessments carried out by Management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Your Company recognises that Internal Financial Controls cannot provide absolute assurance of achieving financial, operational and compliance reporting objectives because of

its inherent limitations. Also, projections of any evaluation of the Internal Financial Controls to future periods are subject to the risk that the Internal Financial Control may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD – 1 AND SECRETARIAL STANDARD – 2

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied with, by your Company.

POLICIES

The details of the Key Policies adopted by the Company are mentioned at "Annexure VII" to the Board's Report.

GENERAL DISCLOSURE

- During the year, the Company, in the capacity of a Financial Creditor, has filed two petitions before the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against its customers, being Corporate Debtors.
- There was no instance of one-time settlement with any Bank or Financial Institution during the year under review.

Board's Report

PARTICULARS OF REMUNERATION AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as under:

Sr. Disclosure Requirement No.	Disclosure Details			
	Name of Director/ KMP	Designation	Ratio of the remuneration of each Director to median remuneration of employees	% increase in Remuneration
1. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020-21 & Percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2020-21	Dr. Anish Shah*	Non-Executive Chairman (w.e.f. 2 nd April, 2021)	N.A.	N.A.
	Mr. Dhananjay Mungale** (Former Chairman)	Independent Director	15.96X	13.74
	Mr. C. B. Bhavé	Independent Director	13.36X	21.04
	Ms. Rama Bijapurkar	Independent Director	12.39X	17.63
	Mr. Milind Sarwate	Independent Director	13.71X	25.08
	Mr. Arvind V. Sonde^	Independent Director	11.25X	296.73
	Dr. Rebecca Nugent#	Independent Director	1.02X	N.A.
	Mr. V. S. Parthasarathy##	Non-Executive Non-Independent Director	N.A.	N.A.
	Mr. Ramesh Iyer	Vice-Chairman & Managing Director	254.06X	8.45
	Mr. Amit Raje\$	Whole-time Director - Chief Operating Officer Digital Finance - Digital Business Unit	N.A.	N.A.
	Mr. V. Ravi\$\$	Former Executive Director & Chief Financial Officer	129.29X	7.26
	Mr. Vivek Karve@	Chief Financial Officer of the Company and Group Financial Services Sector	-	N.A.
	Ms. Arnavaz M. Pardiwalla	Company Secretary & Compliance Officer	-	-13.47
* Dr. Anish Shah, Non-Executive Chairman, being in the whole-time employment of Mahindra & Mahindra Limited ('M&M'), the Holding Company, draws remuneration from it and does not receive any remuneration from the Company. ** Resigned as Chairman of the Board of Directors of the Company w.e.f. close of business hours on 1st April, 2021. Mr. Mungale continues to be an Independent Director of the Company. ^ Resigned as an Independent Director of the Company with effect from 15th March, 2021. # Appointed as an Independent Director of the Company with effect from 5th March, 2021. ## Resigned as Non-Executive Non-Independent Director of the Company with effect from 18th September, 2020. Mr. V. S. Parthasarathy being in the whole-time employment of M&M, did not receive any remuneration from the Company during the year. \$ Appointed as Non-Executive Non-Independent Director of the Company with effect from 18th September, 2020. During F.Y. 2020-21, Mr. Amit Raje being in the whole-time employment of M&M, did not receive any remuneration from the Company. Mr. Amit Raje has been appointed as a Whole-time Director of the Company, designated as Chief Operating Officer Digital Finance - Digital Business Unit with effect from 1st April, 2021. \$\$ Ceased to hold office as Executive Director & Chief Financial Officer of the Company with effect from 25th July, 2020. @ Appointed as Chief Financial Officer of the Company and Group Financial Services Sector with effect from 14th September, 2020.				
2.	Percentage increase in the median Remuneration of employees in the Financial Year 2020-21:		There is no increase in the median remuneration of employees. There is a decrease of 16.09% in the median remuneration of employees, taking into consideration employees who were in employment for the whole of the Financial Year 2020-21 and Financial Year 2019-20.	
3.	Number of Permanent employees on the rolls of the Company as on 31 st March, 2021:		19,952	

4. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2020-21 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:	For employees other than Managerial Personnel who were in employment for the whole of the Financial Year 2019-20 and Financial Year 2020-21, there is no increase in the average percentile. There is an average decrease of 15.86% for Financial Year 2020-21 for employees other than Managerial Personnel whereas the increase in the managerial remuneration for Financial Year 2020-21 is 8.45%. Justification: In view of the outbreak of COVID-19 pandemic, no increments were given to the employees and the Managerial Personnel during FY 2020-21. There is an increase in the remuneration of Managerial Personnel, mainly due to exercise of the ESOPs in FY 2020-21. The remuneration of the Vice-Chairman & Managing Director is decided based on the individual performance, inflation, prevailing industry trends and benchmarks. The remuneration of eligible Non-Executive Directors consists of commission and sitting fees. While deciding the remuneration, various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship/Chairpersonship of Committees, and such other factors as the Nomination and Remuneration Committee may deem fit etc., were taken into consideration.
5. Affirmation that the remuneration is as per the Remuneration Policy of the Company:	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.

Notes:

- 1) The remuneration calculated is as per Section 2(78) of the Companies Act, 2013 and includes the perquisite value of Stock Options of the Company exercised during the year.
- 2) The calculations are based on Employees who were on the rolls of the Company for the whole of the Financial Year 2019-20 and Financial Year 2020-21.
- 3) On the recommendation of the Nomination and Remuneration Committee, the Board at its Meeting held on 28th January, 2021 has increased the commission and sitting fees payable to the Independent Directors for attending the Board/Committee Meetings. This is commensurate with the increased responsibilities, contribution and time devoted by Independent Directors on various matters pertaining to the Company.

Mr. Ramesh Iyer, Vice-Chairman & Managing Director of the Company does not receive any remuneration or commission from its Holding Company.

Mr. Ramesh Iyer does not receive any commission from any of the subsidiaries of the Company. During the year under review, Mr. Ramesh Iyer has received remuneration from Mahindra Insurance Brokers Limited, the Company's Subsidiary in the form of Employees' Phantom Stock Options amounting to Rs. 88,51,570.

Mr. Ramesh Iyer has not exercised ESOPs of Mahindra Rural Housing Finance Limited, a subsidiary company, during the year, which were granted in the earlier year[s].

The Company had 23 employees who were in receipt of remuneration of not less than Rs. 1,02,00,000 during the year ended 31st March, 2021 or not less than Rs. 8,50,000 per month during any part of the year.

Details of employee remuneration as required under provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) and 5 (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are available on your Company's website and can be accessed at the web-link: <https://www.mahindrafinance.com/investor-zone/financial-information>.

Any Member interested in obtaining a copy of the same may write to the Company Secretary at the investor Email Id: investorhelpline_mmfsl@mahindra.com.

Board's Report

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Company has in place a detailed Policy in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, **('POSH Act')** and Rules made thereunder, to prevent sexual harassment of its employees.

All employees [permanent, contractual, temporary and trainees] are covered under this Policy. The Policy has been widely communicated internally and is placed on the Company's intranet portal. The Company ensures that no employee is disadvantaged by way of gender discrimination.

The POSH Policy is also available on the website of the Company and can be accessed at the web-link: <https://www.mahindrafinance.com/investor-zone/corporate-governance>.

The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee (ICC) under the POSH Act to redress complaints received regarding sexual harassment.

To ensure that all the employees are sensitised regarding issues of sexual harassment, the Company conducts an online Induction Training through the learning platform M-Drona covering topics on POSH awareness, reconciliation before filing POSH complaint(s) and consequences of filing false complaint(s).

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2020-21, pursuant to the POSH Act and Rules framed thereunder:

- a) Number of complaint(s) of Sexual Harassment received during the year: 2
- b) Number of complaint(s) disposed off during the year: 2
- c) Number of cases pending for more than 90 days: Nil
- d) Number of workshops/awareness programme against sexual harassment carried out:

- Awareness program was conducted in which mailers and video on Prevention of Sexual Harassment at the work place along with the detailed POSH Policy was circulated to sensitise employees to uphold the dignity of their female colleagues at the workplace.
- Online training program on "Sexual Harassment while Working from Home" and best practices at work for handling sexual harassment cases was organised for Members of the Internal Complaints Committee.
- A program was conducted online for all women employees, to enhance awareness regarding the Company's POSH Policy.
- Awareness program was conducted under the "Speak-up" campaign for the employees, in which awareness creating emails and wall papers on laptop/computer screens of all employees, were circulated, covering topics such as applicability of POSH Act to virtual office, raising a complaint under the POSH Act, etc.

- e) Nature of action taken by the employer or District Officer: Warning letter was issued to both the respondents.

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

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

(A) Conservation of Energy

- (i) **The steps taken or impact on conservation of energy:**

The operations of your Company are not energy intensive. However, adequate measures have been initiated to reduce energy consumption.

Select few steps are listed:

- a) Replacement of conventional lighting with Light Emitting Diode (LED) lighting:

The Company has installed LED lighting in Regional Offices of the Company during the

year under review and the same has been monitored in terms of electrical consumption and expenses. The Company extensively monitors its energy consumption and GHG emissions. Conservation of energy covers use of LED lights in new branches and retrofication to LED lights in Regional Offices.

- b) Replacement of old air-conditioning with updated version of machines with R-410A gas, which helps in reducing Ozone depletion. Your Company has taken the initiative to use environment friendly gas in Air Conditioners during the year.
- c) Reduction in water and energy consumption and recycling of waste paper generation at various locations.

During the year, the Company has sent 2,131 kgs. of waste generated at the Head Office for responsible disposal and recycling. In return it has received 11,195 Swachh Bharat Points which can be redeemed for environmentally friendly office stationary items from the vendor partner. Similarly, waste generation and recycling has been done at the Record Management Company for 2,896 boxes weighing total 16,500 kgs.

- (ii) The steps taken by the Company for utilising alternate sources of energy: Nil.
- (iii) The capital investment on energy conservation equipment: Nil.

(B) Technology Absorption

- (i) The efforts made towards technology absorption: Not Applicable.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): Not Applicable.

- (a) Details of Technology Imported;
- (b) Year of Import;
- (c) Whether the Technology has been fully absorbed;
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.
- (iv) Your Company has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

Foreign Exchange earnings and outgo during the year under review are as follows:

Rs. in Crores		
Total Foreign Exchange Earned and Outgo	For the Financial Year ended 31st March, 2021	For the Financial Year ended 31st March, 2020
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	16.14	20.14

For and on behalf of the Board

Dr. Anish Shah
Chairman

Place : Mumbai
Date : 23rd April, 2021

Board's Report

Annexure I to the Board's Report for the year ended 31st March, 2021

Dividend Distribution Policy

Preamble

Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["the Listing Regulations"] makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate a Dividend Distribution Policy.

In compliance with the provisions of Regulation 43A of the Listing Regulations the Board of Directors of the Company at its meeting held on 25th October, 2016, has approved and adopted the Dividend Distribution Policy of the Company ["the Policy"]. The Policy shall come into force for accounting periods beginning from 1st April, 2016.

Objective

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company.

This Policy aims to ensure that the Company makes rational decision with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. It lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/declaration of dividend to its shareholders.

Definitions

- a. "Act" means the Companies Act, 2013 and Rules made thereunder [including any amendments or re-enactments thereof].
- b. "Applicable laws" shall mean to include Companies Act, 2013 and Rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/guidelines/notifications/circulars issued by the Reserve Bank of India and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.

- c. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.
- d. "Company" shall mean Mahindra & Mahindra Financial Services Limited.
- e. "Dividend" includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- f. "Financial year" shall mean the period starting from 1st day of April and ending on the 31st day of March every year.
- g. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.
- h. Capital to Risk Assets Ratio (Capital Adequacy Ratio) shall mean the Percentage of Capital Funds to Risk Weighted Assets/Exposures of the Company.

Dividend distribution philosophy

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act, 2013. The Board may also declare interim dividends as may be permitted by the Companies Act, 2013.

The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth.

Information on dividend for the last 10 years is furnished in the Annual Report.

Parameters adopted with regard to various classes of shares

- i) Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value of Rs.2 each. Presently, the Authorised Share Capital of the Company is divided into Equity Shares of Rs. 2 each and preference shares of Rs. 100 each. At present, the issued and paid-up share capital of the Company comprises of only Equity Shares of Rs. 2 each which rank pari passu with respect to all their rights. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding

on the record date. In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

- ii) The Company shall first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend would be declared on Equity Shares.
- iii) As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

Factors for recommendation/ declaration of dividend

As in the past, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return. Within these parameters, the Company would endeavour to maintain a total dividend pay-out ratio in the range of 20% to 30% of the annual standalone Profits after Tax (PAT) of the Company.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

Internal Factors (Financial Parameters):

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years; and
 - b. Internal budgets,
- ii. Cash flow position of the Company,
- iii. Accumulated reserves,
- iv. Capital to Risk Assets Ratio (Capital Adequacy Ratio),
- v. Transfer to Statutory Reserves as per the Reserve Bank of India Act, 1934,
- vi. Transfer to Debenture Redemption Reserve,
- vii. Earnings stability,
- viii. Future cash requirements for organic growth/expansion and/or for inorganic growth,
- ix. Brand acquisitions,

- x. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
- xi. Deployment of funds in short term marketable investments,
- xii. Long term investments,
- xiii. Capital expenditure(s), and
- xiv. The ratio of debt to equity (at net debt and gross debt level).

External Factors:

- i. Business cycles,
- ii. Economic environment,
- iii. Cost of external financing,
- iv. Applicable taxes including tax on dividend,
- v. Industry outlook for the future years,
- vi. Inflation rate, and
- vii. Changes in the Government policies, industry specific rulings and regulatory provisions.

Apart from the above, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

Circumstances under which the shareholders of the Company may or may not expect dividend

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cash flow available for distribution.
- iv. In the event of inadequacy or absence of profits.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in

Board's Report

the event of challenging circumstances such as regulatory and financial environment.

In such event, the Board will provide rationale in the Annual Report.

Manner of utilisation of retained earnings

The retained earnings of the Company may be used in any of the following ways:

- i. Capital expenditure for working capital,
- ii. Organic and/or inorganic growth,
- iii. Investment in new business(es) and/or additional investment in existing business(es),
- iv. Declaration of dividend,
- v. Capitalisation of shares,
- vi. Buy back of shares,
- vii. General corporate purposes, including contingencies,
- viii. Correcting the capital structure,
- ix. Any other permitted usage as per the Companies Act, 2013.

General

Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/agreement, if any, before recommending or distributing dividend to the shareholders.

Review

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/Acts/Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s), etc. issued under any Applicable laws/Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

Disclosures

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website of the Company.

The Policy will be available on the Company's website and the link to the Policy is: <https://mahindrafinance.com/discover-mahindra-finance/policies>. The Policy will also be disclosed in the Company's Annual Report.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes along with the rationale in the Annual Report and on its website.

Annexure II to the Board's Report for the year ended 31st March, 2021**Business Responsibility Report for the year 2020-21**

(Pursuant to Regulation 34(2)(f) of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	:	L65921MH1991PLC059642	
2.	Name of the Company	:	Mahindra & Mahindra Financial Services Limited	
3.	Registered address	:	Gateway Building, Apollo Bunder, Mumbai - 400 001, Maharashtra, India.	
4.	Website	:	https://www.mahindrafinance.com	
5.	E-mail	:	investorhelpline_mmfsl@mahindra.com	
6.	Financial Year reported	:	1 st April, 2020 to 31 st March, 2021	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Description of the main products/services	NIC code for the product or service
			Asset Financing	64990
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	:	1) Vehicle/Tractor Financing	
			2) Small and Medium-sized Enterprises (SME) Financing	
			3) Investments and Advisory	
9.	Total number of locations where business activity is undertaken by the Company	:	i. Number of International Locations (Provide details of major 5)	ii. Number of National Locations
			The Company has presence in India and operates through its Associates viz. Mahindra Finance USA LLC, in United States and Ideal Finance Limited, in Sri Lanka.	1,388 offices as on 31 st March, 2021
10.	Markets served by the Company – Local/ State/National/International	:	The Company serves Local/State and National Level markets with focus on rural and semi-urban areas of India.	

Section B: Financial Details of the Company

1.	Paid up Capital (INR)	:	246.40 Crores
2.	Total Turnover (INR)	:	10,516.91 Crores
3.	Total profit after taxes (INR)	:	335.15 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	INR 32.54 Crores 2.01% of average Net Profits of the preceding three Financial Years.
5.	List of activities in which expenditure in 4 above has been incurred	:	1. Flagship Program: The Company has launched its CSR flagship program- 'SWABHIMAAN' for Driver Community, which is aimed at holistically providing safety to drivers and their family members. Going forward, following interventions are planned through the Company's wholly-owned subsidiary, Mahindra Finance CSR Foundation in collaboration with NGOs: A. Driving Training for Freshers: The objective is to promote driving skills amongst men and women. The purpose of the program is to provide two months training for 1,500 beneficiaries (1,000 Men & 400 women for Light Motor Vehicle and 100 women for Auto rickshaw). The Program will be implemented in the selected states.

Board's Report

B. Auto-mechanic Training for women:

The main objective is to promote automotive skills amongst women to enhance livelihoods. The purpose of the program is to provide around two months training for 500 women beneficiaries in selected states.

C. Road Safety Training for existing Drivers:

The main objective is to impart knowledge of safe driving practices and vehicle maintenance for Drivers. The purpose of the program is to provide 4 hours' refresher training for 1,000 drivers in selected states.

D. Financial Planning (Dhan Samvaad):

The objective is to inculcate good financial practices for better money management. A session of 90 to 120 minutes was conducted for 25,000 Drivers from selected states.

E. Saksham Scholarship:

The main objective is to provide financial aid to children to pursue their education. Scholarship is provided to 3,200 children of Drivers, studying from Grade One to Post Graduation.

F. Insurance:

The main objective is to provide free personal accident and medical insurance policy to Drivers community in selected states.

2. Divyang Vikas Kendra:

Multiple sector skills were provided to Persons with Disability ("PwDs") so as to enable them to get employment in sectors such as Retail, Hospitality and ITES.

Through this program we trained 347 PwDs at Bhopal and Vizag to make them employable.

3. Nanhi Kali:

Objective of the project is to impact the nation's development through education of the girl child. The purpose of the project is to curtail the high dropout rate prevalent amongst school girls in India, while ensuring that girls attend school with dignity and attain quality education. In F.Y. 2020-21, the Company supported education of 10,872 marginalised girls from Andhra Pradesh, Maharashtra, Punjab, Uttar Pradesh, Tamilnadu and West Bengal.

4. Mahindra Pride Schools (MPS):

MPS are livelihood training schools which provides intensive training in ITES, Retail and Hospitality to youth from socially and economically disadvantaged backgrounds. In F.Y. 2020-21, the Company supported the schools in Pune, Chennai and Hyderabad which skilled 1,822 students.

5. Mahindra Pride Classrooms (MPC):

MPC provide online 40-120 hours of training to final year students covering English speaking, Life skills, Aptitude, Interview, Group Discussion and Digital Literacy. In F.Y. 2020-21 30,627 students were supported by the Company from selected states in India.

6. COVID-19 Care Interventions:

A. Distribution of Ration Kits:

The Company distributed 5,000 ration kits (food materials/essential items) to Driver community as part of COVID-19 response. This was implemented in collaboration with NGO partners in the selected districts of Maharashtra, Gujarat, Bihar, Uttar Pradesh and Delhi - NCR.

B. COVID-19 Relief Fund:

This Fund was set up at Mahindra Foundation, where employees of Mahindra Group made contribution to support individuals operating in our eco system whose livelihood was affected. This include 650+ canteen and housekeeping (outsourced) staffs and individual vendors.

7. Employees Volunteering Initiatives:

We have always encouraged our employees to participate in various CSR Projects to drive positive changes amongst the community.

Due to the continuing COVID-19 pandemic, the Company has introduced virtual volunteering options as a part of Employees Volunteering Initiatives:

A. Virtual Volunteering:

“Connect For”: Over 350 such virtual opportunities were available and employees across India could choose any activity which they relate to and volunteer for either one time or long term projects.

“MySeva”: On the occasion of Founder's Day, “MySeva” was launched as part of 75th year celebration. This is to encourage employees to spend some time for performing acts of kindness throughout the year and share their experiences on the portal.

B. On Field Volunteering:

- a. Mahindra Hariyali: The program is meant to increase green cover in the country by planting trees in multiple locations across India and supporting Environmental conservation and restoration projects. 30,160 saplings have been planted across India with the participation of employees.
- b. Swachh Bharat: The program supports Prime Minister's clean India campaign by spreading awareness about Swachh Bharat Abhiyan. Our employees volunteered in 9 activities which benefited 3,264 people.
- c. Samantar: Visit to Orphanages, Old Aged Homes and Differently Abled Homes. Our employees conducted 13 activities, benefitting over 780 people.

Over 3,000 employees contributed 63,000+ man-hours across India in various Virtual and On Field volunteering initiatives.

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has five Subsidiary Companies as on 31st March 2021. 1) Mahindra Insurance Brokers Limited [MIBL] 2) Mahindra Rural Housing Finance Limited [MRHFL] 3) Mahindra Manulife Investment Management Private Limited [MMIMPL] 4) Mahindra Manulife Trustee Private Limited 5) Mahindra Finance CSR Foundation [Section 8 Company]

Board's Report

2. **Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(ies).**
- Yes, three Subsidiary Companies viz. Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited and Mahindra Manulife Investment Management Private Limited participate in the Company's BR initiatives and also have been included in the scope of M&M - Financial Services Sector (FSS) Sustainability Report. The FSS Sustainability Reports of last 8 years are available on the Company's website at - <https://mahindrafinance.com/discover-mahindra-finance/sustainability>.
- Also the different sustainability related interventions were deployed and driven across Financial Services Sector covering all the subsidiary companies during F.Y. 2020-21.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
- Yes, the Company has developed a long lasting relationship with Dealers of Original Equipment Manufacturers (OEMs). The Company has a Dealers' Council and organizes regular Dealer meets. As part of these engagement activities with dealers we highlight our business practices and process which are in line with the governing framework and we also align with dealers on our core business focus i.e. enabling people to earn livelihood and creating positive social impact.
- On Suppliers' front the Company has service providers and vendors that provide services and products required for business operations. The Company has various sustainability focused programs that expand the reach of environmental and social responsibility to our suppliers. The Company also encourages and appreciates its suppliers who adopt sustainability focused practices and promote them. In F.Y. 2018-19, the Company formulated 'Vendor & Supplier Code of conduct'. It sets forth key social, environmental and governance standards that the Company expects its suppliers and vendors to follow.
- Since the business reach is widespread across the country, the number of dealers and suppliers which the Company engages and works with, is considerably high. Currently the coverage of the dealers and suppliers covered under the sustainability program is less than 30%.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Director Identification Number (DIN)	Name	Designation
00220759	Mr. Ramesh Iyer	Vice-Chairman & Managing Director, President - Financial Services Sector & Member of the Group Executive Board

b) Details of the BR Head

S. No.	Particulars	Details
1.	DIN (if applicable)	N.A.
2.	Name	Mr. Atul Joshi
3.	Designation	Vice President - HR & Administration
4.	Telephone number	+91 22 66526029
5.	E-mail id	joshi.atul@mahindra.com

2. Principle-wise (as per NVGs) BR Policy/Policies

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by the Board, is in place. This policy is operationalized and supported by various other policies, guidelines and manuals.

The 9 principles outlined in the National Voluntary Guidelines are as follows:

PRINCIPLE 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
PRINCIPLE 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
PRINCIPLE 3	Businesses should promote the well-being of all employees.
PRINCIPLE 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
PRINCIPLE 5	Businesses should respect and promote human rights.
PRINCIPLE 6	Businesses should respect, protect and make efforts to restore the environment.
PRINCIPLE 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
PRINCIPLE 8	Businesses should support inclusive growth and equitable development.
PRINCIPLE 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	Ethics, Transparency and Accountability	Product Life Cycle*	Well-being of Employees	Stakeholder Engagement	Human Rights	Environment*	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national/ international standards? If yes, specify	Y	N.A.	Y	Y	Y	Y	Y	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹	Y ¹
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²	Y ²
8	Does the Company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	N.A.	Y	Y	Y	Y	N.A.	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y ³	Y ³	Y ³	Y ³	Y ³	Y ³	Y ³	Y ³	Y ³

*Considering the nature of the Company's business, this principle has limited applicability to our service offering and financial products.

Board's Report

Notes:

Y – Yes, the Company has relevant policies and systems in place with respect to the principles and the related questions as per the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibility of Business.

Y¹ – The Company's Business Responsibility Policy, Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Fair Practice Code, Internal Guidelines on Corporate Governance, Corporate Social Responsibility Policy, Sustainability Policy and Whistle Blower Policy are available on the Company's website at following links:

- https://www.mahindrafinance.com/media/383968/mmfsl_businessresponsibilitypolicy_signed.pdf
- https://mahindrafinance.com/media/125149/coc_directors.pdf
- https://mahindrafinance.com/media/125158/code_for_independent_directors.pdf
- <https://www.mahindrafinance.com/media/125150/code-of-conduct-for-senior-management-employees.pdf>
- <https://www.mahindrafinance.com/investor-zone/fair-practice-code>
- <https://www.mahindrafinance.com/media/383760/mmfsl-internal-guidelines-on-corporate-governance.pdf>
- https://www.mahindrafinance.com/media/383759/csr-policy_final-4.pdf
- https://mahindrafinance.com/media/44959/sustainability_policy_fss_final.pdf
- <https://mahindrafinance.com/media/384157/vigil-mechanism.pdf>

Other Policies with respect to principles of NVGs like Human Rights Policy, Policy for Disposal of IT Assets, Loan Credit Policy, Quality Policy, Insider Trading Code, Policy on Insider Trading, etc. are uploaded on the Company's intranet portal for the information and implementation by internal stakeholders.

Y² – Communication of Business Responsibility Policy and other Policies with respect to principles of NVG has been shared and circulated to relevant stakeholders.

Y³ – While the Company has not carried out independent audit of the policies; there is a limited assurance by an independent third party (assurance provider) for the Company's Sustainability Report. The execution of the policies is through processes and systems, which are regularly reviewed and considered for improvements.

- b)** If answer to the question at serial number 1 (in table of 2.a) against any principle, is 'No', please explain why: : Not Applicable
(Tick up to 2 options)

3. Governance related to BR

1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Within 3 months
2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company annually publishes the Sustainability Report adhering to Global Reporting Initiative (GRI Standards), based on International Integrated Reporting Council (IIRC) framework. In the reporting year, the Company released its 8 th Sustainability Report for F.Y. 2019-20 with the theme 'Positive and Promising'. The report has its GRI Content Index checked by GRI. The report also aligns with the National Voluntary Guidelines and United Nations Sustainable Development Goals and is externally assured. It highlights how the Company is moving closer to fulfilling its essential aim of building a more positive and promising world for all stakeholders. The Sustainability Report for the F.Y. 2019-20 can be accessed at the web-link: https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf .

Section E: Principle-wise performance

Principle 1

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs /Others?**

The Company has a Code of Conduct to deter wrongdoings and to promote ethical practices. The Code is for everyone working for or on behalf of the Company, whether as an employee or otherwise. The Board has adopted two detailed sets of code of conduct, one for Board of Directors and other for Senior Management and Employees. The Code of Conduct for Senior Management and Employees forms an integral part of the induction of new employees.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

During the reporting year, 116 complaints were received from the Shareholders, all of which were attended to/resolved till date.

Further, during the year under review, 6 complaints were received from Debenture holders and 18 complaints were received from Fixed Deposit holders. All the complaints stand resolved at the end of the financial year.

During the reporting year 22,032 customer complaints were received and 1,693 were pending at the beginning of the year. Out of total 23,725 customer complaints, 22,962 are redressed during the year and 763 are pending. Out of total customer complaints 96.78% are satisfactorily resolved and 3.22% are pending for resolution at the end of the year.

Your Company is firmly focused in offering the best services to all its stakeholders and constantly endeavours to identify and address any area of concern and redress any grievance/complaint that may arise, on priority.

Principle 2

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

From the outset Mahindra & Mahindra Financial Services Sector has felt a strong sense of stakeholder responsibility and our inclusive business model is anchored in our vision to help accelerate sustainable development for all. For close to three decades, we have played a critical role in bringing the economically

underprivileged sections of society to India's financial lifeline and drive positive change. The Company's businesses focus on the key necessities of people and enable them to earn their livelihood through financial products offered by it. The Company also helps people to build their homes through MRHFL's affordable home loan services, secure their life and assets by insurance solutions of MIBL and provide investment options by MMIMPL.

Sustainability is core to the purpose of Mahindra & Mahindra Financial Services Sector; it has always been a key success factor for the ambit of the Company's businesses. Since inception, we have been instrumental in driving positive change and have helped raise environmental awareness & driven mitigation efforts, inspiring others along the way.

The Company's product portfolio covers:

- a) Vehicle loans:** Utility vehicles, tractors, cars, two-wheelers, three-wheelers, commercial vehicles and construction equipment and refinance for used cars.
- b) SME loans:** Equipment Financing, Project Financing and Working Capital Finance.
- c) Investments and Advisory:** The Company helps customers by providing investment advisory services and a wide range of investment products.

The Company has presence in over 3.80 lakh villages and undertakes periodic surveys to understand its customers better. These customers are largely not covered by the conventional banking system, or they are located in under-banked locations. The Company's customers come from various walks of life, such as small traders, entrepreneurs, teachers, drivers and farmers. Around 80% of Company's customers belong to the lower-income category and are at the bottom of the income and social pyramid.

Environmental concerns are also factored into our product and service considerations. Climate Change pattern can significantly impact our business as our loan recovery schemes for rural customers are structured around the crop harvest pattern. Hence, weather reports are assessed on a regular basis and aligned with business operations to protect our customers and minimize the risk impact. We have also integrated Climate related risks into our risk register. We focus on financing of electrical vehicles, which are part of our green product portfolio. This has been taken into consideration while formulating our sustainability roadmap too. During FY. 2020-21, we financed 2,993 electric vehicles with a total financing value of INR 41.62 Crores.

Board's Report

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)

The Company operates in financial services sector, therefore this aspect doesn't relate to the nature of the business. However, the Company extensively monitors its energy consumption, GHG emissions and waste generation as a part of its sustainability roadmap.

The steps taken on conservation of energy covers use of LED lights in new branches and also retrofication to LED lights in Regional Offices. Also, the Company has taken initiative on use of environment friendly gas in Air Conditioners during the year.

The Company has sent 2,131 kgs. of waste generated at Head Office for responsible disposal and recycling. In return the Company has received 11,195 Swachh Bharat Points which can be redeemed for environmentally friendly office stationery items from the vendor partner.

At the Company's Corporate Office in Mumbai, dry and wet waste segregation along with recycling has been set up.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company's major suppliers are small scale vendors and service providers. The Company's nature of business does not present opportunities for sustainable sourcing aspect in a holistic way. However, the Company focuses on engaging with local suppliers and giving them preference which helps them in generating and sustaining their business. Also, the Company encourages its suppliers and vendors to adopt sustainable practices.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

One of the important factors while selecting suppliers of the Company is proximity to locations where it operates. Since the Company has a pan-India presence and operates across various locations in rural India, it is important to build strong partnerships with the local suppliers. In the last reporting year, 100% of Company's supplies were met through local vendors and service

providers. The same is also covered as one of the sustainability performance indicators at Page No. 35 in the Company's previous Sustainability Report available at the web-link <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>.

As a part of the Company's continued engagement with local suppliers and through its emphasis on factors like quality, delivery time, etc., service levels of the suppliers have improved. Also, the Company encourages its suppliers to adopt sustainable practices and also appreciates and recognizes the good practices followed by them.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)

Yes, the Company has a mechanism to recycle waste produced during its business operations which majorly comprises of e-waste and stationery waste (like paper & plastics). The Company disposes the hazardous waste materials (e-waste) through authorized agencies as per the applicable laws pertaining to e-waste. 100% of hazardous waste from all major locations for the previous year was disposed-off responsibly.

The Company is collaborating with Record Management Agencies to take up initiatives on waste recycling. 2,896 cardboard boxes weighing 16.5 tons were sent for recycling in the reporting year.

Principle 3

1. Please indicate the Total number of employees

	No. of employees
Permanent employees	19,952

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis

	No. of employees
Temporary/Contractual/Casual employees	5,201

3. Please indicate the number of permanent women employees

756

4. Please indicate the number of permanent employees with disabilities

50

5. Do you have an employee association that is recognized by management?

The Company does not have recognized Employee Associations / Labour unions.

6. What percentage of your permanent employees are members of this recognized employee association?

This aspect is not applicable as employees in the Company are not members of any recognized association.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as at the end of the financial year
1.	Child labour/forced labour/involuntary labour	NIL	NIL
2.	Sexual harassment	2	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

The Learning and Development team conducts programmes each year to nurture talent amongst the employees. The average training hours accounted to 12.4 hours man-days per person in FY. 2020-21.

Percentage of employees covered as a part of different safety & skill up-gradation training in the last year are given below:

☐ Permanent Employees	83%
☐ Permanent Women Employees	66%
☐ Casual/Temporary/Contractual Employees	Company does not measure this metric
☐ Employees with Disabilities	Company does not measure this metric

Principle 4**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes, the Company has mapped its internal and external stakeholders.

Details of Company's stakeholder engagement process can be referred on Page Nos. 22-23 of its previous Sustainability Report available at web-link - <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes, the Company has identified such stakeholders. The Company has a CSR Committee and Sustainability Council which develops the roadmap and action plan taking into consideration the expectations of different stakeholders including those which need support on multiple fronts. The Company mobilises resources to implement various programs for upliftment of these stakeholders.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

At Mahindra & Mahindra Financial Services Limited, we sincerely believe that the actions of the organisation and its community are highly inter-dependent. Both on its own and as part of the Mahindra Group, through constant and collaborative interactions with our external stakeholders, we strive to become an asset in the communities where we operate.

Transforming lives of the rural population has been the primary focus of all corporate social responsibility initiatives undertaken by the Company. The endeavour is to empower the rural communities and help them unleash their potential. The Company has identified Healthcare, Education & Livelihood and Environment as key CSR thrust areas. This year we have launched flagship program for the welfare of one of the major stakeholders – driver community in India.

Board's Report

The details of the programs can be found under the CSR section of the Company's Sustainability Report and Annual Report.

Annual Report of the Company can be accessed at the web-link: <https://mahindrafinance.com/investor-zone/financial-information>.

Kindly refer to Social Performance Section in Company's previous Sustainability Report on Page Nos. 46 to 49 available at web-link: <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Human Rights Policy Statement of the Company applies to all employees and is expected to be reciprocated by other stakeholders including partners, suppliers, vendors and contractors, as the Company's commitment to Human Rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

None with respect to Human Rights. Elements of Human Rights get covered in various policies and practices at the Company. Complaints pertaining to employee well-being that covers different aspects of Human Rights is disclosed in Point No. 7 of Principle 3 above.

Principle 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

Yes, the Company's Policy related to environmental protection as applicable for Financial Services Industry covers different sets of stakeholders. The e-waste Management Policy and the 'Vendor & Supplier Code of Conduct' which are important to the Company have coverage and applicability to its business partners involved in the process. In addition to this, Company has also devised Sustainability Policy and Guidelines in FY. 2017-18 which also covers the Company's subsidiary companies and different stakeholders engaged in business process as applicable.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Climate change patterns are imperative to the Company's business, as our loan recovery schemes are structured around crop harvest pattern. Hence Climate change is a major factor for our customer profile consisting of mainly farmers, traders, local transport operators, small business owners and daily earners.

The issue of Climate change has been to the fore since the United Nations Paris Agreement in 2015 and the Company is determined to reduce our environmental footprint and lead the way forward. In order to manage its environmental footprint and reduce it, the Company is tracking data on parameters like electricity, paper, fuel and water consumption across all locations. Performance in terms of absolute and specific GHG emissions is also calculated.

- In 2018, your Company became the 1st and only Financial Company in India to be committed towards call to action for Science Based Targets. The Science Based Targets initiative (SBTi) requires companies to publicly commit to setting carbon emission reduction targets that are in line with climate science. In 2020, the Company's preliminary validation for carbon reduction target setting was completed.
- The Company has been included in Dow Jones Sustainability Index Sustainability Yearbook 2021. The Yearbook is released by S&P Global, it showcases sustainability performance of the world's largest companies and includes the top 15% of companies in each industry. Your Company is the only Company from amongst the Diversified Financial Services Companies in India to have made it to this list.
- The Company ranked 48th amongst Top 100 Indian companies for Sustainability & CSR under Responsible Business Rankings 2020 by Futurescape.
- The Company has been listed in the renowned FTSE4Good Emerging Markets Index for the second consecutive time. FTSE4Good is an Equity Index series that is designed to facilitate

investment in companies that meet globally recognized corporate responsibility standards. It is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

- The Company's approach has been to make its environmental disclosure transparent, and accordingly, it has been reporting disclosures and reports on its performance through the Carbon Disclosure Project (CDP) India since FY. 2011-12. During the reporting year, the Company attained CDP Performance Band: B meaning that the Company is at 'Management' band this year.
- The Company under Mahindra Hariyali project planted 30,160 saplings across India in this year. It is an initiative to improve green cover and protect biodiversity in the country.
- Mr. Anand Mahindra, Chairman of the Mahindra Group, at Davos 2018 reaffirmed his pledge to Climate change mitigation by committing all Mahindra Group companies to setting Science based targets which aim to limit global temperature rise to 1.5-2 degrees. He also made a bold statement announcing all Mahindra Group companies to become Carbon neutral by 2040. Aligning to Mr. Mahindra's commitment, the Group's Financial Services Sector has developed its Carbon Neutrality Roadmap 2040.
- On the Capacity building front, sensitizing the employees to an evolving concept such as Sustainability has been taken as one of the key initiatives. This year we have launched the following programs:
 - Human Rights E-learning module launched on internal E-learning platforms. 75% of employees have completed this module.
 - UN Climate Change certified course introduced which consists of 6 modules.
- Since 2015, the Company has been releasing Quarterly Sustainability Newsletter "Beyond Profit" to communicate Sustainability & CSR Highlights internally across Financial Services Sector. The message and inputs of the Senior Management of the Company and its subsidiaries, viz. MIBL and MRHFL are also captured in these Newsletters. In FY. 2020-21 following themes have been covered:

- Pandemic and our quest for Sustainability, Energy Management during COVID-19, and Mass Vaccination drive & its Environmental Impact.

- Through 'I Am Responsible Initiative' the Company encourages employees to make Sustainability personal and to make a social contribution through monthly calendar activities. We take it upon ourselves as an organization to make sure each of our employees become part of it to bring a positive change in society. This initiative is driven in alignment with Sustainability Calendar which is designed with 17 United Nations Sustainable Development Goals as an overarching framework.

Also, the Company has undertaken various environmental initiatives that reduce emission of GHG gases in atmosphere that contribute to the phenomena of global warming and climate change. Details of all the initiatives are available in the 'Natural Capital' section of the Company's Sustainability Report and also shared below. Kindly refer the Page Nos. 52-54 of Company's previous Sustainability Report available at the web-link: <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>.

An indicative list of various projects implemented in this regard is appended below:

On Energy Conservation:

- 1) Use of LED Lights in place of CFL at offices.
- 2) Installation of higher efficiency Air Conditioners (3 star and above) and Blade Servers.
- 3) Quality improvement initiatives with actions focused on energy conservation.

On Water Saving:

Aerators in taps of offices.

On Waste Reduction:

- 1) Use of technology and digitisation of processes to make them paperless.
- 2) Reusing and recycling of wastes.
- 3) Segregation of dry and wet waste.
- 4) Usage of compostable bags for garbage disposal.

Board's Report

3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a mechanism to identify and assess potential environmental risks pertinent to its business operations. In the reporting year, the Company has enhanced its existing Risk Register by including applicable Climate change risks. Following steps were undertaken to carry out the integration:

- Review the existing risk register.
- Identification of financial sector specific climate change risks.
- Classification of the risks.
- Integration of new climate change risks into risk register.

Risks ranging in the category of current regulation like new emission norms, Electric vehicle entry to risks such as 'Risk to Commitment' Eg: Non-conformance with carbon sink procedures have been included.

4. Does the Company have any project related to Clean Development Mechanism (CDM)? If Yes, whether any environmental compliance report is filed?

As the nature of Company's business is service oriented; feasibility of undertaking a CDM project is very limited. The Company has not undertaken any project related to CDM.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, Company has undertaken initiatives on energy efficiency and renewable energy. Please refer point 2 above.

The Company has installed solar powered UPS in various branches, which experience power shortages. At present, the Company has installed 157 KVA of solar capacity across 57 branches, LED lights in place of CFL in offices and installation of solar panels in various offices. Also, the Company has taken initiative on use of environment friendly gas in Air Conditioners. Details about the project are available in the environment performance section of the Company's previous Sustainability Report on Page Nos. 35 & 54 at - <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company, being a non-banking financial Company doesn't fall under the purview of Central Pollution Control Board/State Pollution Control Board. However, the Company monitors various aspects like energy consumption, water consumption, paper consumption, wastes generated and GHG emissions (details available in the Sustainability Report at - <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>).

Your Company under various initiatives is constantly in pursuit to reduce its carbon footprint and waste generated.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as at the end of Financial Year.

Not applicable, as the operations of your Company do not come under the purview and regulations of these government bodies. Your Company is compliant with all applicable laws pertaining to its business.

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

The Company has been a prominent member of Confederation of Indian Industries (CII), National Committees, Finance Industry Development Council (FIDC), and Bombay Chamber of Commerce and Industry (BCCI).

Also, the Company has been associated with other industry bodies like - Federation of Indian Chambers of Commerce and Industry (FICCI), Society of Indian Automobile Manufacturers (SIAM) and RBI Committee.

In addition to these, Mr. Ramesh Iyer- Vice-Chairman & Managing Director is a part of different committees and forum of various chambers, association and educational institutes.

Further details regarding the same can be referred in section 'Advocacy & Public Policy' on Page No. 17 of Company's previous Sustainability Report available on web-link - <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, the Company's Senior Management has suggested improvement in governance and administration processes, policy assistance and advocacy to government and industry bodies on automobile and financial services sector through various industry associations and forums.

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company's CSR initiatives are aligned to the mission of transforming rural lives and driving a positive change in the communities where it operates.

The Company aims to create transformation in rural India, which is self-sustaining and encourages growth-oriented communities. The Company has embarked upon various initiatives under corporate social responsibility to promote inclusive growth and equitable development. The flagship program launched for holistic development of the driver communities aims to address the professional, financial, and familial level challenges faced by the drivers and their families and further raise the overall well-being of this backbone community of the economy. Further, we continued to support People with Disability to earn their livelihood through skill oriented training program.

We distributed essential ration kits to the driver community and offered scholarship to their children as part of COVID-19 response.

Further the unique Employee Social Options Platform (ESOP) provides employees On Field and Virtual volunteering opportunities enabling them to participate actively in the Company's CSR initiatives. Kindly refer the Annual Report on CSR activities in the Company's Annual Report available at the web-link: <https://mahindrafinance.com/investor-zone/financial-information>.

Kindly refer to the Social Capital Section in the Company's previous Sustainability Report on Page Nos. 46-49 available at web-link: <https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf>.

[mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf](https://www.mahindrafinance.com/media/383685/mahindra-finance-sustainability-report-2019-20.pdf).

Details are also available on the Company's website:

- CSR Section: <https://mahindrafinance.com/rise-for-good/csr-overview>.
- Sustainability Section: <https://mahindrafinance.com/discover-mahindra-finance/sustainability>.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

This year we initiated long term flagship program for holistic welfare of driver's community through our Mahindra Finance CSR Foundation in collaboration with implementing NGO partners.

Apart from the above, other initiatives were implemented by the Company through NGOs and directly through employee volunteering. Proper care is taken to ensure that the NGOs selected are able to execute the programs efficiently. The Company has a robust due diligence process for NGO selection and one of the key parameters of evaluation of the NGOs is the number of partnerships the NGO has and the nature of the partnerships it has with the government, other corporates and local communities.

Details on these aspects can be found in the CSR section of the Company's Annual Report and Sustainability Report.

Please refer Annual Report on CSR activities available at the web-link: <https://mahindrafinance.com/investor-zone/financial-information>.

These details can also be accessed on your Company's website at :

- CSR Section: <https://mahindrafinance.com/rise-for-good/csr-overview>.
- Sustainability Section: <https://mahindrafinance.com/discover-mahindra-finance/sustainability>.

3. Have you done any impact assessment of your initiative?

The Company has been conducting internal impact assessments to monitor and evaluate its CSR projects/programs. Pursuant to sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility) Policy Rules, 2014, as amended, none of the projects undertaken or completed after 22nd January, 2021 are applicable for impact assessment in FY. 2021.

Board's Report

The Company will undertake impact assessment of such projects through an independent agency, once the conditions under the said sub-rule (3) of Rule 8 are met.

Apart from that, the Company's CSR performance is measured against the objectives set out in "The Mahindra Way" (TMW) assessment. In this assessment, Company achieved Level 5 (highest level) for Processes and Level 5 (highest level) for Results.

For certain CSR interventions, the performance is measured using an online technology platform which captures real-time data about the progress of the project and assists in taking decisions on project continuation, modification or discontinuation.

We also conducted Social Audit for few of our high budget CSR interventions through third party agency.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Company has holistically launched Flagship Program for Driver Welfare. This is multi-year program focusing on empowerment and generation of livelihood for the driver communities through various initiatives like Driving Training for Freshers, Auto mechanic Training for Women, Road safety Training for Existing Drivers, Financial Planning workshop for Drivers, Scholarship for Drivers Children and Health and Accidental Insurance for Drivers. This is one of the major community development program for the Company.

Under education and livelihood, Mahindra Finance has supported education of youth, developed the skills of women, youth and people with disability in driving, auto mechanic, IT skills, Retail Management, etc. To minimize financial burden and support the families, we have been supporting Girl Child Education and providing scholarship to driver's children.

Through the project in healthcare, we created awareness about Swachh Bharat amongst the community through employees volunteering. We also distributed Ration kits to provide nutritious food to needy people in the time of pandemic.

In the area of environment, the Company planted over 30,000 saplings in a move to prevent the ill-effects of deforestation.

The Company contributed Rs. 32.54 Crores majorly in areas of Education (including livelihood), Health and Environment which are Company's CSR focus areas.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The aspect of sustainability is one of the crucial factors in choosing implementing partners for our CSR interventions. We ensure that the progress of the interventions is monitored consistently. We have monthly follow-up calls and interaction with the implementing agencies, site visits to monitor progress and smooth completion of the project[s].

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer complaints are treated very seriously in the organization. Out of the total, complaints 3.22% are pending for the resolution as at the end of the year. There were 2,097 consumer cases pending as on 31st March, 2021. The Company has appointed Grievance Redressal Officer at the Head Office and Nodal Officers at the North, East, West and South Zones, for redressal of customer complaints.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

Since the Company is not into manufacturing of products the aspects pertaining to product labelling or packaging are not applicable to its service offerings directly. However, the Company's website **www.mahindrafinance.com** provides exhaustive information regarding the financial products and services. The website is available in 10 languages and caters to customers which are spread across rural and semi-urban geographies of the country. Special section on 'Customer Service' has been displayed on the website wherein Fair Practice Code (FPC) and NBFC Ombudsman Scheme have been exhibited for complete transparency on loan related terms & conditions. The Company also has a dedicated Customer Contact Center, where customers can call on a toll free number for resolution of queries, requests or complaints. The Customer Contact Center provides support in 10 languages, which include 9 regional languages.

The Company's employees educate customers about the loan products they avail and thus build deeper partnerships with them. The Company focuses on engaging and hiring local people as a part of its workforce in order to have better customer sensitivity and understanding. Creating a local connect in areas in which it operates helps the Company understand the needs and expectations of people based in rural parts of India and enables it to offer better services that meet customer requirements.

The Company believes that effective communication is vital to avoid any kind of misrepresentation, incorrect statements or misleading impressions. The Company has fully-integrated systems in place and conforms to all laws and standards related to marketing communication, advertising, promotion and sponsorships. The Company's website contains all requisite information, and along with that, the Company's communication approach to customers and other stakeholders has also transformed with time. Besides this, the Company undertakes a number of initiatives to communicate with customers, knowing that the financial knowledge is lacking in most Indian villages.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of Financial Year. If so, provide the details thereof.

No such cases are registered against the Company.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company monitors customer satisfaction through Customer as Promoter (CaP) Survey. Customer feedback and satisfaction with the services are recorded in the form of CaP scores, and this feedback is utilised to create new action plans for the improvement of Company's products and services.

However, owing to the COVID-19 pandemic we did not conduct the CaPS or customer satisfaction study. We intend to conduct the Customer satisfaction study in FY. 2021- 22.

Board's Report

Annexure III to the Board's Report for the year ended 31st March, 2021

Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 ('the Act') and Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

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

The objective of this Policy has been to -

- Define and lay down the guiding principles and strategies implementing the Company's CSR initiatives;
- Outline our Board's vision and approach for undertaking CSR and creating impact in the communities;
- Encourage an increased commitment and engagement from our employees towards CSR and volunteering interventions.

CSR Thrust Areas

Your Company has identified CSR thrust areas for undertaking CSR projects/programs in India. The actual distribution of the expenditure among these thrust areas depends upon the needs as may be determined by the need identification studies or discussions with local Government/Gram panchayat/NGOs. Your Company gives preference to the areas around which the Company operates and the areas with identified needs for CSR spending.

- Education & Livelihood - Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Health - Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- Environment - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
- Others - From time to time, the Company may identify newer thrust areas to the above list, in so far as such activities are as defined in Schedule VII of the Companies Act, 2013, as amended, from time to time.

We ensure to define and lay down the following in all our CSR Projects undertaken -

- Project objectives
- Need Assessment/Base line Survey
- Implementation schedules
- Defined fund disbursement schedules
- Responsibilities and authorities
- Major results expected and measurable outcome

2. Composition of the CSR Committee as on 31st March, 2021:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Mr. Dhananjay Mungale	Chairman	4	4
2.	Ms. Rama Bijapurkar	Member	4	4
3.	Mr. Ramesh Iyer	Member	4	4

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

- CSR Policy and CSR Committee - https://mahindrafinance.com/media/124198/csr-policy_final.pdf
- CSR Projects - <https://www.mahindrafinance.com/rise-for-good/key-csr-projects>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The Company has been conducting internal impact assessments to monitor and evaluate its CSR projects/programs. Pursuant to sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, none of the projects undertaken or completed after 22nd January, 2021 are applicable for impact assessment in FY. 2021. The Company will undertake impact assessment of such projects through an independent agency, once the conditions under the said sub-rule (3) of Rule 8 are met.

5. Details of the amount available for set-off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No. Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial year, if any (in Rs.)
	Not Applicable	

6. Average net profit of the Company as per Section 135(5): Rs. 1,62,281.59 lakhs.

- 7. (a) Two percent of average net profit of the Company as per Section 135(5): Rs. 3,245.63 lakhs**
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
(c) Amount required to be set off for the financial year, if any: NIL
(d) Total CSR obligation for the financial year (7a+7b+7c): Rs. 3,245.63 lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (Rs. in lakhs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of Transfer
3,254.50	NIL	-	-	NIL	-

Board's Report

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
SL. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration	Amount allocated for the project (Rs. in lakhs)	Amount spent in the current financial year (Rs. in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. in lakhs)	Mode of Implementation- Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	"SWABHIMAAN - a holistic driver development program" This multi-year program is focused on empowerment and generation of livelihood for the driver communities -	(i), (ii), (iii)	Yes	par-India	Multiple locations across India	March 2021 to June 2022	1,055.38	1,055.38	N.A.	No	Mahindra Finance CSR Foundation	CSR000000379
	1. Driving Training for Freshers											
	2. Auto-mechanic Training for Women											
	3. Road Safety Training for existing Drivers											
	4. Financial Planning workshop for Drivers											
	5. Scholarship for Drivers' Children											
	6. Health and Accidental Insurance for Drivers											
Total							1,055.38	1,055.38				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) SL. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the Project State District	(6) Amount spent for the Project (Rs. in lakhs)	(7) Mode of implementation (Yes/No)	(8) Mode of Implementation - Through Implementing Agency Name CSR Registration Number
1	Mahindra Pride School (MPS) & Classrooms (MPC): 1) MPS - Livelihood training school providing 3 months intensive training in ITES, Retail and Hospitality to youth from socially & economically disadvantaged backgrounds with 100% placement 2) MPC - Provide 40-120 hours of online training to final year students covering English Speaking, Life Skills, Aptitude, Interview, Group Discussion and Digital Literacy to make them employable	(ii)	Yes	For Mahindra Pride School- Maharashtra Pune Telangana Hyderabad Tamil Nadu Chennai For Mahindra Pride Classrooms- Maharashtra, Multiple locations Tamil Nadu, Bihar, Kerala, Andhra Pradesh, Telangana, Uttar Pradesh, Delhi, Haryana, West Bengal, Rajasthan, Odisha, Jharkhand	750.00	No	K.C. Mahindra Education Trust CSR000000511
2	Nanhi Kali: Supporting education of marginalised girls	(ii)	Yes	Andhra Pradesh Visakhapatnam Maharashtra Kolhapur, Nashik Punjab Moga, Amritsar Uttar Pradesh Prayagraj, Shravasti Tamil Nadu Ramanathapuram West Bengal Darjeeling	614.32	No	K.C. Mahindra Education Trust CSR000000511
3	PM CARES Fund *	(viii)	Yes	pan-India	517.00	Yes	N.A. N.A.
4	COVID-19 Crisis support: Distribution of Ration kits to Driver communities	(xii)	Yes	Gujarat Ahmedabad, Baroda, Surat Delhi Delhi Maharashtra Pune Uttar Pradesh Lucknow, Varanasi, Gorakhpur, Agra Bihar Muzaffarpur	125.00	No	Habitat For Humanity India Trust CSR000000402
5	Hunnar: Imparting multiple sector skills to Persons with Disability to employ them in sectors such as Retail, Hospitality and ITES	(ii)	Yes	Andhra Pradesh Visakhapatnam	39.83	No	Sarthak Educational Trust CSR00001093

* A contribution of Rs. 517 Lakhs made to PM Cares Fund in FY. 2019-20 over and above the limit of 2% of Average Net Profit of the Company for last three Financial Years (as calculated under Section 199 of the Companies Act, 2013) for FY. 2019-20 is offsetted against the CSR obligation of FY. 2020-21 as per the Notification issued by the Ministry of Corporate Affairs (D.O. No 05/1/2020-CSR-MCA dated 30th March, 2020).

Board's Report

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SL. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent for the Project (Rs. in lakhs)	Mode of implementation	Name	CSR Registration Number
				State	District		Direct (Yes/No)		
6	Mahindra Haryali: Increasing green cover and protecting bio-diversity in the country by planting trees	(iv)	Yes	pan-India	Multiple locations across India	30.88	Yes	Through Employees Volunteering	N.A.
7	Gyandeep: Assisting education of underprivileged community by providing scholarships, notebooks, textbooks and necessary infrastructure & facilities to educational and other institutions	(ii)	Yes	Maharashtra	Mumbai, Thane	27.77	No	Vision in Social Arena	CSR000002718
				Gujarat	Kutch			Mahindra Finance CSR Foundation	CSR000000379
				Tamil Nadu	Chennai			Sadguru Sudhindra Educational Charitable Trust	CSR000001506
								G.S.B. Sabha Dahisar-Borivali	CSR000001356
								Vidyadaan Sahayyak Mandal	CSR000002267
								Saraswatam	CSR000001601
								Sri Kanchi Mahaswami Trust	CSR000002291
								Human Capital For Third Sector	CSR000001437
8	Sehat: Promoting access to healthcare for marginalised populations	(i)	Yes	Maharashtra	Mumbai, Badlapur, Nashik, Thane	26.92	Both - Direct and Indirect	Indian Development Foundation	CSR000001585
				Karnataka	Bengaluru			Mandke Foundation	CSR000002624
				Rajasthan	Bharatpur			Association of Parents of Mentally Retarded Children	CSR000000230
				Madhya Pradesh	Mandla			YUVA	CSR000003042
								Sri Balaji Health Care	CSR000001138
								HDFC Cancer Fund	N.A.
9	Culture Initiatives: Preservation and promotion of the fine arts & culture	(v)	Yes	Maharashtra	Mumbai	9.25	No	Charsur Arts Foundation	CSR000000215
				Tamil Nadu	Chennai			Nrithyodaya-The Academy of Performing Arts	CSR000003324
								Tender Roots Academy of Performing Arts	CSR000000141
								The Fine Arts Society	CSR000002497

(1) SL No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the Project State District	(6) Amount spent for the Project (Rs. in lakhs)	(7) Mode of implementation Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency Name CSR Registration Number
10	Samantar: Providing financial support to maintain old age homes, orphanages, homes for the differently abled	(iii)	Yes	Maharashtra Andhra Pradesh Kerala West Bengal Odisha Punjab Madhya Pradesh Bihar Uttar Pradesh Assam Rajasthan	Mumbai, Nashik Machilipatnam, Guntur, Krishna Thripunithura Ranijung, Asansol Bhubaneswar Jalandhar Indore Patna Naini Nagaon Bikaner	8.99 Both - Direct and Indirect	Shanmukhapriya Charity Trust CSR000005593 Desire Society CSR00002465
11	Welfare of the armed forces	(vi)	Yes	Maharashtra	Mumbai	5.00 No	Sri Shanmukhananda Fine Arts & Sangeetha Sabha CSR000001777
12	Swachh Bharat Activity: Supporting PM's clean India campaign by Spreading awareness about Swachh Bharat Abhiyan	(i)	Yes	Maharashtra Tamil Nadu Gujarat Delhi West Bengal Odisha Uttarakhand Assam	Pune Chennai Palanpur Delhi Murshidabad, Berhampur Khorda Dehradun Guwahati	2.34 Yes	N.A. N.A.
Total					2,157.30		
(d) Amount spent in Administrative Overheads: Rs. 41.49 lakhs							
(e) Amount spent on Impact Assessment, if applicable: Nil							
(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 3,254.19 lakhs							

Board's Report

(g) Excess amount for set off, if any:

SL. No.	Particulars	Amount (Rs. in lakhs)
(i)	Two percent of average net profit of the Company as per Section 135(5)	3,245.63
(ii)	Total amount spent for the Financial Year	3,254.19
(iii)	Excess amount spent for the financial year [(ii)-(i)]	8.56
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	8.56

9. (a) Details of Unspent CSR amount for the preceding three financial years:

SL. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SL. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total Amount allocated for the project (in Rs.)	Amount spent on the project in the reporting financial year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project- Completed/ Ongoing.
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): None

(b) Amount of CSR spent for creation or acquisition of capital asset: Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable

For Mahindra & Mahindra Financial Services Limited

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

Ramesh Iyer

Vice-Chairman & Managing Director

Dhananjay Mungale

Chairman
Corporate Social Responsibility Committee

Place : Mumbai

Date : 23rd April, 2021

Board's Report

Annexure IV-A to the Board's Report for the year ended 31st March, 2021

The Policy on Remuneration of Directors

Preclude

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

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

Intent of the policy

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

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

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

While deciding the policy on remuneration of Directors, the Committee may consider amongst other things, the duties and responsibilities cast by the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), various Codes of Conduct, Articles of Association, restrictions on the remuneration to Directors as also the remuneration drawn by Directors of other companies in the industry, the valuable contributions and inputs from Directors based on their knowledge, experience and expertise in shaping the destiny of the Company, etc. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Companies Act, 2013 and principles

pertaining to qualifications, positive attributes, integrity and independence of Directors, etc.

Directors

The Managing Director/Whole-time Director(s) are executives of the Company and draw remuneration from the Company. The Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof, as fixed by the Board of Directors from time to time, subject to statutory provisions. The Independent Directors would be entitled to the remuneration under the Companies Act, 2013 and Rules framed thereunder, as amended from time to time. The Non-Executive Non-Independent Directors including the Non-Executive Non-Independent Chairman who receive remuneration from the holding Company or a Group Company are not paid any sitting fees or any remuneration. In addition to the above, the Directors are entitled for reimbursement of expenses incurred in discharge of their duties.

Pursuant to the erstwhile Employee Stock Option Scheme 2005 (ESOS 2005) the Company had granted Stock Options to Directors including Independent Directors. The Company has also granted Stock Options to the Managing Director and Non-Executive Non-Independent Director(s) pursuant to the Employees Stock Option Scheme 2010 (ESOS 2010). The 2005 Scheme stands closed effective from the date of transfer of the balance Stock Options to the 2010 Scheme on 14th March, 2019. The vesting and exercise of these Options shall continue to be governed by ESOS 2010 and the terms of grant. However, as per Section 149(9) of the Companies Act, 2013, henceforth the Independent Directors will not be entitled to fresh grant of any Stock Options.

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

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

Managing Director/Executive Directors

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

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

If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without obtaining the approval of Shareholders, where required, he/she shall refund such sums to the Company within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Shareholders by Special Resolution.

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

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

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

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

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

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

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

Non-executive directors

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

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

Disclosures

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

For and on behalf of the Board

Dr. Anish Shah
Chairman

Place : Mumbai
Date : 23rd April, 2021

Board's Report

Annexure IV-B to the Board's Report for the year ended 31st March, 2021

Remuneration Policy for Key Managerial Personnel and Employees

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

Objective

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

Definitions

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

- (i) the Chief Executive Officer or the Managing Director or Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
- (vi) such other officer as may be prescribed.

"Senior Management" shall mean officers/personnel of the Company who are members of its Core Management Team/Steering Committee excluding Board of Directors and shall include all members of management one level below the chief executive officer/managing director/whole-time director/manager (including chief executive officer/manager, in case they are not part of the Board) including the functional heads and shall specifically include the company secretary and chief financial officer but exclude administrative staff.

Standards

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

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

Increments

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

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

For and on behalf of the Board

Dr. Anish Shah
Chairman

Place : Mumbai
Date : 23rd April, 2021

Annexure V to the Board's Report for the year ended 31st March, 2021

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended 31st March, 2021

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra & Mahindra Financial Services Limited (CIN L65921MH1991PLC059642) (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2021 in a manner that provided us reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under to the extent applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB).
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) The following laws, regulations, directions, orders are applicable specifically to the Company:
 - a) The Reserve Bank of India Act, 1934.
 - b) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016.
 - c) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
 - d) Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.
 - e) Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs - RBI Guidelines.

Board's Report

- f) Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.

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

- (i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement for equity, debt securities and commercial paper entered into with BSE Limited and Listing Agreement for equity shares and commercial paper entered into with National Stock Exchange of India Limited.

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

- a) Foreign Direct Investment.
- b) Delisting of equity shares.
- c) Buy-back of securities.

We further report that the Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes made to the composition of the Board of Directors was duly carried out during the period covered under the Audit.

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

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views in the minutes.

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

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

- a) The Members had approved an increase in the Borrowing powers of the Company from Rs.80,000 Crores to Rs.90,000 Crores, which is over and above the aggregate paid-up share capital, free reserves and securities premium pursuant to Section 180[1(c)] of the Companies Act, 2013, at the 30th Annual General Meeting held on 10th day of August, 2020.

- b) The Company has raised a total sum of Rs. 4,815.90 Crores (including amount of Rs. 200 Crores received towards 2nd call money of partly paid up unsecured Non-Convertible Debentures issued in April, 2018) pursuant to Private Placement of Non-Convertible Debentures.

- c) The Members at the Extraordinary General Meeting of the Company held on 30th June, 2020 have vide a Special Resolution approved the increase in the Authorised Share Capital of the Company from Rs. 190,00,00,000 (Rupees One Hundred Ninety Crores) divided into 70,00,00,000 (Seventy Crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company to Rs. 550,00,00,000 (Rupees Five Hundred Fifty Crores) divided into 250,00,00,000 (Two Hundred Fifty Crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company.

Consequent to the above, the Members have by means of a Special Resolution, also approved the amendment to the Capital Clause i.e. alteration of the first para of Clause V of the Memorandum of Association of the Company.

- d) The Company has on 17th August, 2020 allotted 61,77,64,960 Equity Shares of the Face Value of Rs. 2 each at a price of Rs. 50 per Equity Share (including a premium of Rs. 48 per Equity Share) aggregating to Rs. 3,089 Crores on a Rights basis to the eligible Equity Shareholders in the ratio of one Equity Share for every one fully paid-up Equity Share.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN: FO05367C000151788

Place: Coimbatore

Date : 21st April, 2021

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to restrictions on movement of people amid COVID-19 pandemic, we have to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode from the Company. Hence, we state that we have not verified the physical original documents and records. The management has confirmed that the records provided to us for audit are true and correct.
3. Further, our audit report is limited to the verification and reporting on the statutory compliances on laws / regulations/guidelines listed in our report and the same pertain to the financial year ended on 31st March, 2021.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial

records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further, compliance of Act, Regulations, Directions listed under Para (vi) of the report is limited to issue of securities, corporate governance aspects and filing of forms and returns there under.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan

Partner
(FCS: 5367; CP: 4408)
UDIN: F005367C000151788

Place: Coimbatore
Date : 21st April, 2021

Board's Report

Annexure VI to the Board's Report for the year ended 31st March, 2021

Form No. MR-3

Secretarial Audit Report of Mahindra Rural Housing Finance Limited For the Financial Year ended 31st March, 2021

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mahindra Rural Housing Finance Limited** (CIN U65922MH2007PLC169791) (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2021 in a manner that provided us reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under.
- (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
- (v) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client.
- (vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable to debt listed securities).
- (vii) The National Housing Bank Act, 1987.
- (viii) The Housing Finance Companies (NHB) Directions, 2010.
- (ix) The Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014.
- (x) Housing Finance Companies Corporate Governance (National Housing Bank) Directions, 2016.
- (xi) Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

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

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

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

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- b) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

We further report that

The Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes made to the composition of the Board of Directors was duly carried out during the period covered under the Audit.

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

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

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

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in

pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

The Company has raised an amount of Rs.50 Crores by issue of 500 Unsecured Subordinated Redeemable Listed Non-Convertible Debentures (NCDs) of Rs. 10 Lakhs each (Face value) on a private placement basis, in one or more series/ tranches.

Further an amount of Rs.700 Crores was raised by issue of 7,000 Secured Redeemable Listed Non-Convertible Debentures (NCDs) of Rs. 10 Lakhs each (Face value) on a private placement basis, in one or more series/ tranches.

The Company has raised an amount of Rs. 785 Crores by issue of 7,850 Unsecured Redeemable Listed Non-Convertible Debentures (NCDs) of Rs. 10 Lakhs each (Face value) on a private placement basis, in one or more series/ tranches.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN: F005367C000124970

Place: Coimbatore

Date : 18th April, 2021

Board's Report

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

Our Secretarial Audit Report of even date Mahindra Rural Housing Finance Limited (CIN U65922MH2007PLC169791) (hereinafter called "the Company") is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. Due to restrictions on movement of people amid COVID-19 pandemic, we had to conduct our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the Company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.
3. Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations/guidelines listed in our report and the same pertain to the Financial year ended on 31st March, 2021.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance

about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. Further compliance of provisions of The National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2010 and NBFC-HFC (Reserve Bank) Directions, 2021 is limited to compliance of corporate governance provisions and verification of filing of forms and returns thereunder.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN: FO05367C000124970

Place: Coimbatore

Date : 19th April, 2021

Annexure VII to the Board's Report for the year ended 31st March, 2021

POLICIES

Your Company is committed to adhere to the highest possible standards of ethical, moral and legal business conduct. Considering this, your Company has formulated certain Policies, inter alia, in accordance with the requirements of the Companies Act, 2013 ("the Act"), RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Insider Trading Regulations"). The Policies as mentioned below are available on the Company's website at **www.mahindrafinance.com**. These Policies are reviewed periodically and updated as and when necessary.

A brief description about the Key Policies adopted by the Company is as under:

Name of the Policy	Brief Description	Web-links
Whistle Blower Policy	The Vigil Mechanism as envisaged in the Act and Listing Regulations is implemented through the Whistle Blower Policy to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.	https://mahindrafinance.com/media/384157/vigil-mechanism.pdf
Code of Conduct for Directors and Code of Conduct for Senior Management and Employees	The Board of your Company has laid down two separate Codes of Conduct, one for all the Board Members and the other for Employees of the Company. This Code is the central Policy document, outlining the requirements that the employees working for and with the Company must comply with, regardless of their location.	https://mahindrafinance.com/media/125149/coc_directors.pdf https://www.mahindrafinance.com/media/125150/code-of-conduct-for-senior-management-employees.pdf
Dividend Distribution Policy	The Dividend Distribution Policy as per Regulation 43A of the Listing Regulations is attached as Annexure I to the Board's Report and forms part of this Annual Report.	https://www.mahindrafinance.com/media/124192/dividend_distribution_Policy.pdf
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	This Code has been formulated to ensure prompt, timely and adequate disclosure of Unpublished Price Sensitive Information ("UPSI") which inter alia includes Policy for Determination of "Legitimate Purposes".	https://www.mahindrafinance.com/media/124193/fair_disclosure_code.pdf
Policy for determination of Materiality of any Event/ Information	This Policy requires the Company to make disclosure of events or information which are material to the Company as per the requirements of Regulation 30 of the Listing Regulations.	https://www.mahindrafinance.com/media/384161/materiality-policy.pdf
Policy for determining Material Subsidiaries	The Policy is used to identify material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.	https://www.mahindrafinance.com/media/124195/determining_material_subsidaries.pdf
Policy on Materiality of and Dealing with Related Party Transactions	The Policy has been framed in order to regulate all the transactions between the Company and its related parties.	https://www.mahindrafinance.com/media/124194/related_party_transactions_Policy.pdf
Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management	This Policy includes the criteria for determining qualifications, positive attributes and independence of a Director, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management Team in accordance with the criteria laid down in the said Policy, succession planning for Directors and Senior Management, and Policy statement for Talent Management framework of the Company.	https://mahindrafinance.com/media/384156/policy-on-appointment-of-directors-senior-management.pdf
Policy for Remuneration of Directors	This Policy sets out the approach of the Company towards the Compensation of Directors of the Company.	https://www.mahindrafinance.com/media/384143/policy-on-remuneration-of-directors.pdf

Board's Report

Name of the Policy	Brief Description	Web-links
Remuneration Policy for Key Managerial Personnel and Employees	This Policy sets out the approach of the Company towards the Compensation of Key Managerial Personnel and Employees in the Company.	https://www.mahindrafinance.com/media/384142/remuneration-policy-for-key-managerial-personnel-and-employees-1.pdf
Corporate Social Responsibility ('CSR') Policy	The Policy defines and lays down the guiding principles and strategies implementing the Company's CSR initiatives & outlines the Board's vision and approach for undertaking CSR and creating impact in the communities.	https://www.mahindrafinance.com/media/383759/csr-Policy_final-4.pdf
Archival Policy	As per the Policy, the events or information which has been disclosed by the Company to the Stock Exchanges pursuant to Regulation 30 of the Listing Regulations shall be hosted on the website of the Company for a period of 5 years from the date of hosting.	https://www.mahindrafinance.com/media/124197/archivalPolicy.pdf
Business Responsibility Policy	The objective of this Policy is to ensure a unified and common approach to the dimensions of Business Responsibility across the Company, act as a strategic driver that will help the Company respond to the complexities and challenges that keep emerging and be abreast with changes in regulations.	https://www.mahindrafinance.com/media/383968/mmfsl_businessresponsibilityPolicy_signed.pdf
Policies on Sexual Harassment for Women and Male Employees	The Policy on Sexual Harassment for Women is for redressal of complaints received regarding sexual harassment and compliance of other provisions as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company in its good governance has extended the same to male employees also.	https://www.mahindrafinance.com/media/383962/sexual-harrasment-Policy-female.pdf https://www.mahindrafinance.com/media/383963/sexual-harrasment-Policy-male.pdf
Internal Guidelines on Corporate Governance	The Internal Guidelines on Corporate Governance have been formulated to comply with the Reserve Bank of India (RBI) Notification dated 8 th May, 2007 (reference number DNBS.PD/CC 94/03.10.042/2006-07) as updated vide RBI Master Directions dated 1 st September, 2016 (reference number DNBR. PD. 008/03.10.119/2016-17).	https://www.mahindrafinance.com/media/383760/mmfsl-internal-guidelines-on-corporate-governance.pdf
Fair Practices Code	This Code has been devised in accordance with the Reserve Bank of India guidelines on Fair Practices Code to be adopted by Non-Banking Financial Companies while doing lending business.	https://www.mahindrafinance.com/investor-zone/fair-practice-code

Management Discussion and Analysis

1. Mahindra & Mahindra Financial Services Limited – An Overview

We are one of the leading Non-Banking Financial Companies ('NBFCs') with customers primarily in the rural and semi-urban markets of India. We cherish our strong Mahindra Group lineage, a global, innovation-led conglomerate, offering a wide repertoire of products and services to people globally, creating possibilities for a better quality of life for people worldwide.

For close to three decades since inception, Mahindra Finance is primarily engaged in financing new and pre-owned auto and utility vehicles, tractors, cars and commercial vehicles. Mahindra Finance benefits from its close relationships with dealers and its long-standing relationships with Original Equipment Manufacturers ('OEMs'), which allow it to provide on-site financing at dealerships. It also provides housing finance, personal loans, financing to small and medium enterprises, insurance broking, mutual fund distribution and asset management services. It also offers wholesale inventory-financing to dealers and retail-financing to customers in the United States (USA) for the purchase of Mahindra Group products through Mahindra Finance USA LLC, its joint venture with a subsidiary of the Rabobank group.

We have also formed a Joint Venture (JV) with Ideal Finance Limited (IFL), Sri Lanka. This JV will provide a diversified suite of financial products in the Sri Lankan market.

2. Economy Review

2.1 Global Economy

The year 2020 has been like no other. The global lockdown during the first surge of the COVID-19 pandemic sparked the strongest economic contraction in history. Most economies recovered sharply thereafter, but a second wave of COVID-19 set the economy back again. Yet growth should return gradually in 2021 without prompting a rise in inflation or interest rates, despite much higher government debt. In 2020, the US economy contracted by ~3.4% over 2019. The Eurozone was impacted severely by the pandemic and reported a negative growth of 7.2% over 2019. Governments in the advanced economies provided extensive fiscal support to households and firms and central banks reinforced this with expanded asset purchase programmes, funding-for-lending facilities and, for some, interest rate cuts.

Outlook

According to International Monetary Fund (IMF), the global economy is projected to grow at 6% in 2021 and 4.4% in 2022. Going forward, the extent of global recovery is expected to be uneven. The severity of the health crisis in each country, the degree of interruptions to economic activities, exposure to cross-border spill overs and the efficiency of policy support to limit the damage will decide the rate of recovery.

2.2 Indian Economy

The Indian economy registered a GDP growth (YoY) of 0.4% in Q3 2020-21, after recording negative growth of 24.4% and 7.3% in the previous two quarters. The positive growth during the third quarter is indicative of slow resumption of economic activities, higher consumption and activity across sectors. In order to make India self-reliant and fight against the impact of COVID-19, the Prime Minister of India announced stimulus packages worth Rs. 20 lakh crores or 10% of India's GDP towards Atmanirbhar Bharat Abhiyan. The Government announced additional packages under the programme in September 2020 and November 2020. The Indian economy grew by 1.6% in the fourth quarter recording a minor pickup in growth amidst the COVID-19 second wave hitting the economy hard. For the full fiscal year, the economy shrunk by -7.3% as the COVID-19 pandemic ruined the economy.

20 Lakh Crores

Stimulus packages announced by Prime Minister towards Atmanirbhar Bharat Abhiyan

Outlook

With the economic activity gaining momentum post COVID-19 lockdown and rollout of coronavirus vaccines, the Indian economy is likely to do better. However, the second wave of COVID-19 currently sweeping the country, rising input prices, stress in the Micro, Small and Medium-sized Enterprises sector, and a weak labour market are some of the headwinds facing India's economic revival. Monetary and fiscal support will remain crucial. IMF has projected growth rate of 12.5% for India in 2021.

Management Discussion and Analysis

GDP GROWTH IN LAST 5 YEARS

GDP(%)



Source: Ministry of Statistics and Program Implementation (MOSPI)

3. Indian Financial Services Industry

The financial services sector in India is a diversified sector consisting of commercial banks, insurance companies, non-banking financial companies, housing finance companies, co-operatives, pension funds, mutual funds and other smaller financial entities. Financial inclusion drive by RBI has expanded the target market to semi-urban and rural areas. NBFCs especially those catering to the urban and rural poor namely NBFC-MFIs and Asset Finance Companies have a complimentary role in the financial inclusion agenda of the country. Financial services sector is poised to grow on the back of rising incomes, significant government attention and the increasing pace of digital adoption.

Growth drivers

□ Shift to financial asset class

Financial sector growth can be attributed to rise in equity markets and improvement in corporate earnings. By 2022, India's personal wealth is forecast to reach US\$ 5 trillion at a CAGR of 13%. It stood at US\$ 3 trillion in 2017. The government efforts to increase banking penetration through its Jan Dhan Yojna and the integration of PAN and Aadhar are expected to further increase the share of savings in financial assets.

□ Rise of technology

The ever-evolving high-tech world has left humans desiring for high-touch — the involvement of personal attention and service. High-touch refers to situations where trust between the customer

and employed individual is necessary and with the growing impact of millennials — both customers and new-age banking employees — personal touch will be crucial factor in maintaining important relationships in the financial services sector alongside the evolving technologies.

Union Budget 2021-22 highlights

The budget was bold in its approach towards the financial services sector in terms of privatisation of PSBs and insurance companies and allowing greater FDI in insurance. Asset Reconstruction Company (ARC) set-up, commonly referred to as the Bad Bank, is a long-awaited reform to clean up NPAs in India. Its accomplishment will be based on the implementation and constraints on the ARC to sell the assets in the market. This should also reduce the amount of new capital required by PSBs from the Government. Development Finance Institution brings back infrastructure lending companies of the past with the hope that it would have broader and easier access to private capital. This could boost the infrastructure space and employment in the country.

3.1 NBFC

Since the last decade, the NBFC sector has held critical importance in the Indian Financial Services sector. The main objective of NBFCs has been serving the underserved segment of the Indian economy such as MSME, microfinance and other retail segments. Over the past few years, NBFCs have undergone a significant transformation and today they form an important component of India's financial system. NBFCs are harnessing technology to reinvent traditional business models and offer loans in a faster, customised and more convenient way to the underbanked population of India. NBFCs especially those catering to the urban and rural poor namely NBFC-MFIs and Asset Finance Companies have a complimentary role in the financial inclusion agenda of the country.

Key opportunities for NBFCs to boost revenues

- Increase the penetration in the MSME segment with new and dynamic operating models.
- Synergistic alliances with FinTech to tap niche markets.
- Get access to new customers and cheaper funding sources by developing a viable co-lending business model.
- Target individual buyers, merchants and suppliers to tap into the fast-growing e-commerce segment

- Diversify assets by targeting new profitable segments and developing the capabilities required to serve the segments.
- Develop digital capabilities to boost sales productivity.
- Increase fee income through advisory services.
- Digital competencies and tools to improve sales productivity - Use of advanced analytics and machine learning to build propensity models for lead generation.
- Making real-time offers available to sales representatives by using customer data from multiple internal and external sources.
- Offer consumer convenience and consumer loans across the country.
- Assisting new to credit customers become micro-entrepreneurs and improve livelihood by undertaking cashflow based lending.

India Ratings (Ind-Ra) has maintained stable outlook on retail non-banking finance company (NBFC) and housing finance company sectors for 2021-22. Improved system liquidity and strong capital buffers will boost loan disbursements.

9.5% year-on-year

Non-bank lenders growth rate in 2021-22

The rating agency expects non-bank lenders to grow by 9.5% year-on-year in 2021-22, whereas growth for housing finance companies would be around 10% year-on-year, higher than the expectations of 4-5% and 6.5%, respectively, for the fiscal year 2021. However, the second wave of COVID-19 has pulled back the recovery gains with consequent impact on asset quality.

Rural economy well placed to see strong growth pick-up

The rural economy and the agriculture sector are likely to see strong growth pick-up, helped by factors such as a good monsoon, high reservoir levels, increase in crop sowing, etc. Moreover, the non-farm sector is expected to be helped by increased government spending on infrastructure, road construction, etc. which are likely to aid growth. Refer chart below showing steady rise in rural income and expenses.

Even on a long-term basis, there is a structural case for the share of rural sales in overall auto sales to go up, given the under penetration, lack of requisite last-mile connectivity, rural road network expansion, etc. The above factors can help further accelerate, and provide a cyclical boost for vehicle financing NBFCs, which have a relatively higher share of their own business linked to the rural economy, and therefore stand to gain.

STEADY RISE IN EXPENSES (MGNREGA)



Management Discussion and Analysis

SWOT Analysis

Strengths □ Distinguished financial services provider, with local talent catering to local customers. □ Vast distribution network especially in rural areas and small towns, diversified product range and robust collection systems. □ Simplified and prompt loan request appraisal and disbursements. □ Product innovation and superior delivery. □ Ability to meet the expectations of a diverse group of investors and excellent credit ratings. □ Innovative resource mobilisation techniques and prudent fund management practices.	Weakness □ Regulatory restrictions – continuously evolving government regulations may impact operations. □ Uncertain economic and political environment.
Opportunities □ Demographic changes and under penetration. □ Large untapped rural and urban markets. □ Growth in Commercial Vehicles, Passenger Vehicles and Tractors market. □ Use of digital solutions for business/collections.	Threats □ High cost of funds. □ Rising NPAs. □ Restrictions on deposit taking NBFCs. □ Competition from other NBFCs and banks.

Opportunity landscape for Mahindra Finance

- With multiple schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY) and Pradhan Mantri Mudra Yojana, among others, the Government of India has laid greater emphasis on furthering financial inclusion
- Increasing consumerism boosting retail lending – The COVID-19 crisis is expected to alter the dynamics of India's retail credit market, bringing a new beginning to the economy's retail lending
- NBFCs can serve the niche segments in partnerships with fintechs. This will lead to increased synergies between NBFCs and fintechs
- NBFC-fintech collaboration coupled with digitisation efforts and regulatory norms for data security will help address the credit gap
- MSME is a sector with huge potential for growth with limited access to funds from traditional banks and Financial Institutions. NBFCs with wide coverage and deep penetration in rural India can play a pivotal role in serving these areas

Outlook

NBFCs, including Housing Finance Companies (HFCs), have been progressively increasing their share in the total credit market. With liquidity conditions expected to improve in the long run, NBFCs are poised to grow further at a faster pace and cater to the financial needs of the country. The long-term prospects for highly rated and good quality NBFCs remain robust, and once things get back to normal, the segment will continue to catalyse India's economic growth.

4. Automobile Industry

The Indian automobile industry has been struggling since 2019 with low demand for new vehicles. The situation was worsened by the COVID-19 pandemic last year which plummeted car sales to a new low in the last many decades. However, things started to show signs of improvement in the latter half of calendar 2020 as the festive season came to automakers' rescue and by December 2020, most carmakers were reporting month-on-month growth as well as year-on-year sales increment.

According to Society of Indian Automobile Manufacturers, the Indian automotive industry closed 2020-21 with an overall [across segments] year-on-year sales decline of 13.6% and registered cumulative

sales of 1,86,15,588 units as compared to 2,15,45,551 units in 2019-20.

In the Financial Year 2020-21, there was a de-growth in sales of all segments compared to the previous years. (-) 2.24% for Passenger Vehicles

with sales of 27.11 lakh units; (-) 13.19% for Two-Wheelers with sales of 151.19 lakh units; (-) 20.77% for Commercial Vehicles with sales 5.69 lakh units and (-) 66.06% for Three-Wheelers with sales of 2.16 lakh units.

Automobile Industry Performance

	2017-18	2018-19	2019-20	2020-21	(Units In '000) CAGR %
Passenger Vehicles	3,289	3,377	2,774	2,711	(6.2)
Commercial Vehicles	857	1,007	718	569	(12.8)
Three-wheelers	636	701	637	216	(30.2)
Two-wheelers	20,200	21,180	17,416	15,119	(9.2)

Source: Society of Indian Automobile Manufacturers

While digitalisation is the new realm for the auto industry, it has already been implemented by large automobile institutions to provide their customers with the best car buying and selling experience. But it also includes the usage of VR (Virtual Reality), IoT (Internet of Things) and AR (Augmented Reality) to implement the latest technologies including the use of multi-hybrid cloud network architectures and development and operations at a deeper level in the upcoming future.

two-wheelers, are likely to witness positive sales in 2021-22. A cumulative investment of ~Rs. 12.5 trillion (US\$180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's Electric Vehicle (EV) ambitions. The strongest recovery is anticipated going ahead driven by economic activities, low-interest rate regime, and improvement in financing availability.

Union Budget 2021-22 highlights

- The voluntary vehicle scrappage policy along with mandatory vehicle fitness tests will aid personal and commercial vehicle demand.
- The customs duty rate has been increased on certain auto parts (such as ignition wiring sets, safety glass, parts of signalling equipment). This is in line with the Government's Aatmanirbhar Bharat initiative to promote localisation in auto spare parts manufacturing.
- Enhanced outlay for infrastructure – railways, metro rail, rural – development projects will benefit the commercial vehicle, construction equipment and tractor segment.

8,99,429 units

Tractor sales in 2020-21

Outlook

The Indian auto industry is expected to record strong growth in 2021-22, post recovering from effects of COVID-19 pandemic. Electric vehicles, especially

5. Tractor Industry

The financial year 2020-21 was tough for the sector during the first two months as sales dropped by 80% in April due to nationwide lockdown. But, post-lockdown phase, the sector saw a steady demand recovery. The overall yearly tractor sales recorded a significant growth of 26.86% - April 2020-March 2021 tractors sales stood at 8,99,429 units against 7,09,002 units during April 2019-March 2020.

The supply-side situation is stabilising too and is no longer expected to be a bottleneck to meet demand. The increase in sales is driven by components like better monsoon season, easy finance accessibility, increased MSPs, and market rates realisation. The agricultural sector was not obstructed that much by the pandemic, in comparison to urban areas. The market continues to be strong on the back of positive macro-economic factors and strong rural cash flows. The sustained growth is seen on strong fundamentals such as robust kharif sowing now leading up to good output that is expected to generate good cash flows for the farmers.

Management Discussion and Analysis

Outlook

The outlook for the industry continues to be positive given the all-time high estimates of rabi production and strong rural cash flows. The trend is expected to continue with good support from the government, especially subsidies, to venture into mechanisation; support on MSP and future infra developments through agriculture cess should help the farming sector and increase their earnings to impact the mechanisation of the farms further. Over the short term, improved focus on outlay of the government on crops procurement is likely to support farm cash flows and help support tractor demand.

The budget proposals like higher farm loan disbursements and higher allocation under rural infrastructure development fund and micro irrigation fund is also likely to aid the farm sector and the demand for agriculture equipment.

6. Housing Finance

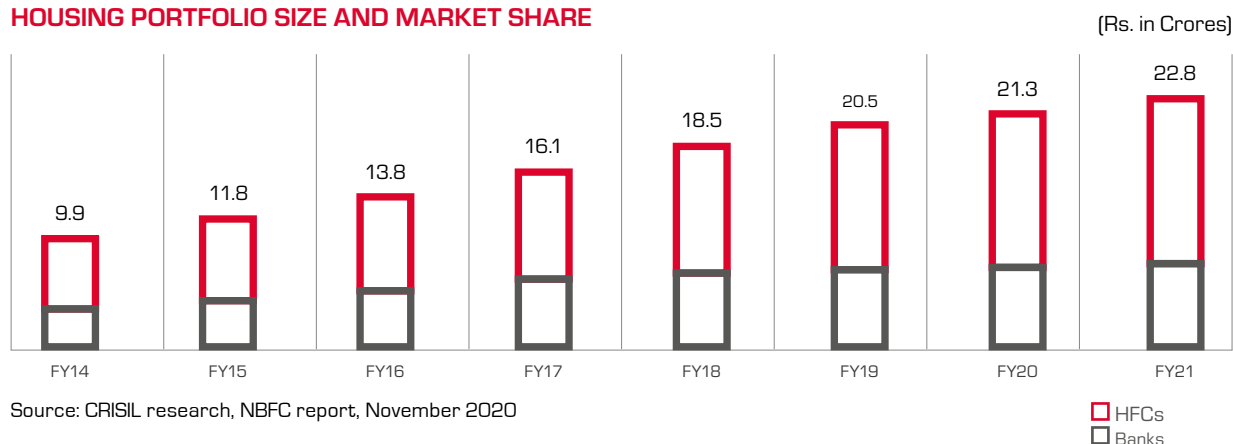
During 2015 to 2019 the growth momentum of housing finance companies sustained on account of government policies on 'Housing for All'. Though the housing market has been affected by stagnant prices and rising inventory levels in residential real estate, yet the rising income level in the economy has partly sustained the demand for housing. The home loan segment in India grew over the years mainly on account of increasing demand from Tier II and III cities, rising disposable income, interest rate subventions and fiscal incentives on housing loans.

The growth which persisted for Housing Finance Companies (HFCs) till the end of Q3 of 2019-20 was adversely impacted by the COVID-19 outbreak in the country. To address the crisis, the Reserve Bank of India (the RBI) announced measures with an attempt to cushion the liquidity in financial institutions. It also announced a 3+3 month moratorium policy, which is applicable for HFCs as well, subject to the approval of the Boards of the concerned HFCs. This was to address the borrower's debt-servicing capability owing to a fall in the income in the current scenario. Hence, this posed a challenge to the sector, of striking the right balance between continuity of re-payment cash flows v/s extending the 3+3 month moratorium to the eligible borrowers.

According to ICRA, as of 30th September, 2020 the total portfolio of the affordable housing finance companies (AHFCs) in the affordable housing space stood at Rs. 55,061 Crores, registering a moderate year-on-year (Y-o-Y) growth of 9%.

Given the target borrower profile (largely self-employed and middle-to-low-income borrowers), the impact of COVID-19 pandemic on earnings and savings could be high, leading to the delay of home purchases for some time by such borrowers. However, the long-term growth outlook for sector remains positive, given the large underserved market, favourable demographic profile, housing shortage and government support in the form of tax sops and subsidies. There is an expectation that the growth will pick up to 12 to 15% in 2021-22.

HOUSING PORTFOLIO SIZE AND MARKET SHARE



The budget has met several expectations for the sector such as the extension of tax holiday for affordable housing projects which are approved up to 31st March, 2022 extension of period for availing additional interest deduction of Rs 1.5 lakh for loans taken up to 31st March, 2022 permitting the sale of residential units at 20% lower than stamp duty value subject to conditions and at the same time introduction of tax holiday for notified affordable rental housing projects. These are welcome measures.

Outlook

Post COVID-19, valuations for housing finance companies have altered sharply due to concerns on

- decline in loan growth
- pressure on spreads owing to lending rate pressures from banks and tight liquidity
- deterioration in asset quality on account of job losses and stressed developers

Though the impact of COVID-19 has affected the housing sector, it is expected to pick up in the second half of 2021. Opportunities in the construction of affordable housing units will remain strong over the coming years, driven by Prime Minister Narendra Modi's Pradhan Mantri Awas Yojana (Urban) [PMAY(U)] initiative. The excess liquidity and low interest rate environment would sustain in the near-to-medium term, which augurs well for the sector.

7. Infrastructure and Real Estate

Infrastructure is crucially an important sector for the overall development of any country. In India, it is considered as the mainstay of the country's economy as it combines projects on a large scale and strengthens the country's competitiveness on a global level. The infrastructural facilities such as roads, railways, metro rails, and so on are required to potentially increase the productivity and smooth functioning of other business sectors in India.

The government has placed its bets on the multiplier effect of increasing spending on infrastructure projects, as it will create growth and employment, restore incomes, and boost consumption. An enhancement of capital expenditure to Rs. 5.56 lakh crores in the next fiscal year in the Budget, in addition to the creation of institutions and monetising assets, indicate an intensified effort towards the National Infrastructure Pipeline (NIP).

34.5%

Increase in capital expenditure for 2021-22

Union Budget 2021-22 highlights

- An unprecedented increase in capital expenditure for 2021-22 by 34.5% to Rs. 5.5 lakh crores to push growth via infrastructure creation.
- In line with expectations to address issues of sustainable long-term financing for infrastructure sector, announcement for set-up of a Development Finance Institution (DFI) which is likely to be a professionally managed body with budgetary allocation of Rs. 20,000 Crores for funding infrastructure projects. It aims to have a lending portfolio of Rs. 5 lakh Crores in a timeframe of three years.
- National monetisation pipeline to be set-up for brownfield infrastructure investment and monetising public infrastructure investments.

Initiatives like 'Housing for All' and 'Smart City Mission' are efforts by the Government of India to reduce bottlenecks in the infrastructure sector. The projected growth rate and investments may be hampered in short term due to COVID-19 pandemic, but the industry is expected to pick its speed in the coming year and the growth will be sustainable for the projected year.

Key trends in the real estate sector

The key trends in real estate which are likely to prevail in 2021:

□ Home buying for self-consumption

Over the last few years, the changing millennium attitude had started favouring rental homes, thus challenging the established Indian thinking of "being settled" only with home purchases. The pandemic is driving back the desire of owning a home, mainly due to the reduced need of staying close to the office. There is an increasing trend to move away from the populated and polluted city-centric areas to more affordable suburban locations.

□ Builder confidence to drive sales

Corporate developers who have strong financial backing and brand equity will gain a higher market share. Stressed and weaker players have already

Management Discussion and Analysis

started divesting their assets either through development management agreements or business takeovers. This trend will only get more evident, and the use of technology to bring in efficiencies will eventually lead to better customer centricity and confidence.

□ Workplace changes

This is especially true for IT/ITeS companies where the work-from-home model is increasingly becoming an essential part of their long-term strategy. Companies worldwide are already looking to minimise costs, real estate becoming the first target. The consolidation trend at one place, which companies were considering, may now get realigned to the hub and spoke model, thus shifting the preference to smaller properties vis-à-vis single large offices. Nonetheless, health and hygiene and social distancing norms would take priority over space efficiencies, and workplaces would be realigned for the post COVID-19 world.

□ Foreign investors will continue to bet on commercial real estate

Foreign investment continues to be buoyant on the rent yielding asset segment. Even during the lockdown, there has been good demand from foreign investors for quality assets in India, thus showcasing the confidence in the sector. Similarly, from an institutional investor perspective, REITs will continue to be the key theme, and we will have more REITs hitting the capital markets in the future.

□ Affordable housing

Affordable housing continues to remain a significant opportunity for players and key focus area of government, as major short supply of housing lies in the economically weak and low-income segments. The government's constant push for affordable housing has shifted the focus from high-end and luxury segments to the affordable segment. According to ANAROCK research, during the past five years, the share of launches in the affordable segment across the top 7 cities of India, has risen from 35% in 2013 to 40% in 2019. This share is expected to increase further in the near future owing to subsidies provided by government to promote affordable housing.

Outlook

According to KPMG, post lockdown, the real estate sector will see a sharp contraction due to the credit crunch bringing down sales of residential units from 4 lakh units in 2019-20 to 2.8 lakh-3 lakh units in 2020-21 in the top seven cities. Subdued demand and liquidity pressures will continue to slow down sales in the short and medium term and any substantial recovery will take 18-24 months.

8. Mutual Fund Industry

According to Association of Mutual Funds in India (AMFI), Assets Under Management (AUM) of Indian Mutual Fund Industry as on 31st March, 2021 stood at Rs. 31.43 trillion compared to Rs. 5.92 trillion as on 31st March, 2011 a more than fivefold increase in a span of 10 years.

Rs. 31.43 trillion

Mutual fund AUM as on 31st March, 2021

Outlook

As we enter Fiscal 2022, many fund houses believe that the mutual fund industry will see more retail participation especially from smaller cities. Other trends that they anticipate gaining footing in the coming year is greater adherence to asset allocation and entry of new players.

9. Business Review

The demand for automobiles for the second consecutive year saw a substantial dip due to subdued load factors, poor sentiments leading to a much lower demand and supply side constraints. The overall business volumes continued to be low especially for us on the backdrop of certain segments like taxi, school, traders, tourist, mining, etc. opting to refrain from purchasing new vehicles. This further led to overall lower disbursements.

It was a challenging year on the background of the COVID-19 pandemic which affected the first two quarters. Most of our customer segments got impacted due to the lockdown. We partnered with them during these difficult times by offering the government supported programmes. The Government supported moratorium was proactively offered to all our eligible customers. The agriculture sector was relatively less impacted as monsoons, water levels, yields, support

prices were above average, thus resulting in decent farm based cashflows. The second half of the year witnessed some amount of normalcy returning to the market with unlocking of the country. This led to better collection efficiencies starting December 2020. The Government sponsored Emergency Credit Line Guarantee Scheme (ECLGS) was offered to all eligible customers in the second half to mitigate the difficulties of vehicle users in commercial applications.

Highlights:

- ❑ Opened 151 new branches in rural markets to ensure deeper penetration.
- ❑ Improved digital collections during the lockdown period.
- ❑ Tie up with multiple partners like CSC, FINO was undertaken to enable cash collection from customers.
- ❑ Continued good relationship with all major OEM's, dealers and channel partners.

Credit Ratings

Type of Instrument	Rating Agency / Rating	Outlook
India Ratings & Research Private Limited		
Commercial Paper Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND A1+	-
Long-term (incl. MLD) Debt instruments and Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND AAA IND PP-MLD AAA emr	Stable
CARE Ratings Limited		
Long-term Debt Instruments and Subordinated Debt Programme	CARE AAA	Stable
Brickwork Ratings India Private Limited		
Long-term Subordinated Debt Programme	BWR AAA	Stable
CRISIL Ratings Limited		
Fixed Deposit Programme	CRISIL FAAA	Stable
Commercial Paper Programme and Bank Loan Facilities	CRISIL A1+	-
Long-term Debt Instruments, Subordinated Debt Programme and Bank Loan Facilities	CRISIL AA+	Stable

Asset Quality

Risk assessment of customers is made at the time of initial appraisal for pricing and granting loans. The Company also makes a portfolio risk analysis at frequent intervals with its stringent review mechanism. Net Non-Performing Assets (NPAs) (Stage-3 Impaired Assets) as a percentage of loans outstanding as on 31st March, 2021 stood at 3.97% vis-à-vis 5.98% as at previous year end. The Company has complied with the prudential guidelines issued by the RBI in respect of Income Recognition and Provision for NPAs.

10. Operational Review

The key operational highlights of 2020-21 are:

- ❑ Total income increased to Rs. 10,516.81 Crores in 2020-21 from Rs. 10,245.14 Crores in 2019-20, an increase of 2.7%.
- ❑ Assets Under Management (AUM) rose to Rs. 81,688.88 Crores in 2020-21 from Rs. 77,159.56 Crores in 2019-20, an increase of 5.9%.
- ❑ Increased number of offices (including branches) to 1,388 as on 31st March, 2021 from 1,322 offices as on 31st March, 2020.
- ❑ Opened more rural branches to remain close to customers, to understand better their cash flows and to approach the customers for recovery when they have the money. These branches will seize new opportunities when the economic cycle and farm cycle improve.
- ❑ Customer based crossed 7.31 million customers.
- ❑ Employee base stood at 19,952 as on 31st March, 2021 as against 21,862 as on 31st March, 2020.

Management Discussion and Analysis

11. Financial Review

The following table presents Company's standalone abridged financials for the financial year 2020-21, including revenues, expenses and profits.

Abridged Statement of Profit and Loss Statement

Particulars	Rs. in Crores		
	Year ended 31 March, 2021	Year ended 31 March, 2020	Y-o-Y change (%)
Revenue from operations	10,395.20	10,097.85	2.94
Other income	121.61	147.29	(17.43)
Total revenue	10,516.81	10,245.14	2.65
Expenses:			
Employee benefits expense	1,015.23	1,148.45	(11.60)
Finance costs	4,733.19	4,828.75	(1.98)
Depreciation and amortization expense	125.88	118.29	6.42
Impairment on financial instruments	3,734.82	2,054.47	81.79
Other expenses	491.36	751.42	(34.61)
Total expenses	10,100.48	8,901.38	13.47
Profit before exceptional items and taxes	416.33	1,343.76	(69.02)
Exceptional items (net) - income / (expense)	6.10	-	-
Profit before tax	422.43	1,343.76	(68.56)
Tax expense	87.28	437.36	(80.04)
Profit for the year	335.15	906.40	(63.02)

Key Ratios

Key Indicators	2020-21	2019-20
PBT/Total Income *	4.0%	13.1%
PBT/Total Assets *	0.5%	1.8%
RONW (Avg. Net Worth) *	2.5%	8.1%
Debt/ Equity	3.98:1	5.23:1
Capital Adequacy	26.0%	19.6%
Tier I Capital	22.2%	15.4%
Tier II Capital	3.8%	4.2%
Book Value (Rs.) *	119.1	184.0
NIM (Gross Spread)	7.7%	7.7%

Note

*Of the several ratios presented under "Key ratios" following ratios have declined by more than 25% over the previous year.

PBT/Total income - decline of 69.5%

PBT/Total assets - decline of 72.2%

RONW (Avg. Net Worth) - decline of 69.1%

Book Value - decline of 35.3%

Analysis of Profit & Loss

- Revenue from operations during 2020-21 increased marginally by 2.9% over previous year primarily on account of interest income earned from higher level of liquid pool of investments maintained by the Company. During the year, the loan book de-grew by around 5% due to lower

disbursements led by COVID-19 pandemic related stress and disruptions.

- Net interest income grew by 6.8% over previous year mainly due to savings in interest costs as a result of utilisation of proceeds from rights issue amounting to Rs. 3,088.82 Crores and reduction in incremental borrowing cost.

- Net Interest Margin (NIM) (Gross Spread) for the year stood at 7.7% which is at same level as in 2019-20. The marginal increase in total revenue along with marginal savings in interest costs has helped the Company maintain the Gross Spread at same level as previous year.

28.2%

Cost to income ratio in 2020-21

- The cost to income ratio for the year improved to 28.2% as compared to 37.3% in 2019-20 primarily due to aggregate savings of around 19% in employee benefits expense and other expenses comprising general administrative expenses, fees and commission expenses. The employee benefits expenses were lower during the year as a result of curtailment in certain variable pay components, no increment in salary along with decrease in employee count. Further, various cost control measures implemented by the Company and subdued level of operational activities on account of COVID-19 related business disruptions have led to savings in other expenses.
- The profit before tax for the year 2020-21 was lower by around 69% at Rs. 422.43 Crores as against Rs. 1,343.76 Crores in 2019-20, primarily on account of overall increase in impairment provisions on the loan portfolio due to increase in credit risk in general, along with management's decision to increase the total overlay provision to Rs. 2,316.36 Crores (31st March, 2020 Rs. 574.01 Crores) in order to reflect the uncertainty and deterioration in macro-economic outlook arising from COVID-19 pandemic as well as to meet the regulatory expectation of the RBI to bring down net NPA ratio below 4% as on 31st March, 2021.
- Profit After Tax (PAT) for the year, stood at Rs. 335.15 Crores, lower by around 63% as compared to Rs. 906.40 Crores in 2019-20 mainly due to significant increase in impairment provisions on the loan portfolio as cited above.
- Return on Equity (RoE) for the year stood at 2.5% as against 8.1% in 2019-20. Return on Assets (RoA) for the year stood at 0.4% as compared to 1.3% for the previous year. The drop in these ratios is mainly attributable to no significant increase in

revenue from operations due to de-growth in loan book and higher level of impairment provisions as explained above.

12. Risk Management

In view of the growing volatility in the operating environment impacting global businesses on an unprecedented scale, we are reinforcing more proactive risk management and mitigation framework. Risk Management Committee assists the Board to oversee various risks including review and analysis of risk exposures related to the Company. It is regularly reviewed by the Risk Management Committee and thereafter by the Board. Periodic diligence is performed and recommendations for corrective actions and process change are thereafter implemented.

Risk Management Process

The risk management system is forming an integral part of all major functions within the Company which includes the following key elements:

- A strategy that is driven by objectives and principles.
- Assignment of responsibilities.
- "ATMA" (Avoid-Transfer-Mitigate-Assume) risk management framework approach and reporting cycle to identify, assess, mitigate, monitor and report the risks that the Company is or may be exposed to.
- A combination of 'top down' and 'bottom up' approach to risk assessment and management process.
- A risk monitoring plan that outlines the review, challenge and oversight activities.
- OUTSIDE-IN reporting procedures which ensure risk information is actively monitored, managed and appropriately communicated at all levels within the Company.
- Developing risk appetite statements with the strategic planning process, then monitoring and reporting on these statements.

Management Discussion and Analysis



The risk management framework is based on assessment of risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators. The key risks are: -

Liquidity Risk

Liquidity risk refers to the inability of the Company to either meet the financial obligations, including debt servicing or its inability to raise funds from external sources at an optimal pricing.

Mitigation: During the year under review, the Company defined and implemented a comprehensive Liquidity Risk Management framework [LRM framework] which is governed by the Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board [ALCO] and Asset Liability Management Committee [ALMCO] oversee the implementation and ensure adherence to the risk tolerance/limits and liquidity buffer.

The Company maintains a well-diversified lender profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is also monitored.

Interest Rate Risk

This refers to the fluctuations in interest rates which could adversely affect borrowing cost, interest income and net interest margins of companies in the financial sector.

Mitigation: The Asset Liability Committee of the Board [ALCO] and Asset Liability Management Committee [ALMCO] regularly review a sensitivity analysis that projects vulnerability to changes in the interest rates. The LRM framework has defined a judicious borrowing mix that allows the Company to lower the interest costs. It also has defined a judicious investment mix which allows the Company to optimise the returns. Prudential limits on both borrowing and investments ensures that the Company does not take any undue

risks. All these policies and review mechanisms assists in making necessary realignments to lending and borrowing decisions to mitigate any interest rate risks.

Operational Risk

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes legal and reputational risks.

Mitigation: A strong risk management approach has been followed which helps in mitigating the operational risks. This is done through segregation of roles, responsibilities and authorities at each level. We use ERP systems to ensure appropriate level of segregation of duties, approval mechanisms and maintenance of supporting records. Additionally, regular audit and review mechanism provides a check on deviation arising from any contingent operational inefficiency.

Credit Risk

It is a risk of default or non-repayment of loan by a borrower which involves monetary loss to the Company, both in terms of principal and interest.

Mitigation: The stringent credit appraisal system and post-disbursement monitoring ensures high quality of loan assets with minimum probability of default. We have a robust credit appraisal system and efficient monitoring in place. When required, the Company also resorts to early settlements and repossessions followed by sale of the underlying collateral. These actions help mitigate the credit losses. During pandemic times, partnering with customers by offering ECLGs/suitable restructure programmes based on due assessment of the underlying collateral value also help.

Business Risk

Being an NBFC, we are exposed to various external risks, which have a direct bearing on its sustainability and profitability. Foremost among them are Industry Risk and Competition Risk. The volatile macro-economic scenario and sector-specific imbalances result in loan asset impairment.

Mitigation: Our dedicated team evaluates the trends in the economy and various other sectors. In step with market trends, we have developed tailor-made products and are reviewing new engines of growth like Digital Finance and Leasing to deepen market penetration and de-risk the business from overdependence on core, that is, vehicle finance. Driven by a nimble-footed sales force, wide range of products, continuous efforts to improve turnaround time and customer-friendly culture, we are efficiently staying ahead of the curve.

Regulatory Risk

It is the risk of change in laws and regulations materially impacting the business.

Mitigation: All the periodic guidelines issued by the RBI & other regulators are fully adhered to and complied by us. We adhere strictly to Capital Adequacy, Fair Practice Code, RBI Reporting, Asset Classification and Provisioning Norms, etc. to ensure zero-tolerance on the non-compliance aspect. We also follow stringent review systems to ensure compliance with the statutory guidelines and norms of the NBFC industry.

Human Capital Risk

Risk of undesired attrition of good performers and critically skilled employees.

Mitigation: We strive to have contemporary employee friendly policies and people-oriented culture. We mitigate the risk of attrition by ensuring continuous analysis and action planning on the areas to improve. Each year, the organisation does a comprehensive study of identifying Employee Pain areas and implements solutions around the identified areas. The compensation paid by the Company is comparable with other companies of its class and size. Regular benchmarking is done to understand the variances. Regular connect by business managers and HR ensures that employee concerns are addressed proactively to reduce regrettable attrition. The Company also invests in training and upskilling its workforce.

Pandemic Risk

The COVID-19 pandemic has had an unprecedented impact on societies and economies worldwide. The Company faces impact from this event at different levels. In addition, the pandemic impact may result in an increase in political and macro-economic risks.

Mitigation: The Company's conservative capital structure policies ensure that the Company always remains adequately capitalized. The Liquidity chest ensures that such pandemic shocks can be absorbed with impacting its credit rating and debt servicing capability. Its reach ensures that we remain connected with our customers during such trying times, helping and partnering with them. Our Business Continuity policies and processes ensure that business keeps running with adequate security measures.

Information Technology Risk

Information technology and cyber risks are an ever-expanding area as professionals battle against a continual wave of attacks, fraudsters and criminals.

Mitigation:

- We have put in processes, systems and tools for ensuring vigilant monitoring, audit logging and suspicious activity reporting.
- Management periodically reviews various technology risks such as protecting sensitive customer data, identify theft, data leakage, business continuity, access control etc.
- Cyber Risk Insurance has been obtained to minimise the impact.
- Two Factor Authentication has been implemented to mitigate the risk arising on account of remote access.

Market Risk

Market risk is the risk of losses arising from fluctuations in interest rates, credit spreads, foreign currency rates, equity prices, commodity prices and other factors, such as market implied volatilities, that may lead to a reduction in earnings, economic value or both.

Mitigation: Mahindra Finance is safeguarded against any market or liquidity risk owing to prudent approach of continuously maintaining a positive liquidity gap on a cumulative basis. Along with this, maintaining an adequate liquidity buffer at consolidated and at each lending entity level further safeguards us. Such conservative and prudent liquidity risk management measures and practices adopted by the Management demonstrates the robustness of our asset liability management during the COVID-19 related stress.

Management Discussion and Analysis

Climate Risk

Climate change is a major factor related to our customer profile since monsoon is directly linked with good economic growth in rural areas and therefore, with our business and recovery pattern as well.

Mitigation: We have devised a tool called 'Monsoon (Annual Rainfall) Report', particularly for our tractor portfolio customers. Our field executives enter data based on self-assessment and daily updates of the monsoon. This data is tracked pan-India and reports are generated for our managers to plan and take business decisions at village, district and state levels. We have also mapped and identified risks pertaining to sustainability and climate change and shared them for inclusion in our risk register. Also, special focus is given to the impact of BS VI norms and entry of electric vehicles. At the same time, we are focusing on electric vehicles/CNG vehicles financing as there has been changing consumer preference for green product financing.

13. Human Resource

At Mahindra Finance the Human Resource function is a strategic partner in driving business outperformance. We constantly strive to create seamless employee experiences at all touch points, which in turn persuades employee-customer relationships, leading to enriching customer experience.

We firmly believe that people are our greatest asset, and we adopt best-in-class practices, inclusive policies & offer unique health and fitness benefits to ensure a safe & secure ecosystem for diverse cohorts of employees at the workplace.

Ensuring the safety of our people with maintaining of the business plan was our paramount focus, during the COVID-19 pandemic. We spared no effort in taking care of our employees and their families by proactively driving various initiatives touch base with our employees, address their anxiety and sustain psychological safety. We provided financial assistance & healthcare assistance services to COVID-19 affected employees by introducing COVID Test/vaccination reimbursement policies, tele-consultation facility and regularly circulated guidelines to employees for conducting business with safety.

We are continuously innovating by leveraging digital opportunities. The use of HR chatbots, Robotic Process Automations, Tableau dashboards & other HR service automations are making our processes and practices more robust & employee friendly.

We are among the early pioneers who fostered a Digital learning ecosystem. Through our digital learning platforms, we continue to drive a culture of personalised learning, empowering our employees to learn anywhere and at any time thus assisting them to grow professionally and personally.

Nurturing agility and building a continuous learning culture has always remained our core objective to create a change-ready organisation. Our efforts towards inculcating a data mind-set and customer centricity is unceasingly nourishing our workforce to become future ready.

Through our Talent Management & Development initiatives, we aim to identify high potentials and address their development through a structured approach, strengthening their knowledge, skills and expertise and developing general management and leadership skills.

Everything we do at Mahindra Finance is based on a strong foundation of values and is ingrained in the tenets of the Mahindra Rise philosophy - 'Accepting No Limit', 'Alternate Thinking' and 'Driving Positive Change', which we continuously nurture amongst all employees to guide actions and behaviours.

We have been ranked 25th in India's Best Companies to work for in 2020. This is awarded by Great Places to Work, the Global Authority on Workplace Culture Assessment.

14. Information Technology

We have been at the forefront of leveraging state-of-the-art technology platforms for deriving business benefits and differentiation in the marketplace through automation, digitalisation and analytics. The pan-India field force has comprehensive mobile solutions for generating and processing retail vehicle loans and for collections and receipting on the field. The mobile solutions are equipped with real-time and offline features to ensure productivity even in case of low or no bandwidth situations. Digitisation of the loan stamping process has further eased the loan booking process. Application Programme Interface

(API) based integrations have enabled the Company to integrate into the online sales platforms of automobile manufacturers, to engender a completely new channel of business. The full set of digital payment options and the integration with partner networks has significantly supplemented the collection efforts of collections on the field and at the branches.

The fixed deposit platform is an example of complete process digitisation with real-time, straight-through processing for end-customers as well as for the channel partners. New lines of business such as lending for consumer durables are fully digital and engendered through technology integration with partner ecosystems. The new business of distributing third-party financial products too is completely based on technology platforms.

The entire customer life cycle beginning with lead generation is empowered through the use of an enterprise Customer Relationship Management (CRM) at the branches, contact centre and the digital channels. During the pandemic, the branch network and the employee workforce were productive through the effective use of 'work from anywhere' technologies. The entire employee life cycle is mapped on to one of the leading Human Resource Management System (HRMS) and supplemented with other applications. The maturity of IT infrastructure has been improved through the combination of private and public cloud and use of co-location services.

The Company continues to mature in its data science and business intelligence capabilities by hiring more talent and by leveraging Cloud based Machine Learning platform. Business Intelligence and digital platforms are being leveraged by the senior leadership to review daily, monthly and quarterly metrics to achieve unit level productivity and profitability at every branch. Data is being actively used to track risk levels of customers from origination, lending, repayment and closure. We continue to use machine learning based mechanisms to upsell and cross sell our products to existing customers to satisfy existing needs as well as new needs of borrowing.

15. Internal Control

The Company has put in place an adequate internal control mechanism to safeguard all its assets and ensure operational excellence. The mechanism also meticulously records all transaction details and ensures regulatory compliance. The Company has multiple policy frameworks to ensure adequate controls on business

processes. Further, Risk and Control dashboards have been defined and are periodically updated for all important operational processes. At periodic intervals, the management team and statutory auditors check and ensure that the defined controls are operative.

The Mahindra Group has a dedicated team of internal auditors to conduct internal audit. Every year, this team defines the audit agenda for the year, which after approval from the audit committee, is implemented.

Reputed audit firms also ensure that all transactions are correctly authorised and reported in accordance with the relevant regulatory framework. The reports are reviewed by the Audit Committee of the Board. Wherever necessary, internal control systems are strengthened, and corrective actions initiated.

16. Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

Since inception your Company has consciously adhered to the highest standards of governance long before they were legally mandated. Your Company is committed to ethical values, sustainable business practices, and to driving positive change in the areas in which it operates. Above all, your Company is committed to transparency in all its dealings and creating shared value for all its stakeholders.

Your Company places high emphasis on business ethics, empowerment, integrity and diversity to generate long-term value for its stakeholders and retain investor trust. The governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation. It is a firm conviction of the Company that good Corporate Governance practices are powerful enablers, which infuse trust and confidence and are able to attract and retain financial and human capital.

Your Company has an active, experienced, diverse and a well-informed Board. Through the governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities towards all its stakeholders by encompassing best practices to support effective and ethical leadership, sustainability and good corporate citizenship.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [‘the Listing Regulations’]. A Report on compliance with the Code of Corporate Governance as stipulated in the Listing Regulations is given below:

BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 [‘the Act’] and the Listing Regulations, as amended from time to time.

The Board of your Company comprised of Eight Directors as on 31st March, 2021 and Nine Directors as on the date of this Report.

The Board as part of its succession planning exercise periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company. During the year, Mr. Amit Raje was appointed as a Non-Executive Non-Independent Director with effect from 18th September, 2020 and subsequent to the year end was appointed as a Whole-time Director of the Company

designated as Chief Operating Officer Digital Finance - Digital Business Unit effective 1st April, 2021, subject to the approval of the Members at the forthcoming Annual General Meeting. Dr. Rebecca Nugent was appointed as an Independent Director of the Company with effect from 5th March, 2021 by means of Ordinary Resolution passed by the Members through Postal Ballot.

Mr. Dhananjay Mungale stepped down as the Chairman of the Board of Directors effective from close of business hours on 1st April, 2021. Mr. Mungale continues to be an Independent Director of the Company.

Dr. Anish Shah was appointed as the Non-Executive Chairman of the Company with effect from 2nd April, 2021.

During the fiscal 2021, Mr. V. Ravi superannuated from the services of the Company and on completion of his tenure ceased to be the Executive Director & Chief Financial Officer of the Company, with effect from 25th July, 2020. Mr. V. S. Parthasarathy, Non-Executive Non-Independent Director and Mr. Arvind V. Sonde, Independent Director, resigned from the Board with effect from 18th September, 2020 and 15th March, 2021, respectively.

The Board at its Meeting held on 23rd April, 2021, appointed Mr. Amit Kumar Sinha as an Additional Non-Executive Non-Independent Director of the Company with effect from 23rd April, 2021 to hold office upto the date of the 31st Annual General Meeting [‘AGM’] of the Company and thereafter, subject to the approval of the Members at the said AGM, as a Non-Executive Non-Independent Director, liable to retire by rotation.

Further, at the Meeting of the Board of Directors held on 23rd April, 2021, Mr. Ramesh Iyer has been re-appointed as the Managing Director of the Company, designated as “Vice-Chairman & Managing Director” for a period of 3 (three) years with effect from 30th April, 2021 to 29th April, 2024 (both days inclusive), subject to the approval of the Members at the ensuing AGM.

As on the date of this Report, the Board of your Company comprises of Nine Directors. The Company has a Non-Executive Chairman and the number of Non-Executive and Independent Directors [including 2 (two) Women Independent Directors] is more than one-half of the total number of Directors.

All the Directors possess requisite qualifications and experience in general corporate management, banking, finance, economics, marketing, digitisation, analytics, strategy formulation and other allied fields that allow them to contribute effectively by actively participating in the Board and Committee Meetings, providing valuable guidance

and expert advice to the Board and the Management and enhancing the quality of Board's decision making process.

Detailed profile of the Directors is available on the Company's website at the web-link: <https://mahindrafinance.com/discover-mahindra-finance/management>.

The Independent Directors have been appointed/re-appointed for a fixed tenure of five years from their respective dates of appointment/re-appointment, in compliance with the Act and the Listing Regulations. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. Further, in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are Independent of the Management.

As on the date of this Report, Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. Amit Raje, Chief Operating Officer Digital Finance - Digital Business Unit are Whole-time Directors of your Company. Dr. Anish Shah, Non-Executive Chairman of the Company has been appointed as the Managing Director and Chief Executive Officer of Mahindra & Mahindra Limited ('M&M'), the holding company, with effect from 2nd April, 2021, and draws remuneration from it. Mr. Amit Kumar Sinha, Non-Executive Non-Independent Director is in the whole-time employment of M&M and receives remuneration from M&M. Dr. Anish Shah and Mr. Amit Kumar Sinha do not receive any sitting fees or remuneration from the Company.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration that the eligible Non-Executive Directors would be entitled to under the Act, none of these Directors has any other pecuniary relationships or transactions with the Company, its Subsidiaries or Associates, or their Promoters or its Directors, during the two immediately preceding financial years or during the current financial year. None of the Directors of your Company is inter-se related to each other.

The Management of the Company is entrusted with the Steering Committee comprising of the Whole-time Director and Senior Executives from different functions headed by the Vice-Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

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

NUMBER OF BOARD MEETINGS

The Board of Directors met seven times during the year under review on 15th May, 2020, 1st June, 2020, 18th July, 2020, 18th September, 2020, 26th October, 2020, 28th January, 2021 and 5th March, 2021. The requisite quorum was present for all the Meetings.

All the Board and Committee Meetings were conducted through audio visual means as per the relevant Circulars/Rules issued by the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI') from time to time, for conducting Meetings during the ongoing COVID-19 pandemic. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS HELD

Pursuant to the provisions of Section 165 of the Act, none of the Directors of the Company is a Director in more than 10 public limited companies (including any Alternate directorships). Further, as mandated by Regulation 17A of the Listing Regulations, none of the Directors of the Company holds Directorships in more than 7 equity listed entities or acts as an Independent Director in more than 7 equity listed companies or 3 equity listed companies in case he/she serves as a Whole-time Director in any listed entity. Further, as stipulated in Regulation 26 of the Listing Regulations, none of the Directors is a Member of more than 10 Board level Committees and no such Director is a Chairman/Chairperson of more than 5 Committees, across all public limited companies in which he/she is a Director. Mr. Ramesh Iyer, Vice-Chairman & Managing Director and Mr. Amit Raje, Whole-time Director, do not serve as Independent Directors in any listed company. As per the Listing Regulations, only those entities whose equity shares are listed on a stock exchange have been considered for the purpose of ascertaining the number of Directorships in listed companies. Table 1 gives the details.

COMPOSITION OF THE BOARD

The Board of your Company comprises of Eight Directors as on 31st March, 2021, with five Independent Directors, one Executive Director and two Non-Executive Non-Independent Directors.

The names and categories of Directors, DIN, their attendance at the Board Meetings held during the year and at the last Annual General Meeting ('AGM') held on 10th August, 2020, as also the number of Directorships and Committee positions held by them in Indian public limited

Report on Corporate Governance

companies, and names of listed entities where they hold Directorships and category of such Directorships are provided below:

Table 1: Composition of Board of Directors as on 31st March, 2021

Sr. No.	Name of the Directors	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity (including debt listed)	Category of Directorship
		Held	Attended						
Independent Directors									
1.	Mr. Dhananjay Mungale ^s (Chairman) DIN: 00007563	7	6	Yes	8	8	3	Tamilnadu Petroproducts Limited	Independent Director
								Mahindra CIE Automotive Limited	Independent Director
								NOCIL Limited	Independent Director
								Mahindra Logistics Limited	Independent Director
2.	Mr. C. B. Bhave DIN: 00059856	7	7	Yes	4	4	3	Avenue Supermarts Limited	Independent Director
								Tejas Networks Limited	Independent Director
3.	Ms. Rama Bijapurkar DIN: 00001835	7	7	Yes	6	6	3	Emami Limited	Independent Director
								Nestle India Limited	Independent Director
								ICICI Bank Limited	Independent Director
								VST Industries Limited	Independent Director
								Cummins India Limited	Independent Director
4.	Mr. Milind Sarwate DIN: 00109854	7	7	Yes	7	8	5	Matrimony.com Limited	Independent Director
								SeQuent Scientific Limited	Independent Director
								Metropolis Healthcare Limited	Independent Director
5.	Dr. Rebecca Nugent DIN: 09033085	7 [@]	1	Not Applicable	1	0	0	-	-

Sr. No.	Name of the Directors	Attendance Particulars			Total Number of Directorships and Committee Memberships/ Committee Chairmanships/ Chairpersonship of public limited companies #			Directorships in other listed entities	
		Number of Board Meetings		Last AGM	Directorships	Committee Memberships+	Committee Chairmanships/ Chairpersonship+	Name of the Listed Entity (including debt listed)	Category of Directorship
		Held	Attended						
Non-Executive Non-Independent Directors									
6.	Dr. Anish Shah ^{\$} DIN: 02719429	7	7	Yes	5	1	0	Mahindra & Mahindra Limited	Deputy Managing Director and Group Chief Financial Officer
								Mahindra Lifespace Developers Limited	Non-Executive Non-Independent Director
								Tech Mahindra Limited	Non-Executive Non-Independent Director
								Mahindra Holidays & Resorts India Limited	Non-Executive Non-Independent Director
7.	Mr. Amit Raje DIN: 06809197	4*	4	Not Applicable	2	1	0	-	-
Executive Director									
8.	Mr. Ramesh Iyer (Vice-Chairman & Managing Director) DIN: 00220759	7	7	Yes	8	5	0	Mahindra Rural Housing Finance Limited^	Non-Executive Chairman

Notes:

Excludes Directorships in private limited companies, foreign companies and companies registered under Section 8 of the Act but includes Directorship in Mahindra & Mahindra Financial Services Limited (MMFSL). None of the Directors holds Directorships in more than 20 companies as stipulated in Section 165 of the Act.

+ Committees considered are Audit Committee and Stakeholders Relationship Committee including in MMFSL. In the Committee details provided, Committee Membership(s) includes Chairmanship(s).

\$ Mr. Dhananjay Mungale resigned as Chairman of the Board of Directors with effect from close of business hours on 1st April, 2021. The Board at its Meeting held on 28th January, 2021 has appointed Dr. Anish Shah as the Chairman of the Board of Directors of the Company with effect from 2nd April, 2021.

@ 1 Meeting was held during Dr. Nugent's tenure.

* 4 Meetings were held during Mr. Raje's tenure.

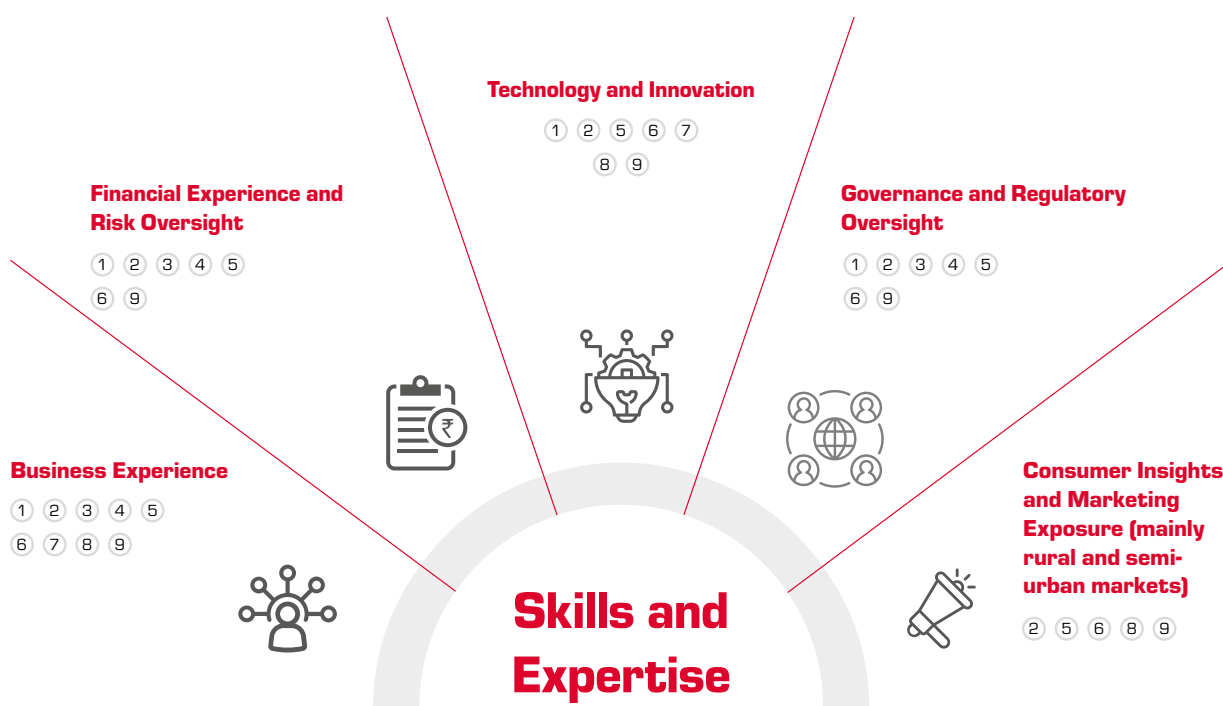
[^] Debt listed subsidiary of the Company.

Report on Corporate Governance

CORE SKILLS/EXPERTISE/COMPETENCIES OF THE BOARD OF DIRECTORS OF THE COMPANY

A chart/matrix setting out the core skills/expertise/competencies identified by the Board of Directors in the context of the Company's business and sector(s) as required for it to function effectively and those actually available with the Board alongwith the names of Directors who have such skills/expertise/competence, are given below:

Sr. No.	Skills	Particulars
1.	Business Experience	- Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values. - Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. - Expertise in the field of Banking and Financial Services.
2.	Financial Experience and Risk Oversight	The Company uses various financial metrics to measure its performance. Accurate Financial Reporting and Robust Auditing are critical to its success. The Company expects its Directors :- - To have an understanding of Finance and Financial Reporting Processes; - To Understand and Oversee various risks facing the Company and ensure that appropriate policies and procedures are in place to effectively manage risk.
3.	Technology and Innovation	- An appreciation of emerging trends in Banking and Financial services across the globe. - Expertise in digital and robotic innovation in the field of Finance and Investments. - Ability to visualise future trends and devise strategies for adoption.
4.	Governance and Regulatory Oversight	- Devise systems for compliance with a variety of regulatory requirements. - Reviewing compliance and governance practices for a long term sustainable growth of the Company and protecting stakeholders' interest.
5.	Consumer Insights and Marketing Exposure (mainly rural and semi-urban markets)	Ability in developing strategies to increase market share through innovation, build better brand experience for customers, improve prospective customer engagement levels and help establish active customers become loyal brand followers.



① Dr. Anish Shah
② Mr. Ramesh Iyer
③ Mr. Dhananjay Mungale

④ Mr. C. B. Bhawe
⑤ Ms. Rama Bijapurkar
⑥ Mr. Milind Sarwate

⑦ Dr. Rebecca Nugent
⑧ Mr. Amit Raje
⑨ Mr. Amit Kumar Sinha

CERTIFICATE REGARDING NON-DEBARMENT AND NON-DISQUALIFICATION OF DIRECTORS FROM PRACTISING COMPANY SECRETARY

A certificate issued by Dr. C. V. Madhusudhanan, Partner, M/s. KSR & Co., Company Secretaries LLP, pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that none of the Directors on the Board of the Company as on 31st March, 2021, has been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is attached at the end of the Corporate Governance Report as “Annexure A”.

BOARD CONFIRMATION REGARDING INDEPENDENCE OF THE INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 read with Rules framed thereunder, and Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

Based on the disclosures received from all the Independent Directors, the Board after taking these declarations/disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

RESIGNATION OF INDEPENDENT DIRECTOR(S)

Mr. Arvind V. Sonde resigned as a Member of the Board with effect from 15th March, 2021, due to other professional and family commitments. Mr. Sonde has confirmed that there are no material reasons for his resignation, other than those mentioned in his resignation letter.

Except for Mr. Arvind V. Sonde, none of the Independent Directors of the Company had resigned before the expiry of his/her respective tenure[s].

MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and the Listing Regulations, two Meetings of Independent Directors were held during the year. These Meetings were conducted in an informal manner to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of the Vice-Chairman & Managing Director, other Non-Independent Directors, Chief Financial Officer and members of the Management.

At these Meetings, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director(s) and Non-Executive Directors, assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees that is necessary for the Board to effectively and reasonably perform and discharge its duties. Both these Meetings were well attended by the Independent Directors.

In addition, the Independent Directors had a separate meeting with the Statutory Auditors without the presence of the Non-Independent Directors and the Management.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

Pursuant to the provisions of the Act and Regulation 25(7) of the Listing Regulations, the Company has during the year conducted familiarisation programmes (as part of the Board/Committee Meetings) for its Directors, which inter alia, included the following:

- Organising an annual Board Meeting also attended by the Management and Functional Heads to deliberate on various topics related to the long-term Vision and Strategy of the Company with respect to Information Technology – Digital Readiness and Analytics, Marketing and Branding initiatives, Small and Medium Enterprise (SME) Finance, Human Resources –

Report on Corporate Governance

Organisation Structure, Leadership Program and Talent Management, review of Company's business model and operations, progress of on-going strategic initiatives and formulate new strategies to achieve the Company's long-term objectives and review of Strategy of subsidiary companies.

- Induction programmes for new Directors.
- Risk Management and Enterprise Risk Management.
- Review of Strategic Investments and Business Opportunities of the Company.
- Industry outlook at the Board Meetings.
- Information Technology Framework.
- Strategy/Performance of subsidiary companies.
- Regulatory updates at Board, Audit Committee and IT Strategy Committee Meetings.
- Statutory updates at the Meetings of Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Asset Liability Committee, as applicable.
- News and articles related to the Company to provide updates from time to time.
- Circulating press releases, disclosures made to Stock Exchanges.
- Prevention of Insider Trading Regulations, SEBI Listing Regulations.
- Discussions on Internal Control over Financial Reporting, Internal Control Processes, Framework for Related Party Transactions, etc.

Pursuant to Regulation 46 of the Listing Regulations, the details of familiarisation programmes are available on the website of the Company at the web-link: <https://www.mahindrafinance.com/media/383820/familiarisation-programme-for-the-f-y-2020-21-website-uploading.pdf>.

BOARD PROCEDURE

The Company sends a detailed agenda folder setting out the business to be transacted at the Meeting(s) to each Director at least seven days before the date of the Board and Committee Meetings. All the agenda items are supported by detailed Notes, documents and presentations, if any, to enable the Board to take informed decisions. A soft copy of the Board/Committee Meeting agenda is also hosted on the Board portal to provide web-based solution that functions as a document repository. The Directors are provided the facility of video conferencing to enable them to participate effectively in the Meeting(s), as and when required.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the Vice-Chairman

& Managing Director apprise the Board at every Meeting on the overall performance of the Company, as well as the current market conditions including the Company's business and the Regulatory scenario, followed by presentations by the Chief Financial Officer of the Company. A detailed Functional Report is also presented at the Board Meeting(s).

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance report(s) of all laws applicable to the Company, as well as steps taken to rectify instances of non-compliance if any, review of major legal issues, minutes of the Committees of the Board, approval and adoption of quarterly/half-yearly/annual results, risk assessment and minimization procedures, transactions pertaining to purchase/disposal of property(ies), if any, sale of investments, major accounting provisions and write-offs, corporate restructuring, details of any joint venture or collaboration agreement(s), material default in financial obligations, if any, review quarterly report on actual or suspected frauds submitted to Reserve Bank of India and corrective action taken, compliance with Fair Practices Code, functioning of customer grievance redressal mechanism, review transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature including judgment or order which may have passed strictures on the conduct of your Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement.

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the stakeholders' value.

In addition to the above, pursuant to Regulation 24 of the Listing Regulations, the minutes of the Board Meetings of your Company's subsidiary companies and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies are also placed before the Board. The Chairman/Chairperson of various Board Committees brief the Board on all the important matters discussed and decided at their respective Committee Meetings.

The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee Meetings in an informed and efficient manner.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually. The Performance Evaluation of Board, its Committees and Directors has been discussed in detail in the Board's Report.

REMUNERATION

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

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

The Nomination and Remuneration Committee ("the NRC") reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board Member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and also independence of Director:

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

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

Your Company has a well-defined Remuneration Policy for its Directors. The Policy is guided by a reward framework and set of principles and objectives as more fully and particularly envisaged under Section 178 of the Act and principles pertaining to qualifications, positive attributes, integrity and independence of Directors, etc. The NRC while determining the remuneration of the Directors shall ensure that the level and composition of remuneration is reasonable

and sufficient to attract, retain and motivate the person to ensure the quality required to run the Company successfully. While considering the remuneration, the NRC shall ensure a balance between fixed and performance-linked variable pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals and it shall ascertain that some part of the remuneration is linked to the achievement of corporate performance targets.

Dr. Anish Shah has been appointed as the Non-Executive Chairman of the Board of Directors with effect from 2nd April, 2021. Dr. Shah is in the whole-time employment of Mahindra & Mahindra Limited ('M&M'), the Holding Company and draws remuneration from it. Dr. Anish Shah is not paid any sitting fees or remuneration by the Company.

In view of the above, your Company has during the year under review, amended the Policy on Remuneration of Directors effective 2nd April, 2021, in accordance with the aforesaid requirements and administrative changes. This Policy is furnished in "**Annexure IV-A**" appended to the Board's Report and is also available at the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

Remuneration Policy for Key Managerial Personnel and Employees

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

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

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

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

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The Remuneration Policy for Key Managerial Personnel and Employees is furnished in “Annexure IV-B” appended to the Board's Report and is also available at the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

REMUNERATION PAID TO DIRECTORS

The eligible Non-Executive Directors are paid remuneration in the form of sitting fees and commission within the limits prescribed under the Act. The remuneration payable to eligible Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company.

The NRC while deciding the basis for determining the remuneration to the eligible Non-Executive Directors, both fixed and variable, takes into consideration various relevant factors, including the overall compensation policies of the Company pertaining to commission, current trends and practices in relevant industries, the market trends in terms of compensation levels, responsibilities undertaken by the Directors such as Chairpersonship of Committees, their contribution in enhancing stakeholders' value resulting in overall growth of the Company and such other factors as the NRC may deem fit.

Pursuant to the approval granted by the Members of the Company at the Twenty-fifth Annual General Meeting held on 24th July, 2015, the eligible Non-Executive Directors are paid commission up to a maximum of 1% of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Act or any statutory modification[s] or re-enactment[s] thereof.

A commission of Rs. 1.33 Crores has been provided as payable to the eligible Non-Executive Directors in the accounts for the year ended 31st March, 2021 as follows:

Table 2

Name of the Directors	Commission for the year ended 31st March, 2021 provided as payable in the accounts of the Company for the year under review (Rs. in Crores)
Mr. Dhananjay Mungale	0.32
Mr. C. B. Bhawe	0.25
Ms. Rama Bijapurkar	0.25
Mr. Milind Sarwate	0.25
Mr. Arvind V. Sonde*	0.24
Dr. Rebecca Nugent®	0.02
Total	1.33

* Resigned as an Independent Director of the Company with effect from 15th March, 2021.

® Appointed as an Independent Director of the Company with effect from 5th March, 2021.

In addition, the eligible Non-Executive Directors are paid a sitting fee for attending each Meeting of the Board and Committees thereof. Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 28th January, 2021 approved the increase in the Sitting Fees payable to eligible Non-Executive Directors for attending the Board and Committee Meetings, as follows:

Meetings	Revision in Sitting Fees	
	From	To
Board of Directors	Rs. 50,000	Rs. 1,00,000
Audit Committee	Rs. 40,000	Rs. 50,000
Nomination and Remuneration Committee	Rs. 30,000	Rs. 50,000
Asset Liability Committee	Rs. 30,000	Rs. 50,000
Risk Management Committee	Rs. 30,000	Rs. 50,000
IT Strategy Committee	Rs. 20,000	Rs. 50,000
Committee for Strategic Investments (Voluntary Committee)	Rs. 20,000	Rs. 50,000

A Sitting Fee of Rs. 30,000 each continues to be paid to Committee Members for attending the Meetings of the Stakeholders Relationship Committee and Corporate Social Responsibility Committee. No revision has been made in the payment of these fees.

The Company has not granted Stock Options to any of its Non-Executive Directors during the year under review.

None of the eligible Non-Executive Directors received remuneration amounting to 50% of the total remuneration paid to the eligible Non-Executive Directors during the year ended 31st March, 2021.

Remuneration of Executive Directors includes salary, perquisites, allowances, benefits, amenities, retiral, viz. superannuation including gratuity and provident fund (fixed component) and commission and stock options (variable component). The remuneration to the Vice-Chairman & Managing Director and Whole-time Director is fixed by the NRC which is subsequently approved by the Board of Directors and Shareholders at a General Meeting/by means of a Postal Ballot voting process.

The NRC while deciding the basis for determining the remuneration of the Executive Directors shall take into consideration the individual performance and the business performance. The business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRAs). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and performance rating of the individual.

Detailed information of Directors' remuneration for the year 2020-21 is set forth in Table 3.

Table 3: Details of Remuneration paid to Directors for the Financial Year 2020-21

Name of the Directors	(Rs. in Crores)					Employees Stock Option Scheme 2010+& (ESOS-2010)\$				
	Sitting Fees (excluding GST)	Salary	Perquisites	Superannuation and Provident Fund#	Commission for the year ended 31st March, 2020 paid during the year under review	Total	Number of Stock Options Granted in February, 2011 Grant 1\$+	Number of Stock Options Granted in October, 2014 Grant 5\$+	Number of Stock Options Granted in October, 2015 Grant 6\$+&	Number of Stock Options Granted in October, 2018 Grant 9\$+&
Whole-time Directors										
Mr. Ramesh Iyer*	N.A.	4.63	0.96@	0.31	1.28	7.18	2,00,140	1,62,173	12,976&&	2,32,468&&
Mr. V. Ravi* *	N.A.	2.24	0.62@@	NIL	0.76	3.62	77,815	61,319	NIL	45,409&&&
Non-Executive Directors										
Mr. Dhananjay Mungale	0.13	N.A.	N.A.	N.A.	0.28	0.41	NIL	NIL	NIL	NIL
Mr. C. B. Bhawe	0.12	N.A.	N.A.	N.A.	0.21	0.33	N.A.	N.A.	NIL	NIL
Ms. Rama Bijapurkar	0.10	N.A.	N.A.	N.A.	0.21	0.31	NIL	NIL	NIL	NIL
Mr. Milind Sarwate	0.13	N.A.	N.A.	N.A.	0.21	0.34	N.A.	N.A.	N.A.	N.A.
Mr. Arvind V. Sonde\$\$\$	0.08	N.A.	N.A.	N.A.	0.07	0.15	N.A.	N.A.	N.A.	N.A.
Dr. Anish Shah	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.	NIL
Mr. V. S. Parthasarathy^	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	NIL	NIL	NIL
Mr. Amit Raje	N.A.	N.A.	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.	N.A.
Dr. Rebecca Nugent##	0.01	N.A.	N.A.	N.A.	N.A.	0.01	N.A.	N.A.	N.A.	N.A.

Notes:

@ This includes Rs. 0.90 Crores being perquisite value of ESOPs of the Company exercised during the year.

@@ This includes Rs. 0.50 Crores being perquisite value of ESOPs of the Company exercised during the year.

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

+ Options issued at an Exercise Price of Rs. 2/- being the Face Value of the underlying shares.

& Options issued at an Issue Price of Rs. 50/- per share pursuant to Rights Shares issued and allotted by the Company in August 2020.

&& 2,164 Options and 1,03,319 Options granted and outstanding stand augmented by an equal number of Rights Options on account of the Rights Issue in the ratio of 1:1 made in August 2020.

&&& 20,226 Options granted and outstanding stand augmented by an equal number of Rights Options on account of the Rights Issue in the ratio of 1:1 made in August 2020.

\$ ESOS – 2010

Grant-1: The Stock Options have been granted on 7th February, 2011. Of this, all the five tranches of 20% each totaling 100% of the total options have vested on 7th February, 2012, 7th February, 2013, 7th February, 2014, 7th February, 2015 and 7th February, 2016, respectively.

Grant-5: The Stock Options have been granted on 21st October, 2014. Of this, all the five tranches of 20% each totaling 100% of the total options have vested on 21st October, 2015, 21st October, 2016, 21st October, 2017, 21st October, 2018 and 21st October, 2019, respectively.

Grant-6: The Stock Options have been granted on 21st October, 2015. Of this, all the five tranches of 20% each totaling 100% of the total options have vested on 21st October, 2016, 21st October, 2017, 21st October, 2018, 21st October, 2019 and 21st October, 2020, respectively.

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Grant-9: The Stock Options have been granted on 24th October, 2018. Of this, 20% of the options have vested on 24th October, 2019 and 24th October, 2020 each, and the balance number of options would vest in three equal tranches of 20% each on 24th October, 2021, 24th October, 2022 and 24th October, 2023 on expiry of 36 months, 48 months and 60 months respectively, from the date of grant.

** Ceased to be Executive Director & Chief Financial Officer of the Company with effect from 25th July, 2020.

\$\$ Resigned with effect from 15th March, 2021.

^ Resigned with effect from 18th September, 2020.

Appointed as an Independent Director with effect from 5th March, 2021.

* The notice period for the Vice-Chairman & Managing Director is three months. Commission and Stock Options are the only components of remuneration that are performance linked. All other components are fixed. The existing term of appointment is for a period of 5 years with effect from 30th April, 2016 upto 29th April, 2021.

Further, Mr. Ramesh Iyer has been re-appointed for a period of 3 years commencing from 30th April, 2021 to 29th April, 2024, subject to approval of Members at the ensuing Annual General Meeting. There is no separate provision for the payment of severance fees.

During 2020-21, the Company did not advance loans to any of its Directors.

SHARES HELD BY NON-EXECUTIVE DIRECTORS

Table 4 gives details of the Shares held by the Non-Executive Directors as on 31st March, 2021.

Table 4: Details of the Shares held by the Non-Executive Directors

Name of the Directors	Number of Shares held
Mr. Dhananjay Mungale	1,00,000
Mr. C. B. Bhawe	Nil
Ms. Rama Bijapurkar	30,000
Mr. Milind Sarwate	Nil
Dr. Anish Shah	Nil
Mr. Amit Raje	Nil
Dr. Rebecca Nugent	Nil

CODES OF CONDUCT

The Board has laid down Codes of Conduct for Board Members and for Senior Management and Employees of the Company ('Codes'). The Code of Conduct for Senior Management and Employees of the Company has been amended during the year under review. The Code stands widely communicated across the Company at all times.

These Codes are also accessible at the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to Section 149(8) read

with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Vice-Chairman & Managing Director to this effect is enclosed at the end of this Report.

CEO/CFO CERTIFICATION

As required under Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Vice-Chairman & Managing Director and the Chief Financial Officer of the Company have jointly certified to the Board regarding the Financial Statements and internal controls relating to financial reporting for the year ended 31st March, 2021. The said Certificate is attached as "Annexure B" and forms part of this Report.

The Vice-Chairman & Managing Director and the Chief Financial Officer of the Company also jointly give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

RISK MANAGEMENT

Risk management forms an integral part of the Company's business. As a lending institution, the Company is exposed to various risks that are related to its lending business and operating environment. Your Company has a well-defined risk management framework in place. The risk management framework works at various levels across the Company.

The risk management framework is based on assessment of all risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators.

The Risk Management structure includes identification of elements of risk, including those which in the opinion of the Board, may threaten the existence of the Company. The Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company.

The Risk Management Architecture includes monitoring by the Board of Directors through the Audit Committee, the Asset Liability Committee and the Risk Management Committee.

The Risk Management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

COMMITTEES OF THE BOARD

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required.

Your Company has eight Board level Committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee, Committee for Strategic Investments and IT Strategy Committee.

The composition and functioning of these Committees is in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Committee and IT Strategy Committee is also in consonance with the Corporate Governance Master Directions issued by the Reserve Bank of India.

During the year under review, all recommendations received from its Committees were accepted by the Board.

Details on the role and composition of these Committees, including the number of Meetings held during the financial year and the related attendance, are provided below:

a) Audit Committee

As on 31st March, 2021, the Audit Committee comprised of four Independent Directors and one Non-Executive Non-Independent Director:

Name of Members	Category
Mr. C. B. Bhav	- Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	- Independent Director
Ms. Rama Bijapurkar	- Independent Director
Mr. Milind Sarwate	- Independent Director
Dr. Anish Shah	- Non-Executive Non-Independent Director

- Mr. V. S. Parthasarathy ceased to be a Member of the Committee consequent upon his resignation as a Non-Executive Non-Independent Director of the Company with effect from 18th September, 2020.
- Mr. Amit Raje, Non-Executive Non-Independent Director of the Company was appointed as a Member of the Committee with effect from 28th January, 2021. Consequent to his appointment as a Whole-time Director of the Company with effect from 1st April, 2021, and in order to be consistent with the principles of good governance, Mr. Amit Raje, resigned as a Member of the Audit Committee with effect from 5th March, 2021.
- Mr. Arvind V. Sonde ceased to be a Member of the Committee consequent to his resignation as an Independent Director of the Company with effect from 15th March, 2021.

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18(1) of the Listing Regulations.

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations.

Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of

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the Company. It is authorised to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the Management; the quarterly and annual financial statements and the Auditors' Report thereon before submission to the Board for approval, 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, approve transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals for related party transactions subject to fulfilment of certain conditions, scrutinise inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluate internal financial controls and risk management systems, monitor end use of funds raised through public offers, rights issue, preferential issue, private placement and related matters, reviewing the utilisation of loans and/or advances from/investment by the Company in the subsidiary companies exceeding Rs.100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments etc. and review compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations') at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

The Committee is also empowered to, inter alia, review the remuneration payable to the Statutory Auditors and Internal Auditors, availing of such other services from the Auditors and recommend to the Board the term of appointment and remuneration of the Statutory Auditors and Internal Auditors and recommend a change in the Auditors, if felt necessary. Further, the Committee is empowered to recommend to the Board, the appointment of Chief Financial Officer, the term of appointment and remuneration of the Internal Auditor, etc. Further, the Committee also reviews Financial Statements and investments of the unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions, etc.

The Audit Committee has been granted powers as prescribed under Regulation 18 (2)(c) and reviews all the information as prescribed in Regulation 18(3) read with the Paragraph B of Part C of Schedule II of the Listing Regulations. Generally, all items listed in Regulation 18(3) read with Part C of Schedule II of the Listing Regulations are covered in the terms of reference. The Committee is also authorised to oversee the functioning of the Whistle Blower Policy/Vigil Mechanism as well as review on a quarterly basis, the Report on compliance under the Code of Conduct for Prevention of Insider Trading adopted by the Company pursuant to the PIT Regulations. Further, a Report under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is also placed before the Committee.

In compliance with the provisions of SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2019/121 dated 4th November, 2019, the Members of the Audit Committee also interact with the Credit Rating Agencies at a separate Audit Committee Meeting to *inter-alia* discuss matters relating to related party transactions, internal financial controls and material disclosures made by the Company.

The Vice-Chairman & Managing Director, Whole-time Director, Chief Financial Officer of the Company, Chief Internal Auditor of Mahindra & Mahindra Limited, the Statutory Auditors, the Executive Vice-President-Operations, Head-Accounts, Treasury & Corporate Affairs and the Senior Vice-President-Accounts are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

Mr. C. B. Bhawe, Chairman of the Audit Committee was present at the 30th Annual General Meeting of the Company held virtually (e-AGM) on 10th August, 2020.

The Audit Committee met seven times during the year on 15th May, 2020, 1st June, 2020, 18th July, 2020, 13th August, 2020, 26th October, 2020, 28th January, 2021 and 15th February, 2021.

The gap between two Meetings did not exceed one hundred and twenty days. The details of attendance at the Audit Committee Meetings are given in Table 5.

Table 5: Attendance record of Audit Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhavé (Chairman)	7	7
Mr. Dhananjay Mungale	7	7
Ms. Rama Bijapurkar	7	6
Mr. Milind Sarwate	7	7
Mr. Arvind V. Sonde [#]	7	6
Dr. Anish Shah	7	7
Mr. V. S. Parthasarathy [@]	4	4
Mr. Amit Raje [*]	1	1

[#] Resigned as Director and thereby ceased to be a Member of the Committee with effect from 15th March, 2021.

[@] Resigned as Director and thereby ceased to be a Member of the Committee with effect from 18th September, 2020. Four Meetings were held during his tenure.

^{*} Inducted as a Member with effect from 28th January, 2021. Resigned as a Member with effect from 5th March, 2021, consequent to his appointment as a Whole-time Director effective from 1st April, 2021. One Meeting was held during his tenure.

b) Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178(1) of the Act and Regulation 19 of the Listing Regulations.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company in line with the appropriate legislations, establish Director retirement policies and appropriate succession plans, devise policy on Board Diversity, recommend the re-constitution of the Board Committees, determine overall compensation policies of the Company, and administer the “Mahindra & Mahindra Financial Services Limited Employees’ Stock Option Scheme – 2010” and such further ESOP Schemes as may be formulated from time to time and take appropriate decisions in terms of the concerned Scheme(s).

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

The scope of the Committee further includes review of market practices and to decide on and recommend to the Board remuneration packages applicable to the Vice-Chairman & Managing Director, Executive Director/ Whole-time Director, Functional Heads, Members of the Senior Management/Core Management Team, Chief Financial Officer and Company Secretary, setting out performance parameters for Vice-Chairman & Managing Director, Executive Director/Whole-time Director and review the performance parameters achieved, to review performance parameters laid down for Functional Heads and Members of the Senior Management/Core Management Team, including Chief Financial Officer and Company Secretary. The Committee is also empowered to identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director’s performance.

The Committee is also empowered to opine, in respect of the services rendered by a Director in professional capacity, whether such Director possesses requisite qualification for the practice of the profession.

The Committee has also formulated the criteria for determining the qualifications, positive attributes and independence of a Director. The Committee, in accordance with the Policy on ‘Fit and Proper’ Criteria for Directors, ensures the “Fit and Proper” status of Directors at the time of appointment and on a continuing basis, as prescribed by the Reserve Bank of India. The Committee has also recommended to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.

The Committee has undertaken a structured and comprehensive succession planning program over a period and has carried out a rigorous review for an orderly Succession to the Board and the Senior Management.

The Committee also carries out a separate exercise to evaluate the performance of individual Directors. Feedback is sought by way of well-structured questionnaires covering various aspects of the Board’s functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company’s subsidiaries, and performance evaluation is carried out based on the responses received from the Directors.

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Performance Evaluation Criteria for Independent Directors:

The Nomination and Remuneration Committee inter alia, determines the performance evaluation criteria for Independent Directors on parameters such as participation and contribution by a director, effective deployment of knowledge and expertise, ability to challenge views of others in a constructive manner, integrity and maintenance of confidentiality and independence of behaviour and judgment.

The Chairman of the Committee is an Independent Director. As on date of this Report, the Nomination and Remuneration Committee comprises of three Independent Directors and one Non-Executive Non-Independent Director. Mr. Ramesh Iyer, Vice-Chairman & Managing Director is a permanent invitee to the Committee Meeting. The Members are:

Name of Members	Category
Mr. Dhananjay Mungale*	- Chairman of the Committee (Independent Director)
Mr. C. B. Bhavé^	- Independent Director
Mr. Milind Sarwate	- Independent Director
Dr. Anish Shah#	- Non-Executive Non-Independent Director

* Appointed as the Chairman of the Nomination and Remuneration Committee with effect from 5th April, 2021.

^ Resigned as Chairman with effect from 5th April, 2021. Mr. Bhavé continues to be a Member of the Committee.

#Appointed as a Member of the Committee with effect from 15th May, 2020.

As per Section 178(7) of the Act and Secretarial Standard on General Meetings (SS-2), issued by the Institute of Company Secretaries of India, the Chairman of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company. Mr. C. B. Bhavé, former Chairman of the Nomination and Remuneration Committee was present at the 30th Annual General Meeting of the Company held virtually (e-AGM) on 10th August, 2020.

The Committee met seven times during the year under review on 15th May, 2020, 17th July, 2020, 18th September, 2020, 22nd October, 2020, 27th January, 2021, 15th February, 2021 and 4th March, 2021. All the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 6.

Table 6: Attendance record of Nomination and Remuneration Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhananjay Mungale (Chairman)	7	7
Mr. C. B. Bhavé	7	7
Mr. Milind Sarwate	7	7
Dr. Anish Shah*	6	6
Mr. V. S. Parthasarathy@	3	3

* Appointed as a Member of the Committee with effect from 15th May, 2020. Six Meetings were held during his tenure.

@ Resigned as Director of the Company and thereby ceased to be a Member of the Committee with effect from 18th September, 2020. Three Meetings were held during his tenure.

c) Stakeholders Relationship Committee

As on 31st March, 2021, the Stakeholders Relationship Committee comprised two Independent Directors, one Executive Director and one Non-Executive Non-Independent Director:

Name of Members	Category
Ms. Rama Bijapurkar	- Chairperson of the Committee (Independent Director)
Mr. C. B. Bhavé	- Independent Director
Mr. Ramesh Iyer	- Executive Director
Mr. Amit Raje*	- Non-Executive Non-Independent Director

* Appointed as a Member of the Committee with effect from 28th January, 2021.

Mr. V. Ravi ceased to be a Member of the Committee with effect from 25th July, 2020, upon cessation as Executive Director & Chief Financial Officer of the Company.

Ms. Arnavaz M. Pardiwalla, Company Secretary is the Compliance Officer of the Company as required under the Listing Regulations and the Nodal Officer to ensure compliance with the IEPF Rules.

The Committee meets, as and when required, to inter alia, deal with matters relating to transfer/transmission of shares and debentures, approve requests for issue of duplicate share/debenture certificates, issue of new Share Certificate(s) (including for transfer to the Investor Education and Protection Fund, as per the provisions of the Act and Rules framed thereunder), and monitor redressal of grievances of security holders including shareholders, debentureholders, investors/other security holders, relating to transfer/

transmission of shares/debentures, non-receipt of Annual Report, non-receipt of dividends declared, non-receipt of interest on Non-Convertible Debentures/Fixed Deposits issued by the Company, non-receipt of Debenture Certificate[s]/Fixed Deposit Receipt[s], issue of new/duplicate certificates, general meetings etc., review of measures taken for effective exercise of voting rights by Shareholders, review of adherence to the service standards adopted by the Company in respect of services being rendered by the Registrar & Transfer Agent (RTA), review of Annual Audit Report submitted by the independent auditors on the annual internal audit conducted on the RTA operations as mandated by SEBI, review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company. Further, as a good governance practice, a Report on Customer Grievance Redressal pertaining to grievances/complaints received from the Company's customers is also placed before the Committee for its review.

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

As per Section 178(7) of the Act and the Secretarial Standards, the Chairperson of the Committee or, in his/her absence, any other Member of the Committee

authorised by him/her in this behalf shall attend the General Meetings of the Company. Ms. Rama Bijapurkar, Chairperson of the Committee was present at the 30th Annual General Meeting of the Company held virtually (e-AGM) on 10th August, 2020.

The Committee met three times during the year on 15th May, 2020, 26th October, 2020 and 28th January, 2021. All the Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 7.

Table 7: Attendance record of Stakeholders Relationship Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Ms. Rama Bijapurkar (Chairperson)	3	3
Mr. C. B. Bhawe	3	3
Mr. Ramesh Iyer	3	3
Mr. V. Ravi [@]	1	1
Mr. Amit Raje [*]	-	-

[@] Ceased to be the Executive Director & Chief Financial Officer of the Company and thereby Member of the Committee with effect from 25th July, 2020. One Meeting was held during his tenure.

^{*} Inducted as a Member of the Committee with effect from 28th January, 2021 and attended the Meeting as a special invitee.

Details of complaints/grievances received from Investors and attended to by the Company during the year 2020-21 are given in Table 8.

Table 8: Status of Investor Complaints

Sr. No.	Nature of Security	No. of complaints pending as on 1st April, 2020	No. of complaints received during the year	No. of complaints resolved during the year	No. of complaints pending as on 31st March, 2021
1.	Equity Shares	0	116	116	0
2.	Public Issue of Secured Redeemable NCDs/ Unsecured Subordinated Redeemable NCDs ("Public NCDs")	0	6	6	0
3.	Private Placement of Secured Redeemable NCDs/Unsecured Subordinated Redeemable NCDs	0	0	0	0
Total		0	122	122	0

The correspondence identified as investor complaints pertain to :

- (i) Shares : Non-receipt of correspondence/communication pertaining to Rights Issue of the Company, eligibility criteria, non-receipt of Rights Issue applications/Shares, extinguishment of Rights Entitlement, non-receipt of Dividend (for FY. 2019-20), non-receipt of refund amount pertaining to subscription to the Rights Issue of Equity Shares of the Company and Non-receipt of Annual Report.
- (ii) Public NCDs : Non-receipt of Interest.

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d) Corporate Social Responsibility Committee

The Corporate Social Responsibility ('CSR') Committee has been constituted by the Board of Directors with powers, inter alia, to make donations/contributions to any Charitable and/or CSR projects or programs to be implemented directly or through an executing agency or other Not for Profit Agency with minimum three years proven track record or through a Corporate Foundation or other reputed Non-Governmental Organisation, of at least two percent of the Company's average net profits during the three immediately preceding Financial Years in pursuance of its CSR Policy for the Company's CSR initiatives.

During the year under review, the terms of reference of the Corporate Social Responsibility Committee have been aligned in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The role of this Committee includes formulating and recommending to the Board an annual action plan (including alteration of such plan) consisting of: (i) list of approved projects or programs to be undertaken within the purview of Schedule VII of the Act; (ii) manner of execution of such projects; (iii) modalities of utilisation of fund; (iv) implementation schedules; (v) monitoring and reporting mechanism for the projects; (vi) details of need and impact assessment, if any, for the projects undertaken and also to monitor the CSR Policy periodically, etc.

The scope of functions of the Committee also includes, inter alia, the formulation and recommendation to the Board for its approval and implementation, the Business Responsibility ('BR') Policy(ies) of the Company, undertake periodical assessment of the Company's BR performance, review the draft BR Report and recommend the same to the Board for its approval and inclusion in the Annual Report of the Company.

During the year under review, the Board based on the recommendation of the CSR Committee, amended the CSR Policy to align the same in accordance with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and Section 135 of the Companies Act, 2013, as amended, effective from 22nd January, 2021.

The revised CSR Policy is hosted on the Company's website and can be accessed at web-link: <https://www.mahindrafinance.com/investor-zone/corporate-governance>.

As on 31st March, 2021, the CSR Committee comprised of two Independent Directors and one Executive Director:

Name of Members	Category
Mr. Dhananjay Mungale	- Chairman of the Committee (Independent Director)
Ms. Rama Bijapurkar	- Independent Director
Mr. Ramesh Iyer	- Executive Director

Dr. Anish Shah resigned as a Member of the Committee with effect from 16th May, 2020.

Mr. V. Ravi ceased to be a Member of the Committee with effect from 25th July, 2020, upon cessation as Executive Director & Chief Financial Officer of the Company.

The Committee held four meetings during the year under review. The Committee met on 15th May, 2020, 13th August, 2020, 28th January, 2021 and 4th March, 2021. All Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 9.

Table 9: Attendance record of Corporate Social Responsibility Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhananjay Mungale (Chairman)	4	4
Ms. Rama Bijapurkar	4	4
Mr. Ramesh Iyer	4	4
Mr. V. Ravi*	1	1
Dr. Anish Shah*	1	1

* One Meeting was held during their tenure.

e) Asset Liability Committee

The Asset Liability Committee (ALCO) was constituted by the Board in 2001. It reviews the working of the Asset Liability Management Committee, its findings and reports in accordance with the guidelines of the Reserve Bank of India (RBI). The Asset Liability Committee reviews risk management policies related to liquidity, interest rates and investment policies. The Committee inter alia, oversees the Company's short, medium and long-term funding and liquidity management requirements. It also reviews the liquidity position based on future cash flows.

As on 31st March, 2021, the Committee comprised of two Independent Directors, one Executive Director and one Non-Executive Non-Independent Director:

Name of Members	Category
Mr. Milind Sarwate	- Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	- Independent Director
Mr. Ramesh Iyer	- Executive Director
Mr. Amit Raje*	- Non-Executive Non-Independent Director

*Inducted as a Member of the Committee with effect from 28th January, 2021.

Mr. V. Ravi ceased to be a Member of the Committee with effect from 25th July, 2020, upon cessation as Executive Director & Chief Financial Officer of the Company.

Mr. V. S. Parthasarathy ceased to be a Member of the Committee with effect from 18th September, 2020, consequent to his resignation as Director of the Company.

The Committee met four times during the year on 15th May, 2020, 17th July, 2020, 22nd October, 2020 and 27th January, 2021. All Meetings were well attended. The attendance details at Meetings of the Committee are given in Table 10.

Table 10: Attendance record of Asset Liability Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Milind Sarwate (Chairman)	4	4
Mr. Dhananjay Mungale	4	4
Mr. Ramesh Iyer	4	4
Mr. V. S. Parthasarathy [#]	2	2
Mr. V. Ravi [#]	2	2
Mr. Amit Raje*	-	-

[#] Two Meetings were held during their tenure.

* No Meeting was held during his tenure.

f) Risk Management Committee

Regulation 21 of the Listing Regulations mandates constitution of the Risk Management Committee. Your Company has in place a Risk Management Committee even before Clause 49 of the erstwhile Listing Agreement came into effect. The Risk Management Committee was constituted by the Board at its Meeting held on 28th January, 2008 to manage the integrated risk, inform the Board about the progress made in implementing a risk management system and review

periodically the Risk Management Policy and strategy followed by the Company.

The Vice-Chairman & Managing Director, the Chief Financial Officer, and Head-Accounts, Treasury & Corporate Affairs are permanent invitees to the Meetings of the Risk Management Committee. The Company Secretary acts as the Secretary to the Committee.

The Chief Financial Officer along with the Head-Accounts, Treasury & Corporate Affairs apprises the Risk Management Committee and the Board on the risk assessment, process of identifying and evaluating risks, major risks as well as the movement within the risk grades, the root causes of risks and their impact, key performance indicators, risk management measures and the steps being taken to mitigate these risks.

As on 31st March, 2021, the Risk Management Committee comprised of four Independent Directors:

Name of Members	Category
Mr. C. B. Bhavé	- Chairman of the Committee (Independent Director)
Mr. Dhananjay Mungale	- Independent Director
Ms. Rama Bijapurkar	- Independent Director
Mr. Milind Sarwate	- Independent Director

Mr. V. S. Parthasarathy and Mr. Arvind V. Sonde ceased to be Members of the Committee with effect from 18th September, 2020 and 15th March, 2021 respectively, consequent to their resignation as Directors of the Company.

Mr. Amit Raje, Non-Executive Non-Independent Director of the Company was appointed as a Member of the Committee with effect from 28th January, 2021.

Pursuant to his appointment as a Whole-time Director of the Company with effect from 1st April, 2021, and in order to be consistent with the principles of good governance, Mr. Amit Raje, resigned as a Member of the Risk Management Committee with effect from 5th March, 2021.

The Committee met four times during the year on 15th May, 2020, 18th July, 2020, 26th October, 2020 and 27th January, 2021. All meetings were well attended. The attendance details at Meetings of the Committee are given in Table 11.

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Table 11: Attendance record of Risk Management Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. C. B. Bhavé (Chairman)	4	4
Mr. Dhananjay Mungale	4	4
Ms. Rama Bijapurkar	4	4
Mr. Milind Sarwate	4	4
Mr. Arvind V. Sonde	4	4
Mr. V. S. Parthasarathy [#]	2	2
Mr. Amit Raje [@]	-	-

[#] Two Meetings were held during his tenure.

[@] No Meeting was held during his tenure.

g) Committee for Strategic Investments

The Committee for Strategic Investments was constituted by the Board at its Meeting held on 20th March, 2015 with powers to evaluate and scrutinise significant investments/funding including but not limited to business acquisitions, reviewing and monitoring existing investments in Subsidiaries, Joint Venture(s), and other group companies, overseeing and reviewing performance of the subsidiaries and make necessary recommendations to the Board from time to time, including disinvestments.

As on 31st March, 2021, the Committee for Strategic Investments comprised of two Independent Directors, one Non-Executive Non-Independent Director and one Executive Director:

Name of Members	Category
Mr. Dhananjay Mungale	- Chairman of the Committee (Independent Director)
Mr. Milind Sarwate	- Independent Director
Mr. Ramesh Iyer	- Executive Director
Dr. Anish Shah	- Non-Executive Non-Independent Director

Mr. V. S. Parthasarathy ceased to be a Member of the Committee with effect from 18th September, 2020, consequent to his resignation as Director of the Company.

The Committee held two meetings during the year under review.

The Committee met on 30th November, 2020 and 15th February, 2021. Both Meetings were well attended.

The attendance details at Meetings of the Committee are given in Table 12.

Table 12: Attendance record of Meetings of Committee for Strategic Investments

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Dhananjay Mungale	2	2
Mr. Ramesh Iyer	2	2
Mr. Milind Sarwate	2	2
Dr. Anish Shah	2	2
Mr. V. S. Parthasarathy [@]	-	-

[@] No Meeting was held during his tenure.

h) IT Strategy Committee

The Board of Directors at its Meeting held on 24th July, 2017, constituted the IT Strategy Committee in compliance with the provisions of Clause 1.1 of Section-A on IT Governance of the Master Direction No. DNBS.PPD. No.04/66.15.001/2016-17 dated 8th June, 2017, issued by the Reserve Bank of India, specifying the IT framework to be adopted for the NBFC sector.

The Chairman of the Committee is an Independent Director. The scope of the Committee inter alia, includes review and approval of IT strategy and policy documents, cyber security arrangements and any other matter related to IT governance. The Committee regularly invites a seasoned IT professional having the requisite expertise on the Information Technology framework to attend these Meetings. The Meetings of the IT Strategy Committee are also attended by the Chief Financial Officer of the Company, Executive Vice-President and Group Chief Technology Officer (Mahindra Group) & Head of Technology, Chief Information Security Officer/Deputy Chief Information Security Officer, Vice-President – Digital and Consumer Loans, Vice-President – Data Science, Head - Business Solutions Group, Associate Vice-President - Enterprise Platforms, Senior General Manager - Application Management & Maintenance and Head - IT Governance, Risk & Compliance.

As on 31st March, 2021, the IT Strategy Committee comprised of two Independent Directors, one Executive Director and the Chief Information Officer of the Company as Members of the Committee:

Name of Members	Category/Designation
Mr. Milind Sarwate	- Chairman of the Committee (Independent Director)
Mr. C. B. Bhavé	- Independent Director
Mr. Ramesh Iyer	- Executive Director
Mr. Gururaj Rao	- Chief Information Officer

Mr. V. Ravi ceased to be a Member of the Committee with effect from 25th July, 2020, upon cessation as Executive Director & Chief Financial Officer of the Company.

The Committee met three times during the year on 5th May, 2020, 18th September, 2020 and 26th February, 2021. All the Meetings were well attended.

The attendance details at Meetings of the Committee are given in Table 13.

Table 13: Attendance record of IT Strategy Committee Meetings

Name of Members	No. of Meetings held	No. of Meetings attended
Mr. Milind Sarwate (Chairman)	3	3
Mr. C. B. Bhawe	3	3
Mr. Ramesh Iyer	3	3
Mr. V. Ravi*	1	1
Mr. Gururaj Rao	3	3

* One Meeting was held during his tenure.

SUBSIDIARY COMPANIES

Regulation 16 of the Listing Regulations, defines a “material subsidiary” to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

As per this definition, Mahindra Rural Housing Finance Limited, a Debt listed subsidiary, is a material subsidiary of the Company.

The Subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. The Minutes of the Board Meetings of the Company’s subsidiaries are placed before the Board of Directors of the Company for their review at every quarterly Meeting. The Financial Statements of the subsidiary companies are presented to the Audit Committee at every quarterly Meeting.

Regulation 24 of the Listing Regulations further stipulates that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. For the purpose of this provision, “material subsidiary” means a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed

entity and its subsidiaries in the immediately preceding accounting year.

Pursuant to this definition, the Company does not have any subsidiary which can be considered as an unlisted material subsidiary for the Financial Year ended 31st March, 2021.

The Company has also complied with the other provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for subsidiary companies.

DISCLOSURES

Policy for determining Material Subsidiaries

Your Company has formulated a Policy for determining Material Subsidiaries as defined in Regulation 16 of the Listing Regulations. This Policy has been hosted on the website of the Company and can be accessed through the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

Disclosure of Transactions with Related Parties

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm’s length basis. The details of the transactions with related parties are placed before the Audit Committee from time to time.

During the Financial Year 2020-2021, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, Subsidiaries, etc., that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in Note Number 53 to Standalone Financial Statements in the Annual Report.

In addition, as per the Listing Regulations, your Company has also submitted within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results and also published it on the website of the Company.

Policy on Materiality of and Dealing with Related Party Transactions

The Company has formulated a policy on materiality of and dealing with Related Party Transactions pursuant to the provisions of the Act and Regulation 23 of the Listing

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Regulations, which specify the manner of entering into Related Party Transactions.

The Policy on Related Party Transactions has been hosted on the website of the Company in accordance with the provisions of the Listing Regulations and RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, and can be accessed at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The 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 13th March, 2020. Any application guidance/clarifications/directions/expectations issued by RBI or other regulators are implemented as and when they are issued/applicable.

Statutory Compliance, Penalties and Strictures

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

Code for Prevention of Insider Trading Practices

The Company has, in compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('the Regulations') formulated and adopted:

- **The 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'** to ensure prompt, timely and adequate disclosure of Unpublished Price Sensitive Information ('UPSI'). The Fair Disclosure Code inter alia, includes the Policy for Determination of "Legitimate Purpose". During the year, the Fair Disclosure Code has been amended to incorporate administrative change(s).

- **The 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited'** to regulate, monitor and ensure reporting of Trading by Designated Persons and their immediate relatives and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The provisions of the Code are designed to prohibit identified Designated Persons and Connected Persons from trading in the Company's Securities when in possession of Unpublished Price Sensitive Information ('UPSI'). The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with Securities of the Company and cautions them of the consequences of violations.

During the year under review, the Company has amended the 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra & Mahindra Financial Services Limited' in accordance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020.

The Company sends mailers periodically to educate the Designated Persons on the Insider Trading laws. Your Company has in place a structured digital database containing the list of identified Designated Persons with whom UPSI is shared with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. All declarations, disclosures, notifications, approvals, are regulated through an automated system implemented for monitoring Insider Trading.

Policy and procedure for inquiry in case of leak/suspected leak of Unpublished Price Sensitive Information

The Company has formulated the 'Policy and Procedure for inquiry in case of leak/suspected leak of Unpublished Price Sensitive Information'.

The objective of this Policy is to inter alia, strengthen the internal control systems to prevent leak of Unpublished Price Sensitive Information ('UPSI'), restrict/prohibit communication of UPSI with unauthorised person(s) and curb the unethical practices of sharing sensitive information by persons having access to UPSI. The Policy also provides an investigation procedure in case of leak/suspected leak of UPSI.

WHISTLE BLOWER POLICY

The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy. This Policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders have been provided access to the Audit Committee through the Chairperson, to report illegal or unethical behaviour, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity.

The Whistle Blower Policy has been appropriately communicated within the Company and is accessible on the intranet portal of the Company. No personnel have been denied access to the Audit Committee. All employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company can make Protected Disclosures by sending an email at the designated email id: **MMFSL_COC@mahindra.com** or through any other mechanism as prescribed in the Whistle Blower Policy.

The Chairperson of the Audit Committee can be reached by sending a letter to the below mentioned address:

Chairperson of the Audit Committee
Mahindra & Mahindra Financial Services Limited
Mahindra Towers, 4th Floor,
Dr. G. M. Bhosale Marg,
P. K. Kurne Chowk, Worli,
Mumbai – 400 018.

The Whistle Blower Policy provides for reporting of insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information by the employees.

The Whistle Blower Policy has been hosted on the Company's website at the web-link: **<https://mahindrafinance.com/media/384157/vigil-mechanism.pdf>**.

SHAREHOLDERS

Appointment/Re-appointment of Director(s)

The details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting is set forth in Table 14 A, B and C:

Table 14 A

Name of Director	Mr. Ramesh Iyer
Date of Birth	4 th June, 1958
Date of first appointment on the Board	30 th April, 2001
Expertise in specific functional areas	Business Development, Finance and Marketing
Qualifications	Bachelor's Degree in Commerce and a Master's Degree in Business Administration.
Directorships in Companies	□ Mahindra & Mahindra Financial Services Limited □ Mahindra Insurance Brokers Limited □ Mahindra Rural Housing Finance Limited (Chairman) □ Mahindra Manulife Investment Management Private Limited (Chairman) □ Finance Industry Development Council [Section 8 Company] (Chairman) □ Mahindra Agri Solutions Limited □ Mahindra Susten Private Limited □ Mahindra First Choice Wheels Limited □ NBS International Limited □ Mahindra Finance USA LLC. □ Noveltech Feeds Private Limited
Membership of Committees in Public Limited Companies	
Audit Committee	□ Mahindra Insurance Brokers Limited □ Mahindra Manulife Investment Management Private Limited □ NBS International Limited (Chairman) □ Mahindra First Choice Wheels Limited □ Mahindra Susten Private Limited □ Noveltech Feeds Private Limited (Chairman)

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Name of Director	Mr. Ramesh Iyer
Nomination and Remuneration Committee	☐ Mahindra Insurance Brokers Limited ☐ Mahindra Rural Housing Finance Limited ☐ Mahindra Manulife Investment Management Private Limited ☐ NBS International Limited ☐ Noveltech Feeds Private Limited (Chairman)
Stakeholders Relationship Committee	☐ Mahindra & Mahindra Financial Services Limited
Corporate Social Responsibility Committee	☐ Mahindra & Mahindra Financial Services Limited ☐ Mahindra Insurance Brokers Limited ☐ Mahindra Rural Housing Finance Limited (Chairman)
Asset Liability Committee	☐ Mahindra & Mahindra Financial Services Limited ☐ Mahindra Rural Housing Finance Limited (Chairman)
Committee for Strategic Investments	☐ Mahindra & Mahindra Financial Services Limited
IT Strategy Committee	☐ Mahindra & Mahindra Financial Services Limited
Allotment Committee	☐ Mahindra Agri Solutions Limited
Shareholding of the Director in the Company	17,06,102 Equity Shares

Mr. Ramesh Iyer has been the Managing Director of the Company with effect from 30th April, 2001. Mr. Ramesh Iyer's key mandate at Mahindra Group is to drive inclusive growth, aligned to our guiding belief of driving rural prosperity. He has been instrumental in building Mahindra Finance since 1995 into one of India's leading rural finance companies.

Mr. Iyer manages the Financial Services Sector of the Mahindra Group which includes Mahindra & Mahindra Financial Services Limited, Mahindra Insurance Brokers Limited, Mahindra Rural Housing Finance Limited, Mahindra Manulife Investment Management Private Limited and Mahindra Manulife Trustee Private Limited. He also oversees the operations of Mahindra Finance USA, LLC., a U.S. joint venture with De Lage Landen Financial Services Inc., (DLLFS) a wholly-owned subsidiary of the Rabobank Group.

Mr. Iyer has been closely involved in the development of the Country's dynamic Financial Services Sector. Mr. Iyer is the Chairman of Finance Industry Development Council (FIDC) and the Confederation of Indian Industry (CII) WR Task Force Committee on Human Resources and also co-chairs the NBFC Committee of IMC Chamber of Commerce & Industry. He is an active member on various committees like CII National Committee on Financial Inclusion and Digitisation, CII National Committee on Leadership & HR, Banking & Finance Committee of the Bombay Chamber of Commerce and Industry (BCCI) and the Taskforce of NBFCs of the Federation of Indian Chambers of Commerce and Industry (FICCI). He also serves on the boards of several Mahindra Group companies.

Apart from being on the various bodies of the Financial Services Sector, Mr. Iyer is also on the Advisory Boards of various Educational Institutions like IITB-Washington University, Vidyalankar Institute of Technology – School of Management, WeSchools' PGDM-Rural Management Committee and on the College Development Committee of Vivek College of Commerce.

Mr. Ramesh Iyer is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority.

Mr. Ramesh Iyer is not related to any of the Directors or Key Managerial Personnel of the Company.

Table 14 B

Name of Director	Mr. Amit Rajee
Date of Birth	3 rd July, 1973
Date of first appointment on the Board	18 th September, 2020
Expertise in specific functional areas	Corporate Finance, Mergers & Acquisitions and Private Equity
Qualifications	Post graduate from Mumbai University and an MBA with a specialisation in Finance & Private Equity from the London Business School.

Directorships in Companies	☐ Mahindra & Mahindra Financial Services Limited ☐ Mahindra Susten Private Limited

Membership of Committees in Public Limited Companies

Stakeholders Relationship Committee	☐ Mahindra & Mahindra Financial Services Limited
Asset Liability Committee	☐ Mahindra & Mahindra Financial Services Limited

Shareholding of the Director in the Company NIL

Mr. Amit Raje has been appointed as a Whole-time Director of the Company designated as “Chief Operating Officer Digital Finance – Digital Business Unit” for a period of five years, with effect from 1st April, 2021, subject to approval of Members at the ensuing Annual General Meeting.

Mr. Amit Raje joined the Mahindra Group in July 2020 as Executive Vice President – Partnerships & Alliances and was responsible for leading M&A and Investor Relations.

Prior to joining the Mahindra Group, Mr. Amit Raje was the Managing Director in the Principal Investing Area of Goldman Sachs. He was a Nominee Director of Goldman Sachs on the Boards of Noveltex Feeds Private Limited, Good Host Spaces Private Limited and Global Consumer Products Private Limited. Mr. Amit Raje has cumulative experience of over 20 years in Corporate Finance, Mergers & Acquisitions and Private Equity. Prior to Goldman Sachs, he worked with Kotak Investment Advisors Limited, the alternate asset arm of Kotak Mahindra Bank, and Deloitte & Co., in the Transaction Advisory Services.

Mr. Amit Raje is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority.

Mr. Amit Raje is not related to any of the Directors or Key Managerial Personnel of the Company.

Table 14 C

Name of Director	Mr. Amit Kumar Sinha
Date of Birth	5 th July, 1973
Date of first appointment on the Board	23 rd April, 2021
Expertise in specific functional areas	Financial analysis and Valuation, Strategy formulation, Organization transformation, Value creation and operational excellence
Qualifications	Master of Business Administration: Finance and Strategic Management and Bachelor of Engineering: Electrical & Electronics.
Directorships in Companies	☐ Mahindra & Mahindra Financial Services Limited ☐ Mahindra First Choice Wheels Limited ☐ Fifth Gear Ventures Limited ☐ Mahindra Electric Mobility Limited
Membership of Committees in Public Limited Companies	
Audit Committee	☐ Mahindra Electric Mobility Limited (Chairman)
Nomination and Remuneration Committee	☐ Mahindra First Choice Wheels Limited (Chairman)
Shareholding of the Director in the Company	NIL

Mr. Amit Kumar Sinha has been appointed by Mahindra & Mahindra Limited ("M&M"), the parent company, as President-Group Strategy, effective 1st November, 2020. Mr. Amit Kumar Sinha is leading the Group Strategy Office and works with the Group's overall portfolio of businesses for growth over the short, medium and long-term. He also champions the international council and helps coordinate international synergies across Americas, Asia Pacific and Africa. His portfolio also includes the Risk and Economist functions. He is part of the Group Corporate Office Leadership Team.

Prior to joining M&M, Mr. Amit Kumar Sinha was a Senior Partner and Director with Bain & Company. Over 18 years at Bain, he managed large-scale, multi-country strategy, organization, digital and performance improvement projects. He also led numerous commercial due diligences and full potential portfolio strategy projects (post buyout) for leading Private Equity funds across U.S., and India. Mr. Amit Kumar Sinha started his career with Tata Motors and worked with IGate Patni (now Capgemini) in technology leadership roles in India, Singapore and U.S.

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Mr. Amit Kumar Sinha holds dual MBA from The Wharton School, University of Pennsylvania, specializing in Finance and Strategy, where he was a Palmer scholar and received Siebel Scholarship. He holds a Bachelor of Engineering (Electrical and Electronics) from the Birla Institute of Technology, Ranchi. Mr. Amit Kumar Sinha is also an Ananta Aspen Fellow as part of their India leadership fellowship program.

Mr. Amit Kumar Sinha is not debarred from holding the office of Director by virtue of any SEBI Order or any other such authority.

Mr. Amit Kumar Sinha is not related to any of the Directors or Key Managerial Personnel of the Company.

MEANS OF COMMUNICATION

□ The Company, from time to time and as may be required, interacts with its Shareholders, Debenture holders and Investors through multiple channels of communication such as announcement of financial results, postal ballot results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges, reminders for unclaimed shares, unpaid dividend/unpaid interest or redemption amount on debentures, unclaimed Fixed Deposits and/or interest due thereon and subject specific communications. The details of unpaid/unclaimed Dividend/Fixed Deposits and interest thereon are also uploaded on the website at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

□ **Other subject specific communication to Shareholders during the year:**

- **Initiatives taken to obtain email addresses of the Shareholders:** In order to obtain email addresses of Shareholders and send all intimations electronically, during the lockdown period in wake of the COVID-19 crisis, as well as for the purpose of the Rights Issue, the Company appointed National Securities Depository Limited and Central Depository Services (India) Limited to send SMS to those Shareholders whose email addresses were not registered with the Company.
- **Demat Suspense Account - Rights Issue:** The Company has sent requisite correspondence/ reminders to the allottees of Rights Equity Shares whose shares were credited to a separate Rights Allotment Suspense Demat Account opened by the Company, requesting them to furnish the requisite documents/information for claiming the said shares and to facilitate the transfer

of shares from the Rights Allotment Suspense Demat Account to the demat account of the Shareholders.

- **Registration of email addresses for the limited purpose of receiving EGM Notice/Annual Report and e-voting at the EGM/AGM:**

The Company made special arrangements with the assistance of its Registrar & Transfer Agent for registration of e-mail addresses of those Members whose email ids were not registered to enable them to receive the Notice of EGM and AGM along with the Annual Report including e-Voting credentials electronically.

□ The Company publishes its quarterly, half-yearly and annual results in Business Standard (all India editions) and Sakal (Mumbai edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.

□ The Company also publishes certain key Notices in Business Standard, Sakal, Free Press Journal and Navshakti.

□ The half yearly financial results of the Company are communicated to the Debenture holders every six months through a half yearly communiqué.

□ The Annual Report of the Company, the quarterly/ half-yearly and the annual financial results and official news releases are displayed on the Company's website at <https://www.mahindrafinance.com>.

□ The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the Listing Regulations including material information having a bearing on the performance/operations of the Company and other price sensitive information. The Company also files various compliances and other disclosures required to be filed electronically on the online portal of BSE Limited and National Stock Exchange of India Limited respectively, viz. BSE Corporate Compliance and Listing Centre (Listing Centre) and NSE Electronic Application Processing System (NEAPS).

□ The Company also makes presentations to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated on the Company's website under the Listing Regulations have been uploaded on the website of the Company and as per the Archival Policy of the Company would be hosted on the website

for a minimum period of five years from the date of respective disclosures.

- The Company has designated **investorhelpline_mmfsi@mahindra.com** as an e-mail ID for the purpose of registering complaints/ queries/requests by investors and displayed the same on the Company's website. The Company has also designated **mfinfd@mahindra.com** as an exclusive email ID for Fixed Deposit Investors for the purpose of registering queries/ complaints/requests in respect of Fixed Deposits of the Company and the same has also been displayed on the Company's website.
- The Company has provided a dedicated e-mail address under its Vigil Mechanism, viz. **MMFSL_COC@mahindra.com** for reporting concerns by all employees, Directors, customers, dealers, vendors, suppliers or other stakeholders associated with the Company.
- The Company's website is a comprehensive reference on the organisation's management, vision, mission, policies, corporate governance, corporate social responsibility, sustainability, investors, corporate benefits, products and services, updates and news.

- The Investor Zone section of the Company's website provides Frequently Asked Questions on various topics related to information about the Company, transfer and transmission of shares, dematerialisation of shares, nomination facility, change of address, loss of share certificates, sub-division of shares and payment of dividend. In addition, various downloadable forms such as Nomination Form, Deletion of Name, Letter of Indemnity in case of issue of duplicate dividend warrant, Shareholders Information Updation Form, etc., required to be executed by the Shareholders have also been provided on the website of the Company.

The above information can be accessed on the Company's website at the web-link: **<https://mahindrafinance.com/investor-zone/faqs>**.

- Members can also provide their feedback on the services provided by the Company and its Registrar & Transfer Agents by participating in the 'Shareholders Satisfaction Survey' hosted on the website of the Company at **<https://mahindrafinance.com/investor-zone/investor-information>**.

GENERAL BODY MEETINGS

Table 15 A: Details of last three Annual General Meetings and Special Resolutions passed

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2017 – 2018	27 th July, 2018	3.30 p.m. (IST)	None.	Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020.
2018 – 2019	23 rd July, 2019	3.30 p.m. (IST)	□ Re-appointment of Mr. Dhananjay Mungale as an Independent Director, not liable to retire by rotation, to hold office for a second term commencing from 24th July, 2019 to 23rd July, 2024. □ Re-appointment of Ms. Rama Bijapurkar as an Independent Director, not liable to retire by rotation, to hold office for a second term commencing from 24th July, 2019 to 23rd July, 2024. □ Increase in borrowing limits from Rs. 70,000 Crores to Rs. 80,000 Crores under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.	Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020.

Report on Corporate Governance

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2019 - 2020	10 th August, 2020	3.00 p.m. (IST)	Increase in borrowing limits from Rs. 80,000 Crores to Rs. 90,000 Crores under Section 180(1)(c) of the Companies Act, 2013 ("the Act") and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.	Held through Video-Conferencing/Other Audio Visual Means. Deemed Venue for Meeting: Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400 001.

All the Resolutions moved at the last AGM were passed by the requisite majority of Members.

Table 15 B: Details of Extraordinary General Meeting held during the Financial Year

For the Financial Year	Date	Time	Special Resolutions passed	Venue
2020 - 2021	30 th June, 2020	11.00 a.m. (IST)	□ Increase in the Authorised Share Capital of the Company. □ Amendment to the Memorandum of Association of the Company for increase in Authorised Share Capital.	Held through Video-Conferencing/Other Audio Visual Means. Deemed Venue for Meeting: Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400 001.

Both the Resolutions moved at the EGM were passed by the requisite majority of Members.

POSTAL BALLOT

No Special Resolution was passed by the Company during the year through Postal Ballot.

During the year under review, the Company sought the approval of the Members by way of Ordinary Resolutions by means of Postal Ballot conducted through Remote E-voting for the following business which was duly passed with requisite majority on 3rd March, 2021, and the results of which were announced on 4th March, 2021:

Sr. No.	Particulars of Resolutions
1.	Appointment of Dr. Rebecca Nugent (DIN: 09033085) as an Independent Director on the Board of Directors of the Company, to hold office for a term of 5 (five) consecutive years commencing from 5 th March, 2021 to 4 th March, 2026, not liable to retire by rotation.
2.	Appointment of Mr. Amit Raje (DIN: 06809197) as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

Ms. Malati Kumar [ICSI Membership No. ACS 15508], Partner, M/s. S. N. Ananthasubramanian & Co., Company Secretaries, acted as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner.

No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

MANAGEMENT

Management Discussion and Analysis

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

COMPLIANCE

The Company has complied with the requirements of Corporate Governance Report of Paragraphs (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in

Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) in the respective places in this Report.

Compliance with Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

Compliance with Non-Mandatory Requirements

The Company has also adopted the following non-mandatory requirements to the extent mentioned below:

Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's Standalone Financial Statements nor has there been a matter of emphasis made during the year. Your Company continues to adopt best practices to ensure a regime of Financial Statements with unmodified audit opinion.

Separate Posts of Chairman and Managing Director and CEO

As on the date of this Report, the Chairman of the Board is a Non-Executive Director and his position is separate from that of the Vice-Chairman & Managing Director.

OTHER DISCLOSURES

Disclosure in relation to recommendation made by Committees of the Board

During the year under review, there were no such recommendations made by any Committee of the Board that were mandatorily required and not accepted by the Board.

Details of utilisation of funds raised through Preferential Allotment or Qualified Institutions Placement

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the Listing Regulations.

Total fees paid to the Statutory Auditors and all entities in the network firm/entities

The details of total fees for all the services paid by the Company and its Subsidiaries on a consolidated basis to M/s. B S R & Co. LLP, Chartered Accountants, Statutory Auditors, Firm Registration No. 101248W/W-100022 and all entities in the network firm/network entity of which the Statutory Auditors are a part, are given below:

Rs. in Crores	
Particulars	F.Y. 2020-21
Statutory Audit	1.28
Other Services including reimbursement of expenses	0.72
Total	2.00

Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Status of complaints for the Financial Year 2020-21 is as follows:

a. Number of complaints filed during the financial year	2
b. Number of complaints disposed off during the financial year	2
c. Number of complaints pending as at end of the financial year	Nil

GENERAL SHAREHOLDERS INFORMATION

Pursuant to General Circular No. 20/2020 issued by Ministry of Corporate Affairs ('MCA') dated 5th May, 2020 read together with General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020 and 02/2021 dated 13th January, 2021 and SEBI Circular Nos. SEBI/HQ/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, and SEBI/HQ/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021, respectively, companies are allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM) for the calendar year 2021. Accordingly, your Company will be conducting the AGM through VC/OAVM facility.

The detailed instructions for participation and voting at the Meeting is available in the Notice of the 31st AGM. Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice of AGM, and this mode will be available throughout the proceedings of the AGM.

In case of any query and/or help, in respect of attending the AGM through VC/OAVM mode, Members may refer the Help & Frequently Asked Questions (FAQs) and 'AGM VC/OAVM' user manual available at the download Section of <https://evoting.kfintech.com> or contact at investorhelpline_mmfs@mahindra.com, or **Mr. Suresh Babu D.**, Manager - RIS, KFin Technologies Private Limited at Selenium, Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana or at the email ID: evoting@kfintech.com or on Phone No.: 040-6716 2222 or call Toll Free No.: 1800-309-4001 for any further clarifications.

Report on Corporate Governance

31ST ANNUAL GENERAL MEETING

Day and Date:	: Monday, 26 th July, 2021
Time	: 3.30 p.m. (IST)
Mode of AGM	: Through Video Conference
Deemed Venue of the Meeting	: Gateway Building, Apollo Bunder, Mumbai - 400 001.
Link to participate through video-conferencing	: https://emeetings.kfintech.com
Remote E-voting starts	: Thursday, 22 nd July, 2021 at 9.00 a.m. (IST)
Remote E-voting ends	: Sunday, 25 th July, 2021 at 5.00 p.m. (IST)
E-voting at AGM	: Monday, 26 th July, 2021

Financial Year of the Company

The financial year covers the period from 1st April to 31st March.

Financial Reporting for

- Quarter ending 30th June, 2021 - End July, 2021
- Half-year ending 30th September, 2021 – End October, 2021
- Quarter ending 31st December, 2021 – End January, 2022
- Year ending 31st March, 2022 - End April, 2022

Note: The above dates are indicative.

Date of Book Closure

Book Closure for Dividend will be from Tuesday, 20th July, 2021 to Monday, 26th July, 2021, both days inclusive.

Dividend Payment

A dividend of Re. 0.80 per Equity Share of the face value of Rs. 2 each, would be paid after 26th July, 2021, subject to approval by Shareholders at the ensuing AGM.

Registered Office

Gateway Building, Apollo Bunder, Mumbai - 400 001.

Corporate Identity Number

L65921MH1991PLC059642

Listing Details

A. Equity Shares

The Company's Shares are listed on:

Name:	BSE Limited (BSE)	The National Stock Exchange of India Limited (NSE)
Address:	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The requisite listing fees have been paid in full to both these Stock Exchanges.

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

B. Non-Convertible Debentures and Commercial Papers

The Non-Convertible Debentures (NCDs) of the Company comprise of secured, unsecured and subordinated NCDs through private placement and public issuances. The NCDs are listed on the debt market segment of BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Commercial Papers are listed on the debt market segment of NSE, Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The Company has paid the requisite listing fees in full.

The Rupee Denominated Medium Term Note programme is duly listed on the Singapore Exchange Securities Trading Limited, 2 Shenton Way, #02-02, SGX Centre 1, Singapore 068804. The Company does not have any outstanding listed securities under this programme.

Debenture Trustee:

Pursuant to Regulation 53 of the Listing Regulations, the name and contact details of the Debenture Trustee for the privately placed NCDs and public NCDs are given below:

Axis Trustee Services Limited

Corporate Office : The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar (West), Mumbai - 400 028.

Phone : 022 - 6230 0451

Fax : 022 - 6230 0700

Email : debenturetrustee@axistrustee.in; complaints@axistrustee.in

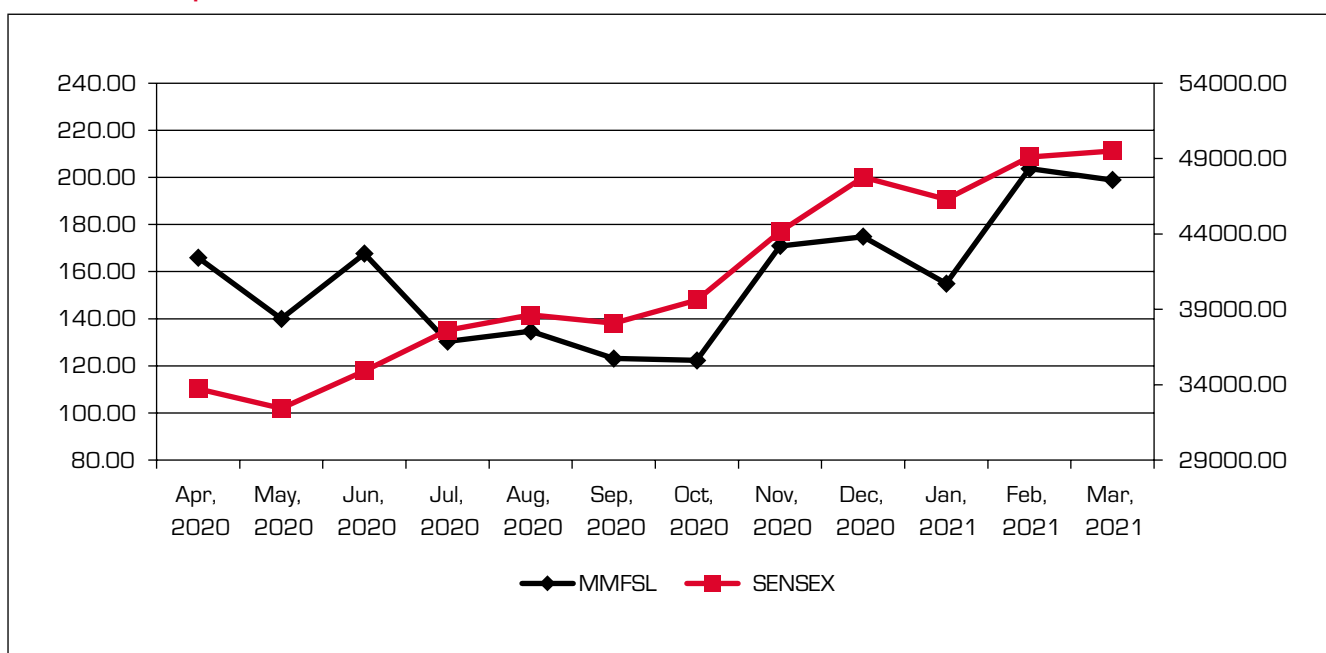
These details are also available on the website of the Company at the web-link: <https://mahindrafinance.com/investor-zone/investor-information>.

Table 2: Monthly High and Low of Company's Shares for the Financial Year 2020 - 21 at BSE and NSE

Month	BSE Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2020	167.90	160.30	167.95	160.10
May 2020	144.15	133.50	144.25	133.05
June 2020	172.50	167.20	172.55	167.25
July 2020	132.25	128.70	132.30	128.75
August 2020	147.55	133.80	147.70	133.50
September 2020	125.20	122.50	125.30	122.40
October 2020	123.45	118.25	123.45	118.15
November 2020	173.90	166.35	173.95	166.30
December 2020	176.35	173.00	176.35	172.90
January 2021	161.35	149.70	161.40	149.60
February 2021	216.00	202.55	215.45	202.55
March 2021	200.00	194.40	199.80	194.30

Chart A

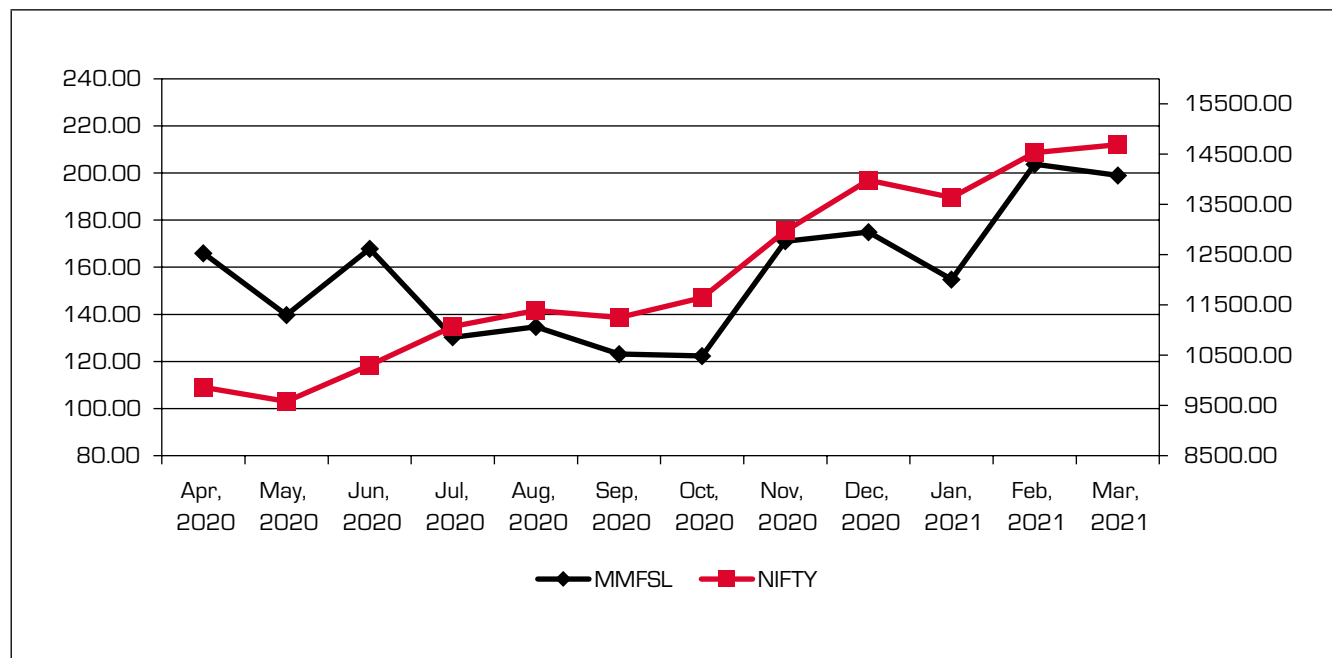
MMFSL's share performance versus S&P BSE Sensex



Report on Corporate Governance

Chart B

MMFSL's share performance versus Nifty 50



Distribution of Shareholding

Table 3 and Table 4 lists the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2021.

Table 3: Shareholding pattern by size as on 31st March, 2021

Category (Shares)	Number of Shareholders	No. of Shares held	% of Shareholding
1-500	1,70,903	1,70,63,446	1.38
501-1000	8,945	67,03,490	0.54
1001-5000	6,725	1,37,49,122	1.11
5001-10000	701	49,76,182	0.40
10001-20000	327	45,31,991	0.37
20001 and above	530	1,18,85,05,689	96.19
Total	1,88,131	1,23,55,29,920	100.00

Table 4: Shareholding pattern by ownership as on 31st March, 2021

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	64,43,99,987	52.16
Non-Promoter Non-Public (Shares are held by MMFSL ESOP Trust)	35,64,302	0.29
Mutual Funds	13,13,78,549	10.63
FIs	24,91,48,160	20.17
Bodies Corporate	7,23,32,312	5.85
Indian Public/HUF	6,66,18,909	5.39
NRIs	18,02,547	0.15
Trusts	13,71,533	0.11
Indian Financial Institutions/Banks	5,84,39,669	4.73
Clearing Members	22,57,328	0.18
Alternative Investment Fund	41,47,855	0.34
Investor Education and Protection Fund Authority	68,769	0.01
Total	1,23,55,29,920	100.00

Dematerialisation of Shares and Liquidity

As on 31st March, 2021, 99.98 percent of the total equity capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are regularly traded on BSE and NSE.

Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

In accordance with the provisions of Regulation 39 (4) read with Regulation 34 (3) and Part F of Schedule V of the Listing Regulations, the Company reports the following details in respect of the unclaimed Equity Shares lying in the suspense account:

- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year – 12 shareholders representing 2,175 Equity Shares of Rs.2 each.
- Number of shareholders who approached the Company for transfer of shares from suspense account during the year - NIL
- Number of shareholders to whom shares were transferred from suspense account during the year – NIL
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year – 12 shareholders representing 2,175 Equity Shares of Rs. 2 each.
- The voting rights on the unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

Unclaimed Equity Shares in Rights Allotment Suspense Demat Account

As on 31st March, 2021, following are the details of Unclaimed Equity Shares lying in the Rights Allotment Suspense Demat Account of the Company:

No. of Shareholders	No. of Equity Shares
11	557 Equity Shares of Rs. 2 each

Unclaimed Dividend and Shares transferred to Investor Education and Protection Fund Authority ("IEPF")

In accordance with the provisions of Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF").

The IEPF Rules mandate companies to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority by following the procedure prescribed in the Rules.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices/reminders to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisement and, thereafter, transferred the shares to the IEPF during financial year 2020-21.

Report on Corporate Governance

The details of Dividend remitted to IEPF during the year:

Financial Year	Date of dividend declaration	Amount transferred to IEPF (in Rs.)	Date of transfer to IEPF
2012-13	25 th July, 2013	7,13,234	15 th September, 2020

Details of Shares transferred/ credited to IEPF

During the year 2020-21, the Company transferred 1,212 Equity Shares to IEPF Authority corresponding to unclaimed dividend for the year 2012-13. The IEPF Authority holds 68,769 Equity Shares in the Company as on 31st March, 2021.

Pursuant to IEPF Rules, the details of Equity Shares transferred to and released from IEPF Authority are given as follows:

Particulars	Number of shares transferred to IEPF
Transferred to IEPF during the year 2017-18	65,442
Less : Claimed by the Shareholder(s) during the year 2017-18	2,675
Total number of shares held by IEPF as on 31 st March, 2018	62,767
Transferred to IEPF during the year 2018-19	3,310
Less : Claimed by the Shareholder(s) during the year 2018-19	Nil
Total number of shares held by IEPF as on 31 st March, 2019	66,077
Transferred to IEPF during the year 2019-20	1,480
Less : Claimed by the Shareholder(s) during the year 2019-20	Nil
Total number of shares held by IEPF as on 31 st March, 2020	67,557
Transferred to IEPF during the year 2020-21	1,212
Less : Claimed by the Shareholder(s) during the year 2020-21	Nil
Total number of shares held by IEPF as on 31st March, 2021	68,769

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

The Company has appointed the Company Secretary as the Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

Further, the Company has also appointed Deputy Nodal Officers to assist the Nodal Officer to inter alia verify the claim(s) and co-ordinate with the IEPF Authority, the details of which are available on the website of the Company at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance>.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 10th August, 2020 on the Company's website at the web-link: <https://mahindrafinance.com/investor-zone/corporate-governance> and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in.

The following table provides dates on which unclaimed dividend and their corresponding shares would become liable to be transferred to the IEPF:

Year	Date of declaration of dividend	Proposed period for transfer of unclaimed dividend to IEPF	Amount (Rs.) (As on 31 st March, 2021)
2013-14	24 th July, 2014	24 th August, 2021 to 22 nd September, 2021	5,21,160.00
2014-15	24 th July, 2015	24 th August, 2022 to 22 nd September, 2022	7,23,116.00
2015-16	22 nd July, 2016	22 nd August, 2023 to 20 th September, 2023	8,30,800.00
2016-17	24 th July, 2017	24 th August, 2024 to 22 nd September, 2024	7,69,828.80
2017-18	27 th July, 2018	27 th August, 2025 to 25 th September, 2025	15,26,472.00
2018-19	23 rd July, 2019	23 rd August, 2026 to 21 st September, 2026	15,31,003.50
2019-20	No Dividend was declared.		

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

As on 31st March, 2021, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Commodity Price Risk or Foreign Exchange Risk and Hedging activities

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15th November, 2018 is not required to be furnished by the Company.

As per the Company's Derivative Risk Management Policy, your Company enters into derivative transactions to hedge its exposure to foreign exchange risk and interest rate risk on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallised at a pre-determined rate of exchange on the date of taking the derivative transaction. Your Company has hedged all its foreign currency borrowings for its full tenure and is in compliance with applicable RBI guidelines in this regard.

Your Company follows the Accounting Policy and Disclosure Norms for derivative transactions as prescribed by the relevant Regulatory Authorities and Accounting Standards from time to time. The details of foreign exchange exposures as on 31st March, 2021 are disclosed in Note Number 51 to the Standalone Financial Statements in the Annual Report.

Credit Rating

The Credit Rating details of the Company as on 31st March, 2021 are provided below:

Credit Rating*	India Ratings & Research Private Limited	Outlook
Long-term (incl. MLD) Debt instruments, Subordinated Debt Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND AAA IND PP-MLD AAA emr	Stable
Commercial Paper Programme and Bank Facilities (Fund/Non-Fund Based Working Capital Limit)	IND A1+	–
	CARE Ratings Limited	Outlook
Long-term Debt instruments and Subordinated Debt Programme	CARE AAA	Stable
	Brickwork Ratings India Private Limited	Outlook
Long-term Subordinated Debt Programme	BWR AAA	Stable
	CRISIL Ratings Limited	Outlook
Fixed Deposit Programme	CRISIL FAAA	Stable
Commercial Paper Programme and Bank Loan Facilities	CRISIL A1+	–
Long-term Debt Instruments, Subordinated Debt Programme and Bank Loan Facilities	CRISIL AA+	Stable

* The ratings mentioned above were reaffirmed by the Rating Agencies during the Financial Year 2020-21. With the above rating affirmations, your Company continues to enjoy the highest level of rating from all major rating agencies at the same time.

The details of Credit Rating are available on the Company's website at <https://www.mahindrafinance.com>.

Report on Corporate Governance

Plant Locations/Offices

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

List of branches/offices with address is available on the Company's website at the web-link: <https://mahindrafinance.com/branch-locator>.

Share Transfer System

Trading in Equity Shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form.

Pursuant to Regulation 40 of the Listing Regulations, as amended, effective 1st April, 2019, requests for transfer of listed securities are required to be processed only in dematerialised form with a Depository. However, this restriction shall not be applicable to the requests received for effecting transmission or transposition of physical Securities.

Members holding shares in physical form are requested to get their shares dematerialized at the earliest to avoid any inconvenience in future while transferring the shares. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account and get their shares dematerialised or alternatively, contact the nearest office of KFinTech to seek guidance about the dematerialisation procedure. The Members may also visit the website of the Depositories viz. (i) National Securities Depository Limited at the web-link: <https://nsdl.co.in/faqs/faq.php> or (ii) Central Depository Services (India) Limited at the web-link: <https://www.cdslindia.com/Investors/FAQs.html> for further understanding about the dematerialisation process.

The Stakeholders Relationship Committee meets as and when required to inter alia, consider other requests for transfer/transmission of shares/debentures, issue of duplicate share/debenture certificates, and attend to grievances of the security holders of the Company, etc.

Secretarial Audit / Reconciliation of Share Capital Audit

KSR & Co., Company Secretaries LLP has conducted a Secretarial Audit of the Company for the year 2020-21. The Audit Report confirms that your Company has complied with the applicable provisions of the Act and the Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable RBI Regulations, Listing Agreements with the Stock Exchanges, applicable SEBI

Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Board's Report.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates have been issued on a half-yearly basis, by a qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

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

Annual Secretarial Compliance Report

Pursuant to SEBI Circular dated 8th February, 2019, as amended, read with Regulation 24 (A) of the Listing Regulations, the Annual Secretarial Compliance Report for the financial year 2020-21 issued by KSR & Co., Company Secretaries LLP, confirming compliance with all applicable SEBI Regulations and Circulars/Guidelines issued thereunder, has been submitted to the Stock Exchanges within 60 days of the end of the financial year.

Address for Correspondence

Shares

Shareholders may correspond with the Registrar and Transfer Agents at:

KFin Technologies Private Limited

Unit: Mahindra & Mahindra Financial Services Limited
Selenium Building, Tower B,
Plot Nos. 31-32, Financial District,
Nanakramguda, Gachibowli, Serilingampally Mandal,
Hyderabad – 500 032, Telangana, India.
Tel. : +91 40 6716 2222/1800 309 4001
Fax : +91 40 2300 1153
Email : einward.ris@kfintech.com
Website : www.kfintech.com

on all matters relating to transfer, transmission, dematerialisation of shares, payment of dividend, change of address, change in bank details and any other query relating to the Equity Shares of the Company.

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

The Registrar and Transfer Agents also have an office at:

KFin Technologies Private Limited

24-B, Raja Bahadur Mansion, 6 Ambalal Doshi Marg,
Behind BSE, Fort, Mumbai - 400 001.
Tel.: + 91 22 66 23 5454

Non-Convertible Debentures

KFin Technologies Private Limited also acts as Registrar and Transfer Agents for the Non-Convertible Debentures of the Company. Complaints or queries/requests relating to Public Issuances of Debentures can be forwarded to Mr. Umesh Pandey at the same address as mentioned above. Email Id: **einward.ris@kfintech.com**; Tel : +91 40 6716 2222.

Complaints or queries/requests with respect to the Company's Privately Placed Debentures may be directed to Mr. Hanumantha Rao Patri, Email Id: **einward.ris@kfintech.com**; Tel. : +91 40 6716 2222.

Debentureholders would have to correspond with the respective Depository Participants for Debentures held in dematerialised mode.

Investor Services Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries, by visiting **<https://karisma.kfintech.com>** and clicking on 'INVESTORS SERVICE' option for query registration through free identity registration process.

Investors can submit their query in the QUERIES option provided on the above website, which would generate a registration number. For accessing the status/response to the query submitted, the grievance registration number can be used at the option '**Track your grievance**' on right hand

corner under 'Investor Grievance' option after 24 hours. Investors can continue to put an additional query, if any, relating to the grievance till they get a satisfactory reply.

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in the Investor Zone on the website of the Company at the web link: **<https://mahindrafinance.com/investor-zone/investor-information>**.

Fixed Deposits

For the purpose of registering queries/complaints/requests in respect of Fixed Deposits of the Company, the investors are requested to correspond with the Company's Fixed Deposit Department at the following address:

Mahindra & Mahindra Financial Services Limited,
FD Processing Centre,
New No. 244, Old No. 713,
3rd Floor, Level 4,
Rear Block, Carex Center,
Anna Salai, Thousand Lights,
Chennai-600 006, Tamil Nadu.
Contact No.:
Chennai : +91 44 4227 6079
Mumbai : +91 22 6652 3500/1800 266 9266
Email Id: **mfinfd@mahindra.com**

For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

Mahindra Towers, 'A' Wing, 4th Floor,
P. K. Kurne Chowk, Worli,
Mumbai - 400 018.
Tel.: +91 22 6652 6000/6156/6113
Fax: +91 22 2498 4170
Email Id: **investorhelpline_mmfs@mahindra.com**

Your Company can also be visited at its website: **<https://www.mahindrafinance.com>**

Report on Corporate Governance

DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
**The Members of
Mahindra & Mahindra Financial Services Limited**

I, Ramesh Iyer, Vice-Chairman & Managing Director of Mahindra & Mahindra Financial Services Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2021.

For **Mahindra & Mahindra Financial Services Limited**

Ramesh Iyer
Vice-Chairman & Managing Director

Place : Mumbai
Date : 23rd April, 2021

ANNEXURE A**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V - Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Mahindra & Mahindra Financial Services Limited** having CIN L65921MH1991PLC059642 and having its registered office at Gateway Building, Apollo Bunder, Mumbai-400 001 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me/us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment/Re-appointment in the Company
1.	Dr. Anish Shah	02719429	18 th March, 2016
2.	Mr. Dhananjay Mungale	00007563	24 th July, 2019
3.	Mrs. Rama Bijapurkar	00001835	24 th July, 2019
4.	Mr. Chandrashekhar Bhawe	00059856	3 rd February, 2020
5.	Mr. Milind Sarwate	00109854	1 st April, 2019
6.	Dr. Rebecca Nugent	09033085	5 th March, 2021
7.	Mr. Ramesh Iyer	00220759	30 th April, 2001
8.	Mr. Amit Raje	06809197	18 th September, 2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN:005367C000125511

Place: Coimbatore
 Date : 23rd April, 2021

Report on Corporate Governance

ANNEXURE B

CEO/CFO Certificate

To,
The Board of Directors of
Mahindra & Mahindra Financial Services Limited

We, the undersigned, in our respective capacities as Vice-Chairman & Managing Director and Chief Financial Officer of the Company and Group Financial Services Sector of Mahindra & Mahindra Financial Services Limited ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2021 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that:
 - (i) there have been no significant changes in internal control over financial reporting during this year;
 - (ii) there have been no significant changes in accounting policies during this year; and
 - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ramesh Iyer
Vice-Chairman & Managing Director

Vivek Karve
Chief Financial Officer of the Company
and Group Financial Services Sector

Place : Mumbai
Date : 23rd April, 2021

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by **Mahindra & Mahindra Financial Services Limited** (CIN L65921MH1991PLC059642) (the Company) for the year ended 31st March, 2021, as stipulated in Regulation 34 (3) read with Para E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the management. The management along with the Board of Directors are responsible in implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our Responsibility

Our examination was limited to implementation of the conditions thereof and adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated under Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

Our Opinion

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

Dr. C.V. Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN: F005367C000162117

Place : Coimbatore

Date : 23rd April, 2021

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 2021 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.

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Description of Key Audit Matters

Key audit matter	How the matter was addressed in our audit
Impairment loss allowance	
<i>Refer to the accounting policies in "Note 2.5 to the standalone financial statements: Impairment of Standalone Financial Statements and Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario", "Note 7 to the standalone financial statements: Loans", "Note 51.2 to the standalone financial statements: Credit Risk Management"</i>	
The Company has recorded an impairment loss allowance of Rs. 4,653.61 crores as at 31 March 2021 and has recognized a charge of Rs. 3,734.82 crores for the year ended 31 March 2021 in its statement of profit and loss. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: □ Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate. □ Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default ("EAD"), Probabilities of Default ("PD") and Loss Given Default ("LGD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	Our key audit procedures included: □ Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. □ 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. □ Testing management's controls over authorisation and calculation of post model adjustments and management overlays. □ 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.

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 Auditors' 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 on the standalone financial statements.

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 period. 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.

Key audit matter	How the matter was addressed in our audit
□ Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. □ Qualitative adjustments/ management overlays – Adjustments to the model-driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2021, overlays represent approximately 21% of the ECL balances. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. 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. Management has also taken consideration of RBI's expectation to bring down the net NPA ratio below 4% and recorded an additional provision of Rs. 1,320 crores on Stage 3 loans, which is over and above the model determined ECL provision / overlays. Disclosures: The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	□ Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. □ Test of details on post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. □ Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. Discussed with and read the relevant correspondences that the Company has exchanged with the RBI with respect to the RBI's expectation to bring the net NPA ratio below 4%. □ Verified the mathematical accuracy of the workings required to bring down the net NPA ratio below 4%. □ Assessed whether the disclosures (including arising from the RBI expectation to bring down the net NPA ratio below 4%) on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient. Involvement of specialists - we involved financial risk modelling specialists for the following: □ Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). □ The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination.

Key audit matter	How the matter was addressed in our audit
IT Systems and Controls Company's financial accounting and reporting processes are dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. In addition, the prevailing COVID-19 situation has caused the required IT systems to be made accessible on a remote basis and at the same time there are increasing challenges to protect the integrity of the Company's systems and data. We have identified 'IT systems and controls' as key audit matter because of the high level automation, number of systems being used by the management, current remote working situation and the inherent risks/ complexity of the IT architecture.	We have involved IT specialists in performing the following key audit procedures: □ Performed control testing on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. □ Tested key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. □ Tested the design and operating effectiveness of key controls over user access management which includes granting access / right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties. □ For a selected group of key controls over financial and reporting systems, we independently perform procedures to determine that these control remained unchanged during the year or were changed following the standard change management process.

Independent Auditors' Report

Key audit matter	How the matter was addressed in our audit
	- Other areas that were tested include password policies, security configurations, system interface controls, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment. - Assessment of data security controls in the context of a large population of staff working from remote location at the year end.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises 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 and Board of Directors' Responsibility for the Standalone Financial Statements

Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss 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 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 Auditors' 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.

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 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 in the standalone financial statements made by Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on 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 Auditors' 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 Auditors' 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.

Report on Other Legal and Regulatory Requirements

1. 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.
2. (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 2021 taken on record by the Board of Directors, none of the directors is disqualified

Independent Auditors' Report

as on 31 March 2021 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 2021 on its financial position in its standalone financial statements - Refer Note 45 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 49 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; and

- iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(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

Sagar Lakhani

Partner

Membership No: 111855

ICAI UDIN: 21111855AAAACA4353

Mumbai
23 April 2021

Annexure A to the Independent Auditors' Report - 31 March 2021

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, 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 which are included in the head property, plant and equipment.
- ii. The Company 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 of the Act are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act, to the extent applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. Accordingly, the provision of clause 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 2021 for a period of more than six months from the date they become payable.

Independent Auditors' Report

- (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 crores)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	2.6	2002-2003	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	13.28	2016-2017	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	75.06	2007-2012	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	2.74	2012-13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	0.64	2013-14	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	0.09	2014-15	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Andhra Pradesh Value Added Tax	Value Added Tax	1.24	April 2008- October 2013	Andhra Pradesh High Court
Madhya Pradesh Value Added Tax	Value Added Tax	-	2013-2014	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	0.01	2014-2015	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	0.02	2015-2016	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	0.03	2016-2017	Appellate Authority of Commercial Taxes, Bhopal
Maharashtra Value Added Tax	Value Added Tax	0.87	2010-2011	Appeal filed with Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value Added Tax	0.45	2011-2012	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	1.02	2012-2013	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	1.79	2013-2014	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	1.77	2014-2015	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	2.05	2015-2016	Appeal with Deputy Commissioner of Sales Tax (Appeal)

- 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 loans or borrowings to financial institutions, banks, or debenture holders 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 rights issue and 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, we have neither come across any instance of material fraud by the Company or any instance of material 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 given 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

Sagar Lakhani

Partner

Mumbai

23 April 2021

Membership No: 111855

ICAI UDIN: 21111855AAAACA4353

Independent Auditors' Report

Annexure B to the Independent Auditors' report on the standalone financial statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2021

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 2(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 2021 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 2021, 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 the 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.

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 standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with

reference to standalone 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

Sagar Lakhani

Partner

Membership No: 111855

ICAI UDIN: 21111855AAAAACA4353

Mumbai
23 April 2021

Balance Sheet

as at 31 March 2021

Rs. in crores

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Financial Assets			
a) Cash and cash equivalents	3	570.58	676.79
b) Bank balance other than (a) above	4	2,699.06	749.00
c) Derivative financial instruments	5	25.72	92.93
d) Receivables			
- Trade receivables	6	8.40	8.60
e) Loans	7	59,947.42	64,993.47
f) Investments	8	11,607.25	5,910.98
g) Other financial assets	9	514.05	476.65
		75,372.48	72,908.42
Non-financial Assets			
a) Current tax assets (Net)		401.65	239.96
b) Deferred tax assets (Net)	10 (i)	862.36	489.63
c) Property, plant and equipment	11	311.49	337.95
d) Capital work-in-progress		10.34	-
e) Intangible assets	12	18.63	25.55
f) Other non-financial assets	13	59.50	69.73
		1,663.97	1,162.82
Total Assets		77,036.45	74,071.24
Liabilities and Equity			
Liabilities			
Financial Liabilities			
a) Derivative financial instruments	14	173.18	40.16
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		596.35	606.33
II) Other payables			
i) total outstanding dues of micro enterprises and small enterprises		0.01	0.17
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		46.73	29.24
c) Debt securities	16	16,834.57	17,744.87
d) Borrowings (Other than debt securities)	17	29,142.08	29,487.35
e) Deposits	18	9,450.66	8,812.14
f) Subordinated liabilities	19	3,149.37	3,417.95
g) Other financial liabilities	20	2,604.26	2,313.97
		61,997.21	62,452.18
Non-Financial Liabilities			
a) Current tax liabilities (net)		13.92	13.92
b) Provisions	21	214.91	143.23
c) Other non-financial liabilities	22	98.90	98.05
		327.73	255.20
Equity	23		
a) Equity share capital		246.40	123.07
b) Other equity		14,465.11	11,240.79
		14,711.51	11,363.86
Total Liabilities and Equity		77,036.45	74,071.24
The accompanying notes form an integral part of the financial statements.	1 to 61		

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Place: Mumbai

Date: 23 April 2021

Place: Mumbai

Date: 23 April 2021

Statement of Profit and Loss

for the year ended 31 March 2021

Particulars	Note	Year ended 31 March 2021	Rs. in crores Year ended 31 March 2020
Revenue from operations			
i) Interest income	24	10,266.95	9,941.71
ii) Dividend income		0.02	24.25
iii) Rental income		17.11	8.75
iv) Fees and commission income	25	70.73	96.99
v) Net gain on fair value changes	26	40.39	26.15
I Total revenue from operations		10,395.20	10,097.85
II Other income	27	121.61	147.29
III Total income (I+II)		10,516.81	10,245.14
Expenses			
i) Finance costs	28	4,733.19	4,828.75
ii) Fees and commission expense		31.14	40.94
iii) Impairment on financial instruments	29	3,734.82	2,054.47
iv) Employee benefits expenses	30	1,015.23	1,148.45
v) Depreciation, amortization and impairment	31	125.88	118.29
vi) Others expenses	32	460.22	710.48
IV Total expenses		10,100.48	8,901.38
V Profit before exceptional items and tax (III-IV)		416.33	1,343.76
VI Exceptional items	33	6.10	-
VII Profit before tax (V+VI)		422.43	1,343.76
VIII Tax expense :	10 (ii)		
(i) Current tax		450.30	556.94
(ii) Deferred tax		(347.52)	(119.58)
(iii) (Excess) / Short Provision for Income Tax - earlier years		(15.50)	-
		87.28	437.36
IX Profit for the year (VII-VIII)		335.15	906.40
X Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) on defined benefit plans		(2.82)	(11.34)
- Net gain / (loss) on equity instruments through OCI		(4.56)	2.69
(ii) Income tax impact thereon	10 (iii)	1.86	(0.52)
Subtotal (A)		(5.52)	(9.17)
(B) (i) Items that will be reclassified to profit or loss			
- Net gain / (loss) on debt instruments through OCI		(92.82)	7.67
(ii) Income tax impact thereon	10 (iii)	23.36	(1.16)
Subtotal (B)		(69.46)	6.51
Other Comprehensive Income (A+B)		(74.98)	(2.66)
XI Total Comprehensive Income for the year (IX+X)		260.17	903.74
XII Earnings per equity share (face value Rs. 2/- per equity share)	34		
Basic (Rupees)		3.03	10.09
Diluted (Rupees)		3.02	10.08
The accompanying notes form an integral part of the financial statements.	1 to 61		

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Place: Mumbai

Date: 23 April 2021

Place: Mumbai

Date: 23 April 2021

Statement of Changes in Equity

for the year ended 31 March 2021

A. Equity share capital

Particulars	Rs. in crores Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2019	122.98
Changes during the year:	
Add : Allotment of shares by ESOS Trust to employees	0.09
Balance as at 31 March 2020	123.07
Balance as at 1 April 2020	123.07
Changes during the year:	
Add: i) Fresh allotment of shares through Rights Issue during the year (refer note 39) (Net of Shares issued to ESOS Trust under Rights Issue as per note 36)	123.15
ii) Allotment of shares by ESOS Trust to employees on exercise of options (refer note 36)	0.18
Balance as at 31 March 2021	246.40

B. Other Equity

Particulars	Reserves and Surplus							Rs. in crores		
	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 35)	Equity instruments through OCI (Refer note 35)	Total
Balance as at 1 April 2019	1,686.06	50.00	4,152.13	797.19	223.71	33.86	3,834.02	5.13	2.96	10,785.06
Profit/(loss) for the year	-	-	-	-	-	-	906.40	-	-	906.40
Other Comprehensive Income / (loss)	-	-	-	-	-	-	(11.34)	6.51	2.16	(2.67)
Total Comprehensive Income for the year	-	-	-	-	-	-	895.06	6.51	2.16	903.73
Dividend paid on equity shares (including tax thereon)	-	-	-	-	-	-	(477.86)	-	-	(477.86)
Transfers to Securities premium on exercise of employee stock options	-	-	14.63	-	-	(14.63)	-	-	-	-
Employee stock options expired	-	-	-	0.08	-	(0.08)	-	-	-	-
Share based payment expense	-	-	-	-	-	29.47	-	-	-	29.47
Transfers to Statutory reserves	181.29	-	-	-	-	-	(181.29)	-	-	-
Transfers to General reserves	-	-	-	-	(223.71)	-	223.71	-	-	-
Others	-	-	0.39	-	-	-	-	-	-	0.39
Balance as at 31 March 2020	1,867.35	50.00	4,167.15	797.27	-	48.62	4,293.64	11.64	5.12	11,240.79

Rs. in crores

Particulars	Reserves and Surplus							Equity instruments through OCI (Refer note 35)	Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Employee stock options outstanding	Retained earnings	Debt instruments through OCI (Refer note 35)		
Balance as at 1 April 2020	1,867.35	50.00	4,167.15	797.27	48.62	4,293.64	11.64	5.12	11,240.79
Profit/(loss) for the year	-	-	-	-	-	335.15	-	-	335.15
Other Comprehensive Income / (loss)	-	-	-	-	-	(2.39)	(69.46)	(3.13)	(74.98)
Total Comprehensive Income for the year	-	-	-	-	-	332.76	(69.46)	(3.13)	260.17
Securities premium on fresh issue of equity share capital (refer note 39)	-	-	2,965.27	-	-	-	-	-	2,965.27
Expenses incurred in respect of issue of equity shares	-	-	(8.54)	-	-	-	-	-	(8.54)
Transfers to Securities premium on exercise of employee stock options	-	-	21.68	-	(21.68)	-	-	-	-
Securities premium on transfers of ESOP Shares	-	-	(8.68)	-	-	-	-	-	(8.68)
Employee stock options expired	-	-	-	0.02	(0.02)	-	-	-	-
Share based payment expense	-	-	-	-	15.84	-	-	-	15.84
Transfers to Statutory reserves	68.00	-	-	-	-	(68.00)	-	-	-
Others	-	-	0.26	-	-	-	-	-	0.26
Balance as at 31 March 2021	1,935.35	50.00	7,137.14	797.29	42.76	4,558.40	(57.82)	1.99	14,465.11

The accompanying notes 1 to 61 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

Sagar Lakhani

Partner

Membership No: 111855

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

Dr. Anish Shah

Chairman

[DIN: 02719429]

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Vivek Karve

Chief Financial Officer

Place: Mumbai

Date: 23 April 2021

Arnavaz Pardiwalla

Company Secretary

Statement of cash flows

for the year ended 31 March 2021

Particulars	Rs. in crores	
	Year ended 31 March 2021	Year ended 31 March 2020
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxes	416.33	1,343.76
Adjustments to reconcile profit before tax to net cash flows:		
Add: Non-cash expenses		
Depreciation, amortization and impairment	125.88	118.29
Impairment on financial instruments	1,564.12	1,217.11
Bad debts and write offs	2,170.70	837.36
Net loss in fair value of derivative financial instruments	201.20	(119.73)
Unrealized foreign exchange gain/loss	(124.74)	191.73
Share based payments to employees	15.99	29.42
	3,953.15	2,274.18
Less: Income considered separately		
Net gain on fair value changes	(40.39)	(26.15)
Income from investments in Government bonds and debt securities	(264.32)	(99.53)
Dividend income	(0.02)	(54.63)
Net gain on derecognition of property, plant and equipment	(0.41)	(0.70)
Net gain on sale of investments	(61.02)	(45.74)
	(366.16)	(226.75)
Operating profit before working capital changes	4,003.32	3,391.19
Changes in -		
Loans	1,312.83	(5,800.90)
Trade receivables	(2.32)	(3.92)
Interest accrued on other deposits	(28.81)	(36.67)
Other financial assets	(37.16)	24.66
Other financial liabilities	294.60	207.28
Other non-financial assets	(5.65)	(0.27)
Trade Payables	7.35	(377.90)
Other non-financial liabilities	1.12	13.14
Derivative financial instruments	(0.97)	-
Provisions	68.82	(72.99)
Cash used in operations	1,609.81	(6,047.57)
Income taxes paid (net of refunds)	(596.49)	(494.80)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)	5,016.64	(3,151.18)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment and intangible assets	(43.79)	(105.35)
Proceeds from sale of Property, plant and equipment	3.66	1.85
Purchase of investments measured at amortized cost	(36,573.50)	(271.27)
Proceeds from sale of investments measured at amortized cost	33,998.67	392.19
Purchase of investments measured at FVOCI	(4,547.94)	(243.89)
Purchase of investments measured at FVTPL	(31,839.71)	(72,847.12)
Proceeds from sale of investments measured at FVTPL	33,256.50	71,315.31
Purchase of investments measured at cost	(0.01)	(380.77)
Proceeds from sale of investments measured at cost (in equity shares of Mahindra Asset Management Company Private Limited)	20.80	-
Investment in term deposits with banks (net)	(1,845.96)	(580.43)
Dividend income received	0.02	54.63
Interest income received on investments measured at amortized cost, FVOCI, FVTPL and at cost	188.58	91.93
Change in Earmarked balances with banks	0.09	0.21
NET CASH USED IN INVESTING ACTIVITIES (B)	(7,382.59)	(2,572.71)

Particulars	Year ended 31 March 2021	Rs. in crores Year ended 31 March 2020
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares, including securities premium (net of issue expenses)	3,080.28	-
Proceeds from borrowings through Debt Securities	6,415.90	12,807.80
Repayment of borrowings through Debt Securities	(7,317.15)	(17,369.31)
Proceeds from Borrowings (Other than Debt Securities)	14,257.41	27,667.93
Repayment of Borrowings (Other than Debt Securities)	(14,485.57)	(19,463.91)
Repayment of borrowings through Subordinated Liabilities	(272.98)	(139.77)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	-	(226.01)
Increase / (decrease) in Fixed deposits (net)	626.99	3,138.24
Payments for principal portion of lease liability	(45.14)	(38.12)
Dividend paid (including tax on dividend)	-	(477.86)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	2,259.74	5,898.99
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(106.21)	175.10
Cash and Cash Equivalents at the beginning of the year	676.79	501.68
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	570.58	676.79
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Cash on hand	42.29	14.30
- Cheques and drafts on hand	33.12	3.01
- Balances with banks in current accounts	445.17	459.48
- Term deposits with original maturity up to 3 months	50.00	200.00
Total	570.58	676.79

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'.
- During the year, the Company has incurred an amount of Rs.27.37 crores in cash (31 March 2020: Rs. 27.97 crores) towards corporate social responsibility (CSR) expenditure (Refer note 47).

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Place: Mumbai

Date: 23 April 2021

Place: Mumbai

Date: 23 April 2021

Notes

forming part of the Financial Statements for the year ended 31 March 2021

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 of India Limited ("NSE") and the BSE Limited ("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/ expectations issued by RBI or other regulators are implemented as and when they are issued/ applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These standalone or separate financial statements have been approved by the Company's Board of Directors and authorized for issue on 23 April 2021.

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. Effective from current financial year, all amounts are rounded-off to the nearest crores, 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 uncertainty

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

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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.

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 51).

Provisions and other contingent liabilities

The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

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 / recovered 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

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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 and current Macro-economic scenario:

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain.

The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgement in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement has increased during financial year as a result of the economic effects of the COVID-19 outbreak, including significant judgements relating to:

- the selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time over which the economic effects of the pandemic will occur, the speed and shape of recovery. The main factors include the effectiveness of pandemic containment measures, the pace of roll-out and effectiveness of vaccines, and the emergence of new variants of the virus, plus a range of geopolitical uncertainties,

which together represent a very high degree of estimation uncertainty, particularly in assessing worst case scenario;

- estimating the economic effects of those scenarios on ECL, where there is no observable historical trend that can be reflected in the models that will accurately represent the effects of the economic changes of the severity and speed brought about by the COVID-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
- the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues given muted default experience to date.

Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, were discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post-model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs. While the use of judgemental overlays and post-model adjustments should ideally be limited, their extensive use was deemed appropriate during the financial year, and are likely to continue to be required in future reporting periods.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a

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result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

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 2021 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 51].

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.

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

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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.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

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. Capital work-in-progress is stated at cost, net of impairment loss, if any.

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. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

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.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

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

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. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. 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.

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2.8 Intangible assets :

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

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.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.9 Investments in subsidiaries, associate and joint ventures :

Investments in subsidiaries, associate and joint ventures 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.

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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.

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.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments.

Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

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. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

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, and impairment provisions 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 at coupon rate and impairment provision, if any, are recognized in Statement of profit and loss. Net gains or losses on fair valuation 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

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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.

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. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are

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substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value."

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.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

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.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

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 51].

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 advances, 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

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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.

Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when we modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognition. A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and will continue to be disclosed as renegotiated loans. Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed."

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Company's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided. Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

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.

ii) 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

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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 the Statement of profit and loss.

2.12 Employee benefits:

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and these 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, Superannuation fund, ESIC and National Pension Scheme

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India and the Company has no obligation to the scheme beyond its contributions.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Company's contribution paid/payable during the year to provident fund, Superannuation scheme, 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 Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

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with corresponding debit or credit to Other Comprehensive Income (OCI).

Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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) 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.

e) 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.

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.

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.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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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. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not recognised for future operating losses.

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

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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, certain IT equipments and general purpose office 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.

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.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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.

In the Balance Sheet, ROU assets have been included in property, plant and equipment and Lease liabilities have been included in Other financial liabilities and the principal portion of lease payments have been classified as financing cash flows. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

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.

In accordance with Ind AS 116, Leases, the financial information have been presented in the following manner:

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- 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;

The disclosures as required in accordance with Ind AS 116, Leases, are set out under note no. 42.

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.

2.20 Corporate Social Responsibility (CSR) expenses:

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the Financial Services Sector CSR Council ('FSS CSR Council') and to monitor the CSR Policy periodically.

Funding and Allocation:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately

preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend upto 5% of the total CSR expenditure in one financial year on building CSR capabilities. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board. The CSR Committee will approve the CSR budget annually on receiving the recommendations from FSS CSR Council. Any unspent amount at the end of the financial year will be treated as per the provisions of the existing CSR Law. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company.

The Company has set up the Mahindra Finance CSR Foundation (incorporated on 2nd April, 2019) as a wholly-owned subsidiary company registered under Section 8 of the Companies Act, 2013 to promote and support CSR projects and activities of the Company and its subsidiary companies. The Company implements its CSR programs through the Mahindra Finance CSR Foundation.

The Company has identified CSR Thrust Areas for undertaking CSR Projects/ programs/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local inovernment/ Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Thrust areas include health, education, environment and other activities.

The amount spent or contribution / donations made towards CSR activities is charged to Donations and Corporate Social Responsibility (CSR) expenses respectively, in the statement of Profit and Loss (Refer note 47).

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 Company's

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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. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

2.21 Dividend :

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.22 New standards or amendments to the existing standards and other pronouncements:

i) **New Standards issued or amendments to the existing standard 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, 2021.

ii) **Other recent pronouncements**

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to :

- a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.
- b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.
- c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.
- d) Additional Regulatory Information, for eg., compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.
- e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

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3 Cash and cash equivalents

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Cash on hand	42.29	14.30
Cheques and drafts on hand	33.12	3.01
Balances with banks in current accounts	445.17	459.48
Term deposits with original maturity up to 3 months	50.00	200.00
	570.58	676.79

4 Bank balances other than cash and cash equivalents

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Earmarked balances with banks -		
- Unclaimed dividend accounts	0.60	0.69
Term deposits with maturity less than 12 months -		
- Free	2,100.34	45.75
- Under lien #	598.12	702.56
	2,699.06	749.00

Details of Term deposits - Under lien

Particulars	As at 31 March 2021			As at 31 March 2020		
	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	100.00	200.00	300.00	225.01	200.00	425.01
For securitization transactions	439.67	46.19	485.86	462.09	43.30	505.39
Legal deposits	0.21	-	0.21	0.21	-	0.21
For Constituent Subsidiary General Ledger (CSGL) account	30.00	-	30.00	15.00	-	15.00
Collateral deposits with banks for Aadhaar authentication and others & Rights Issue	28.24	1.00	29.24	0.25	1.00	1.25
Total	598.12	247.19	845.31	702.56	244.30	946.86

5 Derivative financial instruments

Particulars	31 March 2021		31 March 2020	
	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
Currency derivatives :				
Forward contracts	-	-	582.05	23.23
Options	1,408.12	25.72	2,050.80	69.70
Total derivative financial instruments	1,408.12	25.72	2,632.85	92.93

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forming part of the Financial Statements as at 31 March 2021

6 Receivables

Particulars	31 March 2021	Rs. in crores 31 March 2020
Trade receivables		
i) Secured, considered good		
- Lease rental receivable on operating lease transactions	2.25	0.65
Less : Impairment loss allowance	(2.04)	(0.01)
	0.21	0.64
ii) Unsecured, considered good :		
- Subvention and other income receivables	8.19	7.96
iii) Credit impaired :		
- Trade receivable on hire purchase transactions	3.73	3.73
- Subvention and other income receivables	1.00	0.51
	4.73	4.24
Less : Impairment loss allowance	(4.73)	(4.24)
	-	-
	8.40	8.60

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

Particulars	31 March 2021	Rs. in crores 31 March 2020
A) Loans (at amortized cost) :		
Retail loans	61,638.86	64,439.78
Small and Medium Enterprise (SME) financing	1,014.73	1,864.41
Bills of exchange	743.10	531.66
Trade advances	1,194.98	1,239.35
Inter corporate deposits to related parties	1.00	1.00
Total (Gross)	64,592.67	68,076.20
Less : Impairment loss allowance	(4,645.25)	(3,082.73)
Total (Net)	59,947.42	64,993.47
B) i) Secured by tangible assets	61,715.64	65,332.09
ii) Secured by intangible assets	-	-
iii) Covered by Bank / Government guarantees	526.57	-
iv) Unsecured	2,350.46	2,744.10
Total (Gross)	64,592.67	68,076.20
Less : Impairment loss allowance	(4,645.25)	(3,082.73)
Total (Net)	59,947.42	64,993.47
C) i) Loans in India		
a) Public Sector	-	-
b) Others	64,592.67	68,076.20
Total (Gross)	64,592.67	68,076.20
Less : Impairment loss allowance	(4,645.25)	(3,082.73)
Total (Net) - C (i)	59,947.42	64,993.47
ii) Loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ii)	59,947.42	64,993.47

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

8 Investments

Notes

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Rs. in crores

	31 March 2021					31 March 2020				
	At Fair Value					At Fair Value				
	Amortized cost	Through OCI	Through profit or loss	Sub-total	Others (at cost)	Amortized cost	Through OCI	Through profit or loss	Sub-total	Others (at cost)
Investments										
Units of mutual funds	-	-	1,667.18	1,667.18	-	980.49	143.02	3,241.25	3,241.25	-
Government securities	1,287.78	4,448.73	4,448.73	4,448.73	5,736.51	-	-	-	-	1,123.51
Debt securities -										
i) Secured redeemable non-convertible debentures	-	-	-	-	-	25.00	-	-	-	25.00
ii) Investments in Pass Through Certificates under securitization transactions	47.44	-	-	-	-	124.10	-	-	-	124.10
iii) Commercial Papers	-	-	197.67	197.67	-	-	-	-	-	-
iv) Investment in Bonds	26.22	262.15	262.15	262.15	-	-	104.75	104.75	-	104.75
Equity instruments -										
a) Subsidiaries										
i) Mahindra Insurance Brokers Limited	-	-	-	-	0.45	-	-	-	-	0.45
ii) Mahindra Rural Housing Finance Limited	-	-	-	-	799.30	-	-	-	-	799.30
iii) Mahindra Asset Management Company Private Ltd.	-	-	-	-	-	-	-	-	-	210.00
iv) Mahindra Trustee Company Private Ltd.	-	-	-	-	-	-	-	-	-	0.50
v) Mahindra Finance CSR Foundation	-	-	-	-	-	-	-	-	-	-
b) Associate										
i) 49% Ownership in Mahindra Finance USA, LLC (Joint venture entity with De Lage Landen Financial Services INC. in United States of America)	-	-	-	-	210.55	-	-	-	-	210.55
c) Joint ventures										
i) 38.20% Ownership in Ideal Finance Limited, Sri Lanka (Joint venture entity with Ideal Finance Limited in Sri Lanka)	-	-	-	-	44.00	-	-	-	-	44.00
ii) Mahindra Manulife Investment Management Private Ltd. (51:49 Joint Venture with Manulife Asset Management (Singapore) Pre. Ltd. (Manulife))	-	-	-	-	195.30	-	-	-	-	-
iii) Mahindra Manulife Trustee Private Ltd (51:49 Joint Venture with Manulife Asset Management (Singapore) Pre. Ltd. (Manulife))	-	-	-	-	0.50	-	-	-	-	-
d) Others										
i) Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonta Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	13.61	-	13.61	-	-	13.61	-	13.61	-
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonta Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	2.76	-	2.76	-	-	3.12	-	3.12	-
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)	-	-	-	-	-	-	12.19	-	12.19	-
iv) New Democratic Electoral Trust	-	-	-	-	0.02	-	-	-	-	0.01
v) Investment in Triparty Repo Dealing System (TREPS)	2,404.00	-	-	-	2,404.00	-	-	-	-	-
Total - Gross (A)	3,765.44	4,727.25	1,864.85	6,592.10	1,250.12	1,129.59	276.69	3,241.25	3,517.94	1,264.81
i) Investments outside India	-	-	-	-	254.55	-	-	-	-	254.55
ii) Investments in India	3,765.44	4,727.25	1,864.85	6,592.10	995.57	1,129.59	276.69	3,241.25	3,517.94	1,010.26
Total - Gross (B)	3,765.44	4,727.25	1,864.85	6,592.10	1,250.12	1,129.59	276.69	3,241.25	3,517.94	1,264.81
Less : Allowance for Impairment loss (C)	0.41	-	-	-	-	1.36	-	-	-	-
Total - Net D (A-C)	3,765.03	4,727.25	1,864.85	6,592.10	1,250.12	1,128.23	276.69	3,241.25	3,517.94	1,264.81
										5,910.98

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9 Other financial assets

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Interest accrued on investments	98.10	22.36
Interest accrued on other deposits	74.88	46.07
Security Deposits	48.23	32.77
Term deposits with banks (remaining maturity more than 12 months)		
- Free	11.77	118.85
- Under lien (refer note 4)	247.19	244.30
Others	33.88	12.30
	514.05	476.65

10 Deferred tax assets (net) and Tax expense

(i) Deferred tax assets (net)

	Rs. in crores							
	Balance as at 1 April 2019	Charge/(credit) to profit and loss	Charge/(credit) to equity	Charge/(credit) to OCI	Balance as at 31 March 2020	Charge/(credit) to profit and loss	Charge/(credit) to OCI	Balance as at 31 March 2021
Tax effect of items constituting deferred tax liabilities :								
- Application of EIR on financial assets	(99.11)	20.19	-	-	(78.92)	2.65	-	(76.27)
- Application of EIR on financial liabilities	(33.44)	11.26	-	-	(22.18)	3.01	-	(19.17)
- Share based payments	(11.74)	11.35	-	-	(0.39)	(1.43)	-	(1.82)
- FVTPL financial asset	(2.48)	(5.89)	-	-	(8.37)	(2.34)	-	(10.71)
- Others	(23.55)	(36.27)	-	-	(59.82)	(50.52)	-	(110.34)
	(170.32)	0.64	-	-	(169.68)	(48.63)	-	(218.31)
Tax effect of items constituting deferred tax assets :								
- Provision for employee benefits	23.22	(5.57)	-	(0.29)	17.36	2.29	0.71	20.36
- Derivatives	40.40	23.86	-	-	64.26	(31.47)	-	32.79
- Allowance for ECL	398.89	113.44	-	-	512.33	432.11	-	944.44
- Application of EIR on financial liabilities	-	-	-	-	-	-	-	-
- Others	79.54	(12.79)	-	(1.39)	65.36	(6.78)	24.51	83.09
	542.05	118.94	-	(1.68)	659.31	396.15	25.22	1,080.68
Net deferred tax assets	371.73	119.58	-	(1.68)	489.63	347.52	25.22	862.36

Notes

forming part of the Financial Statements as at 31 March 2021

(ii) Income tax recognized in Statement of profit and loss

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
(a) Current tax:		
In respect of current year	450.30	556.94
In respect of prior years	(15.50)	-
	434.80	556.94
(b) Deferred tax:		
In respect of current year origination and reversal of temporary differences	(347.52)	(223.57)
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	-	103.99
	(347.52)	(119.58)
Total Income tax recognized in Statement of profit and loss	87.28	437.36

(iii) Income tax recognized in Other Comprehensive Income

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Deferred tax related to items recognized in Other Comprehensive Income during the year :		
Remeasurement of defined employee benefits	0.71	(0.29)
Net gain / (loss) on equity instruments through OCI	1.15	(0.23)
Net gain / (loss) on debt instruments through OCI	23.36	(1.16)
Total Income tax recognized in Other Comprehensive Income	25.22	(1.68)

(iv) Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss:

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Profit before tax	422.43	1,343.76
Applicable income tax rate	25.168%	25.168%
Expected income tax expense	106.32	338.20
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	(0.78)	(13.75)
Effect of expenses / provisions not deductible in determining taxable profit	9.37	2.32
Effect of tax incentives and concessions	-	2.57
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	-	103.99
Effect of changes in estimates related to prior years	(16.80)	-
Adjustment related to tax of prior years	(15.50)	-
Others	4.67	4.03
Reported income tax expense	87.28	437.36

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.103.99 Crores recognized as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

Notes

forming part of the Financial Statements as at 31 March 2021

11 Property, plant and equipments

Particulars	Land (Freehold)	Buildings #	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machineries under lease	Right-Of-Use Assets (Leasehold premises)	Total
Rs. in crores										
GROSS CARRYING AMOUNT										
Balance as at 1 April 2019	0.81	1.09	100.31	89.20	94.54	74.64	12.30	-	184.48	557.37
Additions during the year	-	-	6.21	6.94	7.82	18.72	40.55	0.19	42.45	122.87
Disposals / deductions during the year	-	-	4.60	1.91	5.03	8.22	-	-	-	19.76
Balance as at 31 March 2020	0.81	1.09	101.92	94.23	97.33	85.14	52.85	0.19	226.93	660.48
Balance as at 1 April 2020	0.81	1.09	101.92	94.23	97.33	85.14	52.85	0.19	226.93	660.48
Additions during the year	-	-	4.75	1.14	1.50	4.04	24.42	-	50.11	85.96
Disposals / deductions during the year	-	-	3.81	2.38	11.65	5.16	3.12	-	4.53	30.65
Balance as at 31 March 2021	0.81	1.09	102.86	92.99	87.18	84.02	74.15	0.19	272.51	715.79
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as at 1 April 2019	-	0.27	68.37	58.45	68.43	44.42	0.45	-	-	240.39
Additions during the year	-	0.02	14.78	9.10	11.48	13.92	4.39	0.01	47.04	100.74
Disposals / deductions during the year	-	-	4.59	1.77	5.00	7.23	-	-	-	18.60
Balance as at 31 March 2020	-	0.29	78.56	65.78	74.91	51.11	4.84	0.01	47.04	322.53
Balance as at 1 April 2020	-	0.29	78.56	65.78	74.91	51.11	4.84	0.01	47.04	322.53
Additions during the year	-	0.02	12.86	7.10	9.32	13.59	9.85	0.02	52.73	105.49
Disposals / deductions during the year	-	-	3.80	2.10	11.59	4.63	0.75	-	0.85	23.72
Balance as at 31 March 2021	-	0.31	87.62	70.78	72.64	60.07	13.94	0.03	98.92	404.30
NET CARRYING AMOUNT										
As at 31 March 2020	0.81	0.80	23.36	28.45	22.42	34.03	48.01	0.18	179.89	337.95
As at 31 March 2021	0.81	0.78	15.24	22.21	14.54	23.95	60.21	0.16	173.59	311.49

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

Notes

forming part of the Financial Statements as at 31 March 2021

12 Intangible assets

Particulars	Rs. in crores
	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2019	73.71
Additions during the year	12.54
Deductions during the year	-
Balance as at 31 March 2020	86.25
Balance as at 1 April 2020	86.25
Additions during the year	13.48
Deductions during the year	-
Balance as at 31 March 2021	99.73
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2019	43.15
Additions during the year	17.55
Deductions during the year	-
Balance as at 31 March 2020	60.70
Balance as at 1 April 2020	60.70
Additions during the year	20.40
Deductions during the year	-
Balance as at 31 March 2021	81.10
NET CARRYING AMOUNT	
As at 31 March 2020	25.55
As at 31 March 2021	18.63

13 Other non-financial assets

Particulars	31 March 2021	Rs. in crores 31 March 2020
Capital advances	1.37	17.25
Prepaid expenses	31.37	32.83
Unamortized placement and arrangement fees paid on borrowing instruments	2.60	3.01
Insurance advances	1.81	1.83
Other advances	22.35	14.81
	59.50	69.73

14 Derivative financial instruments

Particulars	31 March 2021		31 March 2020	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency derivatives :				
Forward contracts	763.99	55.24	200.14	25.59
Options	2,067.86	117.94	-	14.57
Total derivative financial instruments	2,831.85	173.18	200.14	40.16

Notes

forming part of the Financial Statements as at 31 March 2021

15 Payables

Particulars	31 March 2021	31 March 2020
Rs. in crores		
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	596.35	606.33
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	0.01	0.17
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	46.73	29.24
	643.09	635.74

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 :

Particulars	31 March 2021	31 March 2020
Rs. in crores		
a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.01	0.17
- 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	-	-
	0.01	0.17

16 Debt Securities

Particulars	31 March 2021	31 March 2020
Rs. in crores		
At Amortized cost		
Non-convertible debentures (Secured)	15,393.64	16,997.21
Non-convertible debentures (Unsecured)	596.66	398.00
Commercial Papers (Unsecured)	494.52	-
Rupee Denominated Secured Bonds overseas (Masala Bonds)	349.75	349.66
Total	16,834.57	17,744.87
Debt securities in India	16,484.82	17,395.21
Debt securities outside India	349.75	349.66
Total	16,834.57	17,744.87

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. 18,193.98 crores (March 2020: Rs. 19,255.49 Crores).

Notes

forming part of the Financial Statements as at 31 March 2021

Details of Non-convertible debentures (Secured) :

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	4.54% - 9.49%	3,069.80	7.10% - 9.40%	6,237.00
Maturing between 1 year to 3 years	4.80% - 8.95%	6,280.90	7.00% - 9.49%	3,691.80
Maturing between 3 years to 5 years	7.45% - 9.00%	2,195.00	7.45% - 8.95%	1,973.00
Maturing beyond 5 years	7.75% - 8.48%	2,077.50	7.75% - 9.00%	3,342.50
Sub-total at face value (A)		13,623.20		15,244.30
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	9.00% - 9.15%	940.97	9.00% - 9.05%	405.41
Maturing between 3 years to 5 years	-	-	9.10% - 9.15%	535.56
Maturing beyond 5 years	9.20% - 9.30%	869.15	9.20% - 9.30%	869.15
Sub-total at face value (B)		1,810.12		1,810.12
Total at face value (A+B)		15,433.32		17,054.42
Less: Unamortized discounting charges		39.68		57.21
Total amortized cost		15,393.64		16,997.21

Details of Non-convertible debentures (Unsecured) :

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing beyond 5 years	8.53%	600.00	8.53%	400.00
Total at face value		600.00		400.00
Less: Unamortized discounting charges		3.34		2.00
Total amortized cost		596.66		398.00

Details of Commercial Papers (Unsecured):

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	6.65%	500.00	-	-
Total at face value		500.00		-
Less: Unamortized discounting charges		5.48		-
Total amortized cost		494.52		-

Notes

forming part of the Financial Statements as at 31 March 2021

Rupee Denominated Secured Bonds overseas (Masala Bonds)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing between 1 year to 3 years	7.40%	350.00	-	-
Maturing between 3 years to 5 years	-	-	7.40%	350.00
Total at face value		350.00		350.00
Less: Unamortized discounting charges		0.25		0.34
Total amortized cost		349.75		349.66

17 Borrowings (Other than Debt Securities)

Particulars	31 March 2021	31 March 2020
At Amortized cost		
a) Term loans		
i) Secured -		
- from banks	14,292.90	17,280.91
- from banks in foreign currency	-	182.94
- External Commercial Borrowings	3,680.55	2,737.79
- Associated liabilities in respect of securitization transactions	10,390.77	8,881.71
ii) Unsecured -		
- from banks	90.00	264.00
b) Loans from related parties		
Unsecured -		
- Inter-corporate deposits (ICDs)	687.86	140.00
Total (A+B)	29,142.08	29,487.35
Borrowings in India	25,461.53	26,749.56
Borrowings outside India	3,680.55	2,737.79
Total	29,142.08	29,487.35

Note: There is no borrowings measured at FVTPL or designated at FVTPL.

The secured term loans are secured by exclusive charges on receivables under loan contracts having carrying amount of Rs. 20,966.82 Crores (March 2020: Rs. 20,976.46 Crores).

The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

Notes

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Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	4.00%-7.25%	496.00	6.55% - 8.90%	1,711.35
Maturing between 1 year to 3 years	4.94%-5.25%	875.00	6.95% - 8.10%	1,850.00
Total for repayable on maturity		1,371.00		3,561.35
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years		-	7.85%	100.00
Sub-Total		-		100.00
ii) Quarterly -				
Maturing within 1 year	4.26%-7.40%	3,079.67	5.45% - 8.55%	1,523.33
Maturing between 1 year to 3 years	4.15%-7.40%	3,116.07	5.45% - 8.55%	2,771.91
Maturing between 3 years to 5 years		-	8.00% - 8.20%	275.00
Sub-Total		6,195.74		4,570.24
iii) Half yearly -				
Maturing within 1 year	6.10%-10.50%	1,897.07	7.15% - 10.50%	1,826.11
Maturing between 1 year to 3 years	4.75%-10.50%	2,989.83	6.80% - 10.50%	3,312.22
Maturing beyond 3 years to 5 years	4.90%-7.60%	1,007.00	7.75% - 10.50%	1,206.67
Sub-Total		5,893.90		6,345.00
iv) Yearly -				
Maturing within 1 year	6.70%-7.65%	366.67	7.95% - 8.85%	916.67
Maturing between 1 year to 3 years	6.00%-6.85%	391.67	7.95% - 8.85%	1,783.33
Maturing between 3 years to 5 years	6.00%	75.00		-
Sub-Total		833.34		2,700.00
Total for repayable in installments		12,922.97		13,715.24
Total (1+2) (As per contractual terms)		14,293.97		17,276.59
Less Unamortized Finance Cost		1.07		(4.32)
Total Amortized Cost		14,292.90		17,280.91

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.

Notes

forming part of the Financial Statements as at 31 March 2021

Details of Secured term loans from banks in foreign currency (USD)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year		-	LIBOR plus spread 1.44% -2.20%	182.97
Total		-		182.97
Less Unamortized Finance Cost		-		0.03
Total Amortized Cost		-		182.94

Details of External Commercial Borrowings (USD, Euro & JPY)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	9.00%-9.37%	1,492.97		
Maturing between 1 year to 3 years	6.91%-8.36%	1,544.63	LIBOR plus spread 1.10 - 1.50%	2,762.44
Maturing beyond 3 years to 5 years	6.61%	663.60		
Total		3,701.20		2,762.44
Less Unamortized Finance Cost		20.65		24.65
Total Amortized Cost		3,680.55		2,737.79

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	4.10% - 9.25%	4,788.55	8.73% - 9.03%	3,866.97
Maturing between 1 year to 3 years	4.10% - 9.25%	5,206.12	8.80% - 9.03%	4,483.66
Maturing between 3 years to 5 years	4.10% - 7.55%	396.10	9.03%	531.08
Total		10,390.77		8,881.71
Less Unamortized Finance Cost		-		-
Total Amortized Cost		10,390.77		8,881.71

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	4.00%	90.00	7.80% - 9.00%	264.00
Total		90.00		264.00
Less Unamortized Finance Cost		-		-
Total Amortized Cost		90.00		264.00

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Details of Loans from related parties (Unsecured) - Inter-corporate deposits (ICDs)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	3.00%-7.50%	687.86	5.00% - 7.60%	127.25
Maturing between 1 year to 3 years		-	7.50%	12.75
Total		687.86		140.00
Less Unamortized Finance Cost		-		-
Total Amortized Cost		687.86		140.00

18 Deposits

Particulars	31 March 2021	31 March 2020
At amortized cost		
Deposits (Unsecured)		
- Public deposits	9,450.66	8,812.14
Total	9,450.66	8,812.14

Note: There is no deposits measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	5.00% - 9.15%	3,893.07	7.00% - 9.60%	1,662.23
Maturing between 1 year to 3 years	5.25% - 9.15%	4,627.10	6.90% - 9.15%	6,108.86
Maturing beyond 3 years	5.90% - 9.15%	960.98	7.65% - 9.15%	1,082.86
Total at face value		9,481.15		8,853.95
Less: Unamortized discounting charges		30.49		41.81
Total amortized cost		9,450.66		8,812.13

19 Subordinated liabilities

Particulars	31 March 2021	31 March 2020
At Amortized cost (Unsecured)		
Subordinated redeemable non-convertible debentures - private placement	686.82	957.91
Subordinated redeemable non-convertible debentures - retail public issue	2,462.55	2,460.04
Total	3,149.37	3,417.95
Subordinated liabilities in India	3,149.37	3,417.95
Subordinated liabilities outside India	-	-
Total	3,149.37	3,417.95

Note: There is no Subordinated liabilities measured at FVTPL or designated at FVTPL.

Notes

forming part of the Financial Statements as at 31 March 2021

Details of Subordinated liabilities (at Amortized cost) - Unsecured subordinated redeemable non-convertible debentures

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis -				
Repayable on maturity :				
Maturing within 1 year	10.05%-10.50%	100.50	9.50% - 9.80%	272.20
Maturing between 1 year to 3 years	9.50%-10.50%	197.80	9.80% - 10.50%	170.50
Maturing between 3 years to 5 years	8.90%-9.50%	390.00	9.18% - 9.70%	342.80
Maturing beyond 5 years		-	8.90% - 9.10%	175.00
Sub-total at face value (A)		688.30		960.50
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing within 1 year	8.34%-8.70%	54.65		-
Maturing between 1 year to 3 years	8.44%-8.80%	12.34	8.34% - 8.70%	54.65
Maturing between 3 years to 5 years	7.75%-7.85%	59.32	7.75% - 8.80%	71.66
Maturing beyond 5 years	7.90%-9.50%	2,361.09	7.90% - 9.50%	2,361.09
Sub-total at face value (B)		2,487.40		2,487.40
Total at face value (A+B)		3,175.70		3,447.90
Less: Unamortized discounting charges		26.33		29.96
Total amortized cost		3,149.37		3,417.94

20 Other financial liabilities

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Interest accrued but not due on borrowings	2,230.80	1,926.73
Unclaimed dividends #	0.59	0.69
Unclaimed matured deposits and interest accrued thereon #	5.43	5.22
Deposits / advances received against loan agreements	82.84	57.45
Insurance premium payable	1.43	3.39
Salary, Bonus and performance payable	5.14	37.42
Provision for expenses	80.55	77.01
Lease liabilities (refer note 42)	190.09	188.80
Others	7.39	17.26
Total	2,604.26	2,313.97

There are no amounts due for transfer to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

21 Provisions

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Provision for employee benefits		
- Gratuity	32.82	24.32
- Leave encashment	72.37	66.08
- Bonus, incentives and performance pay	108.54	51.69
Provision for loan commitment	1.18	1.14
Total	214.91	143.23

Notes

forming part of the Financial Statements as at 31 March 2021

22 Other non-financial liabilities

Particulars	31 March 2021	Rs. in crores 31 March 2020
Deferred subvention income	17.46	26.91
Statutory dues and taxes payable	68.44	64.70
Others	13.00	6.44
Total	98.90	98.05

23 Equity Share capital

Particulars	31 March 2021	Rs. in crores 31 March 2020
Authorized:		
250,00,00,000 (31 March 2020: 70,00,00,000) Equity shares of Rs.2/- each (refer note 39)	500.00	140.00
50,00,000 (31 March 2020: 50,00,000) Redeemable preference shares of Rs.100/- each	50.00	50.00
Issued, Subscribed and paid-up:		
123,55,29,920 (31 March 2020: 61,77,64,960) Equity shares of Rs.2/- each fully paid up	247.10	123.55
Less : 35,64,302 (31 March 2020: 24,17,256) Equity shares of Rs.2/- each fully paid up issued to ESOS Trust but not yet allotted to employees, including fresh equity shares allotted to ESOS Trust under rights issue during the year	0.70	0.48
Adjusted Issued, Subscribed and paid-up Share capital	246.40	123.07

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Rs. in crores	No. of shares	Rs. in crores
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	123.55	61,77,64,960	123.55
Add : Fresh allotment of shares :				
- Through Rights Issue (refer note 39)	61,77,64,960	123.55	-	-
Balance at the end of the year	1,23,55,29,920	247.10	61,77,64,960	123.55
Less: Shares issued to ESOS Trust but not yet allotted to employees	35,64,302	0.70	24,17,256	0.48
Adjusted Issued, Subscribed and paid-up Share capital	1,23,19,65,618	246.40	61,53,47,704	123.07
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	64,43,99,987	128.88	31,62,07,660	63.24
Percentage of holding (%)	52.16%	52.16%	51.19%	51.19%
c) Shareholders holding more than 5 percent of the aggregate shares:				
Mahindra & Mahindra Limited	64,43,99,987	128.88	31,62,07,660	63.24
Percentage of holding (%)	52.16%	52.16%	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.

Notes

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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, during the year ended 31 March 2020, the Company had not created any amount of DRR and transferred the carrying amount of DRR created in the earlier years to Retained earnings as it was 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.

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Details of dividends proposed

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Face value per share (Rupees)	2.00	2.00
Dividend percentage	40%	Nil
Dividend per share (Rupees)	0.80	-
Total Dividend on Equity shares	98.84	-

The Board of Directors of the Company did not recommend any dividend for the financial year ended 31 March 2020.

The dividends proposed for the current financial year ended 31 March 2021 (as per details presented in above table) shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting.

24 Interest income

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
On financial instruments measured at Amortized cost		
Interest on loans	9,784.05	9,711.97
Income from bill discounting	59.02	61.57
Interest income from investments	132.44	93.53
Interest on term deposits with banks	159.56	68.63
Other interest income	-	0.01
On financial instruments measured at fair value through OCI		
Interest income from investments in debt instrument	131.88	6.00
Total	10,266.95	9,941.71

Note: There is no loan asset measured at FVTPL.

25 Fees and commission income

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Service charges and other fees on loan transactions	49.92	67.69
Fees, commission / brokerage received from mutual fund distribution/other products	8.84	17.44
Collection fees related to transferred assets under securitization transactions	11.97	11.86
Total	70.73	96.99

26 Net gain / (loss) on fair value changes

	Rs. in crores	
	31 March 2021	31 March 2020
Net gain / (loss) on financial instruments at FVTPL		
On trading portfolio		
- Investments	0.11	(1.91)
Others - Mutual fund units	40.28	28.06
Total Net gain / (loss) on financial instruments at FVTPL	40.39	26.15
Fair value changes :		
- Unrealized	40.39	26.15
Total Net gain / (loss) on financial instruments at FVTPL	40.39	26.15

Note: Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

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27 Other income

Particulars	31 March 2021	Rs. in crores 31 March 2020
Net gain on derecognition of property, plant and equipment	0.41	0.70
Net gain on sale investments measured at amortized cost	61.02	45.74
Dividend income from Equity investments in subsidiaries	-	30.38
Income from shared services	45.79	70.28
Others	14.39	0.19
Total	121.61	147.29

28 Finance costs

Particulars	31 March 2021	Rs. in crores 31 March 2020
On financial liabilities measured at Amortized cost		
Interest on deposits	817.51	675.15
Interest on borrowings	1,312.91	1,624.59
Interest on debt securities	2,057.57	2,284.15
Interest on subordinated liabilities	293.33	316.64
Net loss / (gain) in fair value of derivative financial instruments	201.20	(119.73)
Interest expense on lease liabilities (refer note 42)	15.40	14.63
Other borrowing costs	35.27	33.32
Total	4,733.19	4,828.75

Note: Other than financial liabilities measured at amortized cost, there are no other financial liabilities measured at FVTPL.

29 Impairment on financial instruments

Particulars	31 March 2021	Rs. in crores 31 March 2020
On financial instruments measured at Amortized cost		
Bad debts and write offs	2,170.70	837.36
Loans	1,562.52	1,219.70
Investments	(0.96)	(1.46)
Loan commitment	0.04	(1.65)
Trade receivables and other contracts	2.52	0.52
Total	3,734.82	2,054.47

Note: Other than financial instruments measured at amortized cost, there is no other financial instrument measured at FVOCI.

30 Employee benefits expenses

Particulars	31 March 2021	Rs. in crores 31 March 2020
Salaries and wages	917.15	1,004.45
Contribution to provident funds and other funds	76.70	79.93
Share based payments to employees	15.99	29.42
Staff welfare expenses	5.39	34.65
Total	1,015.23	1,148.45

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31 Depreciation, amortization and impairment

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Depreciation on Property, Plant and Equipment	52.75	53.70
Amortization and impairment of intangible assets	20.40	17.55
Depreciation on Right of Use Asset (refer note 42)	52.73	47.04
Total	125.88	118.29

32 Other expenses

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Rent	18.39	37.41
Rates and taxes, excluding taxes on income	5.52	25.23
Electricity charges	10.05	19.11
Repairs and maintenance	5.23	11.57
Communication costs	18.49	26.72
Printing and stationery	5.55	11.11
Advertisement and publicity	7.61	16.94
Directors' fees, allowances and expenses	3.56	3.47
Auditor's fees and expenses -		
- Audit fees	0.97	0.69
- Other services	0.47	0.49
- Reimbursement of expenses	0.04	-
Legal and professional charges	105.62	137.43
Insurance	40.14	39.56
Manpower outsourcing cost	36.86	35.03
Donations (refer note 47)	26.58	31.46
Corporate Social Responsibility (CSR) expenses (refer note 47)	0.64	2.47
Conveyance and travel expenses	53.35	122.74
Other expenditure	121.15	189.05
Total	460.22	710.48

33 Exceptional items

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Profit on sale of investments in shares of Mahindra Asset Management Company Private Limited, then wholly-owned subsidiary of the Company under 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (refer note 40 (i))	6.10	-
Total	6.10	-

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34 Earning Per Share (EPS)

Particulars	31 March 2021	Rs. in crores 31 March 2020
Profit for the year (Rs. in crores)	335.15	906.40
Weighted average number of Equity Shares used in computing basic EPS	1,105,895,353	898,259,114
Effect of potential dilutive Equity Shares	2,383,647	1,331,431
Weighted average number of Equity Shares used in computing diluted EPS	1,108,279,000	899,590,545
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	3.03	10.09
Diluted Earnings per share (Rs.)	3.02	10.08

Pursuant to Ind AS - 33, Earnings Per Share, the Basic and Diluted earnings per share for the previous year has been restated for the bonus element in respect of the Rights issue referred to in Note 39.

35 Accumulated Other Comprehensive Income

	31 March 2021	Rs. in crores 31 March 2020
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	5.12	2.95
- Net gain / (loss) on equity instruments through OCI	(4.28)	2.69
Income tax impact thereon	1.15	(0.52)
Balance at the end of the year : Subtotal (A)	1.99	5.12
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	11.64	5.13
- Net gain / (loss) on debt instruments through OCI	(92.82)	7.67
- Income tax impact thereon	23.36	(1.16)
Balance at the end of the year : Subtotal (B)	(57.82)	11.64
Accumulated Other Comprehensive Income (A + B)	(55.83)	16.76

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 ("the 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.

Pursuant to the Rights issue of one equity share for every equity share held as on record date, at an issue price of Rs.50 per Equity Share (including a premium of Rs. 48 per Equity Share), made by the Company, 20,63,662 equity shares have been allotted to the Trust in respect of its rights entitlement on 17 August 2020. All the option holders (beneficiaries) under existing grants have automatically become entitled to additional options at Rs.50/- per option as rights adjustment and accordingly, the number of outstanding options stand augmented in the same ratio as the rights issue. All the terms and conditions applicable to these additional options issued under rights issue shall remain same as original grant.

Upon exercise of stock options, including additional options issued as per Rights issue, under the scheme by eligible employees, the Trust had issued 41,29,660 equity shares to employees up to 31 March 2021 (31 March 2020: 32,13,044 equity shares), of which 9,16,616 equity shares (31 March 2020: 4,70,989 equity shares) were issued during the current year.

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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 2021, the Company has not granted any stock options (31 March 2020: nil) to the employees under the Employees' Stock option scheme 2010.

c) Summary of stock options:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of stock options	Weighted average exercise price (Rs.) #	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	2,350,342	2.00	2,866,916	2.00
Options granted during the year	-	-	-	-
Adjustment pertaining to Rights Issue	1,987,633	50.00	-	-
Options forfeited / lapsed during the year	65,073	23.00	42,882	2.00
Options expired during the year	1,802	30.00	2,703	2.00
Options exercised during the year	916,616	15.00	470,989	2.00
Options outstanding at the end of the year	3,354,484	26.00	2,350,342	2.00
Options vested but not exercised at the end of the year	707,970	28.00	502,244	2.00

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020. The options issued under ESOP scheme 2010 are exercisable at Rs.2/- per option and adjustment options issued under Rights issue are exercisable at Rs.50/- each, including premium of Rs. 48/- per option (being the issue price under Rights allotment).

d) Summary of stock options:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
i) At Rs.2.00 per option	1,652,454	50 months	2,350,342	54 months
ii) At Rs.50.00 per option	1,702,030	49 months	-	-
	3,354,484		2,350,342	

e) Average share price at recognized stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2021		Year ended 31 March 2020	
Date of exercise	Weighted average share price (Rs.)#	Date of exercise	Weighted average share price (Rs.)
01 April 2020 to 31 March 2021	167.30	01 April 2019 to 31 March 2020	335.73

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020.

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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. 15.99 crores (31 March 2020: Rs.29.42 crores) 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.0.47 crores (31 March 2020 : Rs. 0.52 crores) in respect of options granted to employees of the Company and excludes net recovery of Rs.0.32 crores (31 March 2020 : Rs.0.57 crores) from its subsidiaries for options granted to their employees.

37 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 cover

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.

Variability in withdrawal rates -

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Regulatory Risk -

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20,00,000, raising accrual rate from 15/26 etc.).

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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.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars	Rs. in crores	
	Funded Plan Gratuity	
	Year ended 31 March 2021	Year ended 31 March 2020
I. Amounts recognized in the Statement of Profit & Loss		
Current service cost	11.26	11.31
Net Interest cost	1.39	2.16
Past service cost	-	(10.91)
Adjustment due to change in opening balance of Plan assets	(4.24)	(3.22)
Total expenses included in employee benefits expense	8.41	(0.66)
II. Amount recognized in Other Comprehensive income		
Remeasurement (gains)/losses:		
a) Actuarial (gains)/losses arising from changes in -		
- financial assumptions	(2.82)	(11.34)
- experience adjustments	-	-
b) Return on plan assets, excluding amount included in net interest expense/(income)	-	-
Total amount recognized in other comprehensive income	(2.82)	(11.34)
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	85.40	73.88
Add/(less) on account of business combination/transfers		
Current service cost	11.26	11.31
Past service cost	-	(10.91)
Interest expense	5.89	5.67
Remeasurement (gains)/losses arising from changes in -		
- demographic assumptions	0.55	0.27
- financial assumptions	(0.11)	7.70
- experience adjustments	(2.13)	(0.14)
Benefits paid	(5.42)	(2.38)
Closing defined benefit obligation	95.44	85.40
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	61.09	42.47
Interest income	4.51	3.50
Expected return on plan assets	(4.51)	(3.50)

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Particulars	Rs. in crores	
	Funded Plan Gratuity	
	Year ended 31 March 2021	Year ended 31 March 2020
Contributions by employer	2.72	17.77
Adjustment due to change in opening balance of Plan assets	4.23	3.23
Actual Benefits paid	(5.42)	(2.38)
Closing Fair value of plan assets	62.62	61.09
V. Net defined benefit obligation		
Defined benefit obligation	95.44	85.40
Fair value of plan assets	62.62	61.09
Surplus/(Deficit)	(32.82)	(24.31)
Current portion of the above	1.86	6.48
Non current portion of the above	30.96	17.83

Actuarial assumptions and Sensitivity

Particulars	Rs. in crores	
	Funded Plan Gratuity	
	Year ended 31 March 2021	Year ended 31 March 2020
I. Actuarial assumptions		
Discount Rate (p.a.)	6.91%	6.90%
Attrition rate	6.61 for age upto 30, 5.47 for age 31-44, 0.12 for 44 and above	12.41 for age upto 30, 8.21 for age 31-44, 0.21 for 44 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 (2012-14) Ultimate
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:		
One percentage point increase in discount rate	(11.07)	(8.96)
One percentage point decrease in discount rate	13.25	10.64
One percentage point increase in Salary growth rate	13.11	10.53
One percentage point decrease in Salary growth rate	(11.15)	(9.03)
III. Maturity profile of defined benefit obligation		
Within 1 year	6.32	9.82
Between 1 and 5 years	27.76	40.03

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 cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each

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reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

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 of the previous financial year which resulted in reduction in valuation of defined benefit obligation on account of gains recorded in past service cost amounting to Rs.10.91 crores and the same was 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.0.66 crores for the year ended 31 March 2020 in the Statement of Profit and Loss under the head Employee Benefits Expense.

During the year ended 31 March 2021, there was no increment in the salary due to lower business performance caused by COVID-19 led disruptions. As the salary structure primarily remained same as previous year, the actuarial valuation of defined benefit obligations for the current year were at same level as previous year except for change in assumptions or certain parameters used in valuation.

The Company's contribution to provident fund, superannuation fund and national pension scheme aggregating to Rs. 58.41 crores (31 March 2020: Rs.68.07 crores) 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 year ended 31 March 2021, there was no capital raised in the overseas market by issue of Masala Bonds.

During the previous year ended 31 March 2020, the Company had raised funds in the overseas market amounting to Rs. 350.00 Crores (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.

39 Funds raised by issue of equity shares through Rights Issue

Pursuant to authorization of further infusion of capital through Rights Issue by the Board of Directors of the Company at its meeting held on 1 June 2020, other resolutions passed on 18 July 2020 approving the issue size, rights entitlement ratio, fixing the issue price, fixing the record date and in accordance with the provisions of the Companies Act, 2013 and the applicable Rules prescribed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company had issued 61,77,64,960 fully paid-up equity shares of face value of Rs. 2 each for cash at a price of Rs. 50 per equity share (including a premium of Rs. 48 per equity share) aggregating to Rs. 3,088.82 crores on a rights basis to eligible equity shareholders in the ratio of one equity share for every one fully paid-up equity share held on the record date, that is 23 July 2020. These equity shares were allotted on 17 August 2020. The Company has utilized the entire proceeds (net of issue related expenses) from the above referred Rights Issue for the purposes as stated in its 'Letter of Offer'.

The fresh allotment of equity shares through Rights Issue as stated above has resulted in an increase of equity share capital by Rs.123.55 crores and securities premium reserve by Rs. 2,965.27 crores.

The share issue expenses of Rs.8.54 crores have been adjusted against securities premium reserve as per the accounting policy.

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Increase in the Authorised Share Capital of the Company :

In view of Rights Issue and pursuant to the consent accorded by passing Special Resolutions by the Shareholders of Mahindra & Mahindra Financial Services Limited at the Extraordinary General Meeting ("EGM") held on Tuesday, 30 June, 2020, the Authorised share capital of the Company has been increased from Rs. 190.00 crores divided into 70,00,00,000 (Seventy crores) equity shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty lakhs) Redeemable Preference shares of Rs. 100 (Rupees hundred) each of the Company to Rs. 550.00 crores divided into 250,00,00,000 (Two hundred fifty crores) equity shares of Rs. 2 (Rupees two) each of the Company and 50,00,000 (Fifty lakhs) Redeemable Preference shares of Rs. 100 (Rupees hundred) each of the Company.

40 Transactions in the nature of change in ownership in other entities

Transactions pertaining to year ended 31 March 2021:

- i) 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').

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. Accordingly, Manulife has made a fresh equity investment infusion aggregating to US \$ 35.00 million to acquire 42% of the share capital of MAMCPL & MTCPL. 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. 20.80 Crores (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. On this sale transaction, the Company recognized a pre-tax profit of Rs.6.10 crores on a standalone basis and the same has been disclosed as exceptional item in the statement of profit and loss for the year ended 31 March 2021.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the fully paid up equity share capital. 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.

Transactions pertaining to previous year ended 31 March 2020:

- ii) 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. 286.78 Crores. 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.
- iii) During the previous year ended 31 March 2020, the Company had 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 had 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 had remitted an amount of Rs. 44.00 Crores (equivalent to LKR 110.00 Crores) 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 previous 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.

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41 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 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, effective from the financial year ended 31 March 2020, the 'regulatory capital' 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 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

	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
Tier - I capital	12,653.79	9,628.80
Tier - II capital	2,141.99	2,645.43
Total Capital	14,795.78	12,274.23
Aggregate of Risk Weighted Assets	56,944.01	62,485.47
Tier - I capital ratio	22.2%	15.4%
Total Capital ratio	26.0%	19.6%

"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.

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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. 12 month expected credit loss (ECL) allowances for financial instruments i.e. where the credit risk has not increased significantly since initial recognition, shall be included under general provisions and loss reserves in Tier II capital within the limits specified by extant regulations. Lifetime ECL shall not be reckoned for regulatory capital (numerator) while it shall be reduced from the risk weighted assets.
- (d) hybrid debt capital instruments; and
- (e) subordinated debt to the extend 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.

42 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, certain IT equipments and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, 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 as at 1 April 2019, and thereafter, at the inception of respective lease contracts, ROU asset equal to lease liability is recognized at the incremental borrowing rate prevailed during that relevant period subject to certain practical expedients as allowed by the standard.

The weighted average incremental borrowing rate of 7.00% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

a) Maturity Analysis - Contractual Undiscounted Cash Flow:

	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
Less than 1 year	52.41	54.63
1 - 3 years	85.50	82.54
3 - 5 years	54.42	53.88
More than 5 years	43.07	45.82
Total undiscounted lease liabilities	235.40	236.87

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b) Other disclosures:

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 crores	
		Amount for the year ended / As at	
		31 March 2021	31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 31 "Depreciation, amortization and impairment")	52.73	47.04
ii)	Interest expense on lease liabilities (presented under note - 28 "Finance costs")	15.40	14.63
iii)	Expense relating to short-term leases (included in Rent expenses under note 32 "Other expenses")	12.23	24.76
iv)	Expense relating to leases of low-value assets (included in Rent expenses under note 32 "Other expenses")	8.55	12.65
v)	Payments for principal portion of lease liability	42.75	38.12
vi)	Additions to right-of-use assets during the year	50.11	42.45
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")	173.58	179.88
viii)	Lease liabilities (presented under note - 20 "Other financial liabilities")	190.09	188.80

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated 24 July 2020, Ind AS 116 - Leases was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to Covid-19-Related Rent Concessions. The Company had applied the practical expedient to all such rent concessions received during the year ended 31 March 2021 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognized in the statement of profit or loss is Rs. 2.39 crores.

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease are as below :

- New vehicles to retail customers for a maximum period of 48 months with a minimum holding period of 24 months.
- 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.

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Other details are as follows:

Particulars	Rs. in crores	
	Year ended 31 March 2021	Year ended 31 March 2020
i) New vehicles to retail customers on operating lease -		
Gross carrying amount	71.40	49.26
Depreciation for the year	8.92	3.96
Accumulated Depreciation	13.20	4.28
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Gross carrying amount	2.75	3.59
Depreciation for the year	0.19	0.43
Accumulated Depreciation	0.75	0.56

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
i) New vehicles to retail customers on operating lease -		
Not later than one year	19.69	14.51
Later than one year but not later than five years	43.05	35.79
Later than five years	-	-
	62.74	50.30
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Not later than one year	0.21	0.51
Later than one year but not later than five years	0.32	0.34
Later than five years	-	-
	0.53	0.85

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.

43 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 2021 or 31 March 2020.

44 Frauds reported during the year

There were 80 cases (31 March 2020: 101 cases) of frauds amounting to Rs.2.52 crores (31 March 2020: Rs.2.85 crores) reported during the year. The Company has recovered an amount of Rs.0.61 crores (31 March 2020: Rs.0.71 crores) 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.

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45 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March 2021	As at 31 March 2020
i) Contingent liabilities		
Claims against the Company not acknowledged as debts	159.41	144.35
Guarantees	1,577.23	1,117.42
	1,736.64	1,261.77
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	12.66	13.17
Other commitments (loan sanctioned but not disbursed)	61.62	239.46
	74.28	252.63
Total	1,810.92	1,514.40

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.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

46 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 into 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 Through 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.

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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:

Particulars	As at 31 March 2021	As at 31 March 2020
Securizations -		
Carrying amount of transferred assets measured at amortized cost	10,524.45	8,855.24
Carrying amount of associated liabilities	10,390.77	8,881.71
Fair value of transferred assets (A)	10,345.25	8,769.74
Fair value of associated liabilities (B)	9,592.85	8,169.18
Net position (A-B)	752.40	600.56

47 Corporate Social Responsibility (CSR)

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company reviews the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

During the year ended 31 March 2021, the Company has incurred an expenditure of Rs.26.58 crores (31 March 2020: Rs. 25.34 crores) 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.0.64 crores (31 March 2020: Rs. 2.46 crores) towards the CSR activities undertaken by the Company.

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company will review the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

Detail of amount spent towards CSR activities :

- Gross amount required to be spent by the Company during the year is Rs.27.29 crores (31 March 2020: Rs. 22.80 Crores).
- Amount spent by the Company during the year :

Particulars	Rs. in crores					
	For the year ended 31 March 2021			For the year ended 31 March 2020		
	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	27.37	-	27.37	27.97	-	27.97

The above expenditure includes Rs.0.15 crores (31 March 2020: Rs.0.17 crores) 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.

48 During the year ended 31 March 2020, the Company has made a contribution of Rs.6.00 crores 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. There was no such contribution made during the year ended 31 March 2021.

49 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.

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50 Reconciliation of movement of liabilities to cash flows arising from financing activities

Year ended 31 March 2021

Rs. in crores

Particulars	1 April 2020	Cash flows (net)	Exchange difference	Amortization of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2021
Debt securities	17,744.87	(901.25)	-	(9.05)	-	16,834.57
Borrowings (Other than debt securities)	29,487.35	(228.16)	(124.75)	7.64	-	29,142.08
Deposits	8,812.14	626.99	-	11.53	-	9,450.66
Subordinated liabilities	3,417.95	(272.98)	-	4.40	-	3,149.37
Lease liabilities	188.81	(45.14)	-	-	46.43	190.10
Total	59,651.11	(820.54)	(124.75)	14.52	46.43	58,766.77

Year ended 31 March 2020

Rs. in crores

Particulars	1 April 2019	Cash flows (net)	Exchange difference	Amortization of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2020
Debt securities	22,319.38	(4,561.51)	-	(13.00)	-	17,744.87
Borrowings (Other than debt securities)	21,301.53	7,978.01	191.75	16.06	-	29,487.35
Deposits	5,667.18	3,138.24	-	6.72	-	8,812.14
Subordinated liabilities	3,558.84	(139.77)	-	(1.12)	-	3,417.95
Lease liabilities	-	(38.12)	-	-	226.93	188.81
Dividend paid (including tax on dividend)	-	(477.86)	-	-	-	-
Total	52,846.93	5,898.99	191.75	8.65	226.93	59,651.11

51 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.

51.1 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.

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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. 83.36 crores (31st March 2020 : Rs.

162.06 crores). 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. The 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:

Particulars	Rs. in crores			
	JPY	US Dollar	Euro	Total
As at 31 March 2021				
Financial Assets	-	-	-	-
Financial Liabilities	988.13	2485.78	206.64	3,680.55
As at 31 March 2020				
Financial Assets	-	-	-	-
Financial Liabilities	-	2,721.41	199.32	2,920.73

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

Particulars	Currency	Change in rate	Rs. in crores
			Effect on Profit Before Tax
Year ended 31 March 2021	INR/JPY	(+/-) 1.00%	(+/-) 9.88
	INR/USD	(+/-) 1.00%	(+/-) 2.07
	INR/EUR	(+/-) 1.00%	(+/-) 24.86
Year ended 31 March 2020	INR/USD	(+/-) 1.00%	(+/-) 27.21
	INR/EUR	(+/-) 1.00%	(+/-) 1.99

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:

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Particulars	Currency	Increase / decrease in basis points	Rs. in crores
			Effect on profit before tax
Year ended 31 March 2021	INR	100	135.71
Year ended 31 March 2020	INR	100	155.98

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

Particulars	Rs. in crores		
	Offsetting recognized on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognized in balance sheet
Loan assets			
At 31 March' 2021	60,029.98	82.56	59,947.42
At 31 March' 2020	65,091.55	98.03	64,993.52

Financial liabilities subject to offsetting

Particulars	Rs. in crores		
	Offsetting recognized on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Liabilities recognized in balance sheet
Other financial liabilities			
At 31 March' 2021	2,686.82	82.56	2,604.26
At 31 March' 2020	2,411.99	98.03	2,313.96

51.2 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 primarily based on days past due information. The amount represents gross carrying amount.

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Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of Retail loans		
Neither Past due nor impaired	41,694.34	49,494.84
Past Due but not impaired		
30 days past due	6,315.88	3,298.35
31-90 days past due	7,947.58	6,162.09
Impaired (more than 90 days)	5,681.06	5,484.50
Total Gross carrying value as at reporting date	61,638.86	64,439.78

Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	1,499.69	1,626.63
Past Due but not impaired		
30 days past due	81.13	497.97
31-90 days past due	138.98	78.49
Impaired (more than 90 days)	38.03	192.98
Total Gross carrying value as at reporting date	1,757.83	2,396.07

Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of Trade Advances		
Less than 60 days past due	1,113.33	963.83
61-90 days past due	22.57	211.50
Impaired (more than 90 days)	59.08	64.02
Total Gross carrying value as at reporting date	1,194.98	1,239.35

Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	3,765.44	1,129.59
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	3,765.44	1,129.59

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.

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.

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The Company categorizes 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

In case of unsecured advances (personal loans), the Company follows an early recognition norm of classification in to stage 3 assets where the overdue is more than 30 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, lease and other receivables. 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, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 and Press Release: 2019-2020/2392 dated 22 May 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its Board approved policy and ICAI advisories, has granted moratorium upto six months on the payment of installments which became due between 01 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria and accordingly, the staging of such accounts of borrowers as at 31 March 2021 is based on day past due status considering the benefit of moratorium period.

During the previous year ended 31 March 2020, in accordance with the notifications issued by the Reserve Bank of India (RBI) relating to 'COVID-19 - Regulatory Package' till the date of results, the Company, as per its Board approved policy and ICAI advisories, had considered the moratorium up to three months on the payment of installments which became due between 01 March 2020 and 31 May 2020 to all eligible borrowers. Accordingly, in respect of accounts overdue but standard (i.e, stage 1 and stage 2) as 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.

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus. Across the geographies and segments where we operate, the COVID-19 outbreak has led to a worsening of economic conditions and increased uncertainty, which has been reflected in higher ECL provisions. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy such as retail, hospitality and commercial real estate. The impact of the pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates.

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The significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 have materially impacted the performance of financial models. ECL model performance has been significantly impacted, which has increased reliance on management judgement in determining the appropriate level of ECL estimates. The reliability of ECL models under these circumstances has also been impacted by the unprecedented response from governments to provide a variety of economic stimulus packages to support livelihoods and businesses. Historical observations on which the models were built do not reflect these unprecedented support measures. We continue to monitor credit performance against the level of government support and customer relief programmes.

While the methodologies and assumptions applied in the impairment loss allowance calculations have primarily remained unchanged from those applied while preparing the financial results for the year ended 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 and has recognized an overlay of Rs.996.36 crores (31 March 2020: Rs.574.01 crores) in the statement of profit and loss. The final impact of this pandemic and the Company's impairment loss allowance estimates are inherently uncertain, and hence, 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.

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 03 September 2020 ("Interim Order"), had directed banks and NBFCs that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Company did not classify any account which was not NPA as of 31 August 2020 as per the RBI IRAC norms, as NPA after 31 August 2020.

Basis the said interim order, until 31 December 2020, the Company did not classify any additional borrower account as NPA as per the Reserve Bank of India or other regulatory prescribed norms, after 31 August 2020 which were not NPA as of 31 August 2020, however, during such periods, the Company has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 07 April 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the quarter and year ended 31 March 2021.

In accordance with the instructions in aforementioned RBI circular dated 07 April 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April 2021, the Company has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period .i.e. 01 March 2020 to 31 August 2020. The Company has estimated the said amount and made a provision of Rs. 31.75 crores in the financial statements for the year ended 31 March 2021.

(iii) In accordance with the regulatory expectation of the Reserve Bank of India to bring down the net NPA ratio below 4%, which management has agreed with, the Company, has recorded an additional provision of Rs.1,320 crores on Stage 3 loans during the quarter and year ended 31 March 2021. Resultantly, the net NPA ratio of the Company stands at 3.97 % as at 31 March 2021.

(iv) 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 account becomes 90 days past due on its contractual payments except for personal loans, where the Company has an early recognition norm of classification in to stage 3 on the basis of overdue more than 30 days past due.

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(v) 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.

(vi) 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.

(vii) 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."

(viii) 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 2021, 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.

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(ix) 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 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 unlikelihood 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.

Further, the Company classifies certain category of exposures in to Stage 3 and makes accelerated provision upto 100% based on qualitative assessment implying the significant deterioration in asset quality or increase in credit risk on selective basis.

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of COVID-19 pandemic, RBI on August 6, 2020 announced resolution plan framework vide circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 for both personal loan and MSME loan customers. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower-specific. We continue to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainty at 31 March 2021. The relevant details in respect of these loans have been presented under note 57.

(x) 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.

(xi) 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.

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ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		0	85	15
Agriculture (% real change p.a)	2021	6.5	4.2	1.9
	2022	5.4	3.1	0.8
	2023	5.6	3.3	1.0
	2024	5.3	3.0	0.7
	2025	5.8	3.5	1.2
Real GDP (% change p.a)	2020	7.2	6.1	5.0
	2021	7.3	6.2	5.1
	2022	7.6	6.5	5.4
	2023	7.5	6.4	5.3
	2024	7.4	6.3	5.2

Impairment loss

The expected credit loss allowance provision for **Retail Loans** is determined as follows:

	Rs. in crores			
	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 2021	48,010.22	7,947.58	5,681.06	61,638.86
Expected credit loss rate	0.86%	10.88%	57.54%	
Carrying amount as at 31 March 2021 (net of impairment provision)	47,599.49	7,082.67	2,412.08	57,094.24
Gross Balance as at 31 March 2020	52,793.19	6,162.09	5,484.50	64,439.78
Expected credit loss rate	1.02%	11.75%	28.31%	
Carrying amount as at 31 March 2020 (net of impairment provision)	52,254.86	5,438.15	3,931.73	61,624.74

The expected credit loss allowance provision for **SME Loans including Bills of exchange** is determined as follows:

	Rs. in crores			
	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 2021	1,580.82	138.98	38.03	1,757.83
Expected credit loss rate	0.36%	9.06%	42.70%	
Carrying amount as at 31 March 2021 (net of impairment provision)	1,575.07	126.39	21.79	1,723.25
Gross Balance as at 31 March 2020	2,124.60	78.49	192.98	2,396.07
Expected credit loss rate	0.23%	27.21%	82.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	2,119.68	57.14	34.74	2,211.56

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The expected credit loss allowance provision for **Trade Advances** is determined as follows:

	Rs. in crores			
	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2021	1,113.33	22.57	59.08	1,194.98
Expected credit loss rate	0.40%	6.52%	100.00%	
Carrying amount as at 31 March 2021 (net of impairment provision)	1,108.87	21.10	-	1,129.97
Gross Balance as at 31 March 2020	963.83	211.50	64.02	1,239.35
Expected credit loss rate	0.40%	6.77%	100.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	959.97	197.19	-	1,157.16

The expected credit loss allowance provision for **Financial Investments measured at amortized cost** is determined as follows:

	Rs. in crores			
	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 2021	3,765.44	-	-	3,765.44
Expected credit loss rate	0.01%			
Carrying amount as at 31 March 2021 (net of impairment provision)	3,765.03			3,765.03
Gross Balance as at 31 March 2020	1,129.59	-	-	1,129.59
Expected credit loss rate	0.12%			
Carrying amount as at 31 March 2020 (net of impairment provision)	1,128.23	-	-	1,128.23

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.

Notes

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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 crores			
Particulars	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
Gross carrying amount balance as at 1 April 2019	49,728.69	5,173.80	3,838.98	58,741.47
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	1,364.19	(1,127.59)	(236.60)	0.00
- Transfers to Stage 2	(5,155.84)	5,286.48	(130.64)	(0.00)
- Transfers to Stage 3	(1,973.00)	(1,253.91)	3,226.91	-
- Loans that have been derecognized during the period	(4,899.10)	(766.25)	(821.73)	(6,487.08)
New loans originated during the year	26,865.76	799.57	260.67	27,926.00
Write-offs	(0.03)	(0.18)	(335.98)	(336.19)
Remeasurement of net exposure	(13,137.48)	(1,949.83)	(317.11)	(15,404.42)
Gross carrying amount balance as at 31 March 2020	52,793.19	6,162.09	5,484.50	64,439.78

	Rs. in crores			
Particulars	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
Gross carrying amount balance as at 1 April 2020	52,793.19	6,162.09	5,484.50	64,439.78
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	1,725.54	(1,543.73)	(181.81)	-
- Transfers to Stage 2	(5,564.66)	5,732.57	(167.91)	-
- Transfers to Stage 3	(1,873.76)	(1,164.20)	3,037.96	-
- Loans that have been derecognized during the period	(4,366.75)	(566.31)	(1,332.89)	(6,265.95)
New loans originated during the year	15,963.76	284.04	80.38	16,328.18
Write-offs	(0.37)	(2.53)	(1,238.19)	(1,241.09)
Remeasurement of net exposure	(10,666.73)	(954.35)	(0.98)	(11,622.06)
Gross carrying amount balance as at 31 March 2021	48,010.22	7,947.58	5,681.06	61,638.86

Notes

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Reconciliation of ECL balance

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	509.86	569.60	645.50	1,724.96
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	163.92	(124.14)	(39.78)	-
- Transfers to Stage 2	(52.86)	74.83	(21.97)	-
- Transfers to Stage 3	(20.23)	(138.05)	158.28	-
- Loans that have been derecognized during the period	(50.23)	(84.36)	(138.17)	(272.76)
New loans originated during the year	245.40	91.13	63.30	399.83
Write-offs	(0.00)	(0.02)	(309.93)	(309.95)
Net remeasurement of loss allowance	(257.53)	334.95	1,195.53	1,272.95
ECL allowance balance as at 31 March 2020	538.33	723.94	1,552.76	2,815.03

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
ECL allowance balance as at 1 April 2020	538.33	723.94	1,552.76	2,815.03
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	232.83	(181.36)	(51.47)	-
- Transfers to Stage 2	(56.74)	104.28	(47.54)	-
- Transfers to Stage 3	(19.11)	(136.77)	155.88	-
- Loans that have been derecognized during the period	(44.53)	(66.53)	(377.37)	(488.43)
New loans originated during the year	136.57	30.91	13.48	180.96
Write-offs	(0.00)	(0.30)	(350.55)	(350.85)
Net remeasurement of loss allowance	(376.63)	390.74	2,373.79	2,387.90
ECL allowance balance as at 31 March 2021	410.72	864.91	3,268.98	4,544.61

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was Rs. 1354.86 Crores (31 March 2020: Rs. 383.53 Crores).

The overall increase in ECL allowance on the portfolio was driven by movements between stages as a result of increase in credit risk in general, along with management's decision to increase the total overlay provision to Rs. 2316.36 Crores (31 March 2020 : Rs. 574.01 Crores) in order to reflect the uncertainty and deterioration in macro-economic outlook arising from COVID-19 Pandemic as well as to meet the regulatory expectation of the RBI to bring down net NPA ratio below 4% as at 31 March 2021.

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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

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
Gross carrying amount balance as at 1 April 2019	2,286.85	32.47	176.55	2,495.87
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	46.37	(15.13)	(31.24)	(0.00)
- Transfers to Stage 2	(59.61)	62.11	(2.50)	(0.00)
- Transfers to Stage 3	(32.19)	(5.57)	37.76	0.00
- Loans that have been derecognised during the period	(981.13)	(11.82)	(25.99)	(1,018.94)
New loans originated during the year	1,767.71	44.99	50.19	1,862.89
Write-offs	-	-	-	-
Net remeasurement of exposure	(903.40)	(28.56)	(11.79)	(943.75)
Gross carrying amount balance as at 31 March 2020	2,124.59	78.49	192.98	2,396.07

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
Gross carrying amount balance as at 1 April 2020	2,124.59	78.49	192.98	2,396.07
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	23.51	(9.86)	(13.65)	-
- Transfers to Stage 2	(46.47)	49.15	(2.68)	-
- Transfers to Stage 3	(31.51)	(1.38)	32.89	-
- Loans that have been derecognized during the period	(1,173.17)	(61.05)	(16.02)	(1,250.24)
New loans originated during the year	1,128.74	96.98	0.22	1,225.94
Write-offs	(13.19)	(5.82)	(154.01)	(173.02)
Net remeasurement of exposure	(431.67)	(7.53)	(1.71)	(440.91)
Gross carrying amount balance as at 31 March 2021	1,580.84	138.98	38.02	1,757.84

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Reconciliation of ECL balance

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	2.80	0.84	68.79	72.43
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	16.50	(0.41)	(16.09)	-
- Transfers to Stage 2	(0.01)	1.37	(1.36)	-
- Transfers to Stage 3	(0.07)	(0.17)	0.24	-
- Loans that have been derecognised during the period	(0.41)	(0.26)	(7.27)	(7.94)
New loans originated during the year	2.56	0.51	40.40	43.47
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(16.46)	19.48	73.53	76.55
ECL allowance balance as at 31 March 2020	4.91	21.36	158.24	184.51

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
ECL allowance balance as at 1 April 2020	4.91	21.36	158.24	184.51
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	12.35	(1.66)	(10.69)	-
- Transfers to Stage 2	(0.19)	1.18	(0.99)	-
- Transfers to Stage 3	(0.15)	(0.31)	0.46	-
- Loans that have been derecognized during the period	(1.36)	(18.33)	(11.78)	(31.47)
New loans originated during the year	2.58	7.60	0.16	10.34
Write-offs	(0.02)	(1.00)	(132.34)	(133.36)
Net remeasurement of loss allowance	(12.36)	3.76	13.18	4.58
ECL allowance balance as at 31 March 2021	5.76	12.60	16.24	34.60

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was Rs. 161.98 Crores (31 March 2020: nil).

The reduction in ECL of the portfolio was driven by decrease in the gross size of the portfolio.

Notes

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An analysis of changes in the outstanding exposure and the corresponding ECLs in relation to other undrawn commitments is as follows :

Gross exposure reconciliation

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
Opening balance of outstanding exposure as at 1 April 2019	341.99	-	-	341.99
New Exposures	239.46	-	-	239.46
Exposure derecognized or matured/ lapsed (excluding write-offs)	(341.99)	-	-	(341.99)
- 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	239.46	-	-	239.46

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
Opening balance of outstanding exposure as at 1 April 2020	239.46	-	-	239.46
New Exposures	61.62	-	-	61.62
Exposure derecognized or matured/ lapsed (excluding write-offs)	(239.46)	-	-	(239.46)
- 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 2021	61.62	-	-	61.62

Reconciliation of ECL balance

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	2.79	-	-	2.79
New Exposures	1.14	-	-	1.14
Exposure derecognized or matured/ lapsed (excluding write-offs)	(2.79)	-	-	(2.79)
- 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	1.14	-	-	1.14

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Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
ECL allowance balance as at 1 April 2020	1.14	-	-	1.14
New Exposures	1.18	-	-	1.18
Exposure derecognized or matured/ lapsed (excluding write-offs)	(1.14)	-	-	(1.14)
- 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 2021	1.18	-	-	1.18

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

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
Gross carrying amount balance as at 1 April 2019	1,204.77	-	-	1,204.77
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	(501.08)	-	-	(501.08)
New Investments originated during the year	434.95	-	-	434.95
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(9.05)	-	-	(9.05)
Gross carrying amount balance as at 31 March 2020	1,129.59	-	-	1,129.59

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
Gross carrying amount balance as at 1 April 2020	1,129.59	-	-	1,129.59
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	(106.54)	-	-	(106.54)
New Investments originated during the year	2,742.57	-	-	2,742.57
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(0.18)	-	-	(0.18)
Gross carrying amount balance as at 31 March 2021	3,765.44	-	-	3,765.44

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Reconciliation of ECL balance

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2020				
ECL allowance balance as at 1 April 2019	2.82	-	-	2.82
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	(2.45)	-	-	(2.45)
New Investments originated during the year	1.08	-	-	1.08
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(0.09)	-	-	(0.09)
ECL allowance balance as at 31 March 2020	1.36	-	-	1.36

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2021				
ECL allowance balance as at 1 April 2020	1.36	-	-	1.36
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	(0.92)	-	-	(0.92)
New Investments originated during the year	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(0.03)	-	-	(0.03)
ECL allowance balance as at 31 March 2021	0.41	-	-	0.41

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was nil (31 March 2020 : nil).

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:

Notes

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Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Concentration by Geographical region in India:		
North	18,814.13	19,851.42
East	17,165.38	17,354.14
West	16,146.31	17,486.30
South	12,466.85	13,384.34
Total Carrying Value	64,592.67	68,076.20

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.

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:

Loan To Value	Rs. in crores			
	Gross Value of Secured Retail loans		Gross Value of Secured SME loans	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Upto 50%	4,877.24	5,771.40	496.42	723.23
51 - 70%	8,524.92	10,422.46	123.27	145.21
71 - 100%	28,756.00	38,504.86	94.70	72.78
Above 100%	19,302.86	9,462.03	66.80	230.12
	61,461.02	64,160.75	781.19	1,171.34

Gross value of credit impaired loans to value of collateral:

Loan To Value	Rs. in crores			
	Gross Value of Retail loans in Stage 3		Gross Value of SME loans in Stage 3	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Upto 50%	119.87	124.06	11.22	95.28
51 - 70%	152.99	140.99	2.30	10.46
71 - 100%	466.71	405.98	20.07	7.72
Above 100%	4,941.49	4,813.47	4.43	79.52
	5,681.06	5,484.50	38.02	192.98

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.

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Fair value of collateral held against Credit Impaired assets

Rs. in crores

31 March 2021	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	5,681.06	4,088.89	-	-	-	(539.93)	3,548.96	2,132.10	3,268.98
SME Loans	38.02	3.00	47.87	50.26	1.29	(68.18)	34.25	3.77	16.24

Rs. in crores

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	5,484.50	3,809.20	-	-	-	(547.37)	3,261.83	2,222.66	1,552.76
SME Loans	192.98	37.62	102.07	246.64	12.03	(270.82)	127.53	65.45	158.24

51.3 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

Year ended 31 March 2021

Rs. in crores

Particulars	Amount
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended *	7,099.48
ii) Respective amount where asset classification benefits is extended **	NIL
iii) Provision made on the cases where asset classification benefit is extended ***	-
iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

* Outstanding as on 31 March 2021 and 31 March 2020 respectively on account of all cases in SMA/ overdue categories where moratorium benefit was extended by the Company up to 31 August 2020.

** There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of ageing has been at actuals.

*** The Company has made adequate provision for impairment loss allowance (as per ECL model) for the year ended 31 March 2021. Further, the Company has created an additional general provision for regulatory submission in Q4 FY2020 and Q1 FY2021 amounting to Rs. 377.48 crores. The residual provisions had been written back/ adjusted by the Company in March 2021 as per the circular.

Year ended 31 March 2020

Rs. in crores

Particulars	Amount
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	7,624.29
ii) Respective amount where asset classification benefits is extended	835.89
iii) Provisions made during the Q4 - FY2020 #	-
In respect of accounts in default but standard where moratorium upto 3 months was granted, and asset classification benefit was 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 was to be made during the quarter ended 30 June 2020.	
iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

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forming part of the Financial Statements for the year ended 31 March 2021

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 was 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.41.70 Crores 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.

51.4 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 contractual 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 crores			
Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 Years and above
Non-derivative financial liabilities				
As at 31 March 2021				
Trade Payable :	643.09	-	-	-
Debt Securities :				
- Principal	3,569.80	7,571.87	2,195.00	3,546.65
- Interest	1,605.77	1,995.21	918.26	1,257.05
Borrowings (Other than Debt Securities) :				
- Principal	12,898.78	14,123.31	2,141.71	-
- Interest	1,410.26	1,028.84	103.75	-
Deposit :				
- Principal	3,893.07	4,627.10	960.99	-
- Interest	774.72	881.25	218.13	-
Subordinated liabilities :				
- Principal	155.16	210.14	449.32	2,361.09
- Interest	278.49	520.06	518.81	700.34
Other financial liabilities :	2,016.61	452.61	81.83	53.21
Total	27,245.75	31,410.39	7,587.80	7,918.34
As at 31 March 2020				
Trade Payable :	635.74	-	-	-
Debt Securities :				
- Principal	6,237.00	4,097.21	2,858.56	4,611.65
- Interest	1,428.35	2,523.16	1,266.40	1,524.59

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forming part of the Financial Statements for the year ended 31 March 2021

Particulars	Rs. in crores			
	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 Years and above
Borrowings (Other than Debt Securities) :				
- Principal	10,656.16	16,838.80	2,012.75	-
- Interest	1,744.29	1,512.84	134.71	-
Deposit :				
- Principal	1,662.24	6,108.86	1,082.86	-
- Interest	532.44	1,128.45	396.17	-
Subordinated liabilities :				
- Principal	272.20	225.16	414.46	2,536.09
- Interest	306.44	548.09	557.06	944.22
Other financial liabilities :	1,573.59	611.02	78.09	51.26
Total	25,048.45	33,593.59	8,801.06	9,667.81

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.

Particulars	Rs. in crores			
	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 Years and above
Derivative financial instruments				
As at 31 March 2021				
Gross settled:				
Foreign exchange forward contracts				
- Payable	32.64	25.98	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	-	13.01	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	35.32	65.89	-
- Receivable	26.38	2.67	-	-
Total	59.02	76.98	65.89	-
As at 31 March 2020				
Gross settled:				
Foreign exchange forward contracts				
- Payable	0.18	27.91	-	-
- Receivable	0.62	25.95	-	-
Interest Rate swaps				
- Payable	-	14.69	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	-	-	-
Total	7.73	131.32	-	-

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51.5

a) Financial Instruments regularly measured using Fair Value - recurring items

Financial assets/ financial liabilities	Fair Value				Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Rs. in crores Relationship of unobservable inputs to fair value and sensitivity
	Financial assets / financial liabilities	Category	As at 31 March 2021	As at 31 March 2020				
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	(68.21)	(16.93)	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	(79.25)	69.70	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	1,667.18	3,241.25	Level 1 Quoted market price			
4) Investment in Commercial Paper	Financial Assets	Financial instrument measured at FVTPL	197.67	-	Level 1 Quoted market price			
5) Investment in equity instruments- Unquoted	Financial Assets	Financial instrument designated at FVOCI	16.37	28.92	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 Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	4,710.88	247.76	Level 1 Quoted market price			

The company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

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b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in crores

Particulars	Unquoted Equity investment	Convertible debentures	Total
Year ended 31 March 2021			
Opening balance	28.91	0.00	28.92
Total gains or losses recognized:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	(12.54)	-	(12.54)
Fair value of -			
Purchases made during the year	-	-	-
Disposals made during the year	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	16.37	0.00	16.38
Year ended 31 March 2020			
Opening balance	11.54	10.89	22.43
Total gains or losses recognized:			
In Profit or loss			
a) in profit or loss	-	-	-
b) in other comprehensive income	2.78	-	2.78
Fair value of -			
Purchases made during the year	14.59	-	14.59
Issues made during the year	-	-	-
Disposals made during the year	-	(10.89)	(10.89)
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Closing balance	28.91	0.00	28.92

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 109.5.75.

Rs. in crores

Particulars	31 March 2021	31 March 2020
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited)		
Fair Value of Investments	16.37	16.73
Dividend income on investments held	-	-
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	-	12.19
Dividend income on investments held	-	-

There are no disposal of investment during the year ended 31 March 2021 and 2020 respectively.

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d) Financial Instruments measured at amortized cost

Rs. in crores

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2021					
Financial assets					
a) Cash and cash equivalent	570.58	570.58	570.58	-	-
b) Bank balances other than cash and cash equivalent	2,699.06	2,699.06	2,699.06	-	-
c) Trade Receivables	8.40	8.40	-	8.40	
d) Loans and advances to customers	59,947.42	60,424.68	-	-	60,424.68
e) Financial investments - at amortized cost	3,765.03	3,841.07	1,362.72	2,478.35	-
f) Other financial assets	514.05	525.65	-	525.65	-
Total	67,504.54	68,069.44	4,632.36	3,012.40	60,424.68
Financial liabilities					
a) Trade Payables	643.09	642.92	-	642.92	-
b) Debt securities	16,834.57	18,652.51	18,652.51	-	-
c) Borrowings other than debt securities	29,142.08	28,367.45	-	28,367.45	-
d) Deposits	9,450.66	10,519.07	-	10,519.07	-
e) Subordinated Liabilities	3,149.37	3,650.02	3,650.02	-	-
f) Other financial liability	2,604.26	2,606.86	-	2,606.86	-
Total	61,824.03	64,438.83	22,302.53	42,136.30	-
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	676.79	676.79	676.79	-	-
b) Bank balances other than cash and cash equivalent	748.99	748.99	748.99	-	-
c) Trade Receivables	8.59	8.59	-	8.59	-
d) Loans and advances to customers	64,993.47	64,884.60	-	-	64,884.60
e) Financial investments - at amortized cost	1,128.23	1,203.67	1,055.94	147.73	-
f) Other financial assets	476.65	487.74	-	487.74	-
Total	68,032.72	68,010.38	2,481.72	644.06	64,884.60
Financial liabilities					
a) Trade Payables	635.75	635.75	-	635.75	-
b) Debt securities	17,744.88	18,922.63	18,922.63	-	-
c) Borrowings other than debt securities	29,487.34	28,847.91	-	28,847.91	-
d) Deposits	8,812.14	9,095.44	-	9,095.44	-
e) Subordinated Liabilities	3,417.95	3,823.67	3,823.67	-	-
f) Other financial liability	2,313.96	2,316.22	-	2,316.22	-
Total	62,412.01	63,641.62	22,746.30	40,895.32	

There were no transfers between Level 1 and Level 2 during the year.

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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.

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.

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52 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 crores

	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	570.58	-	570.58	676.79	-	676.79
Bank balance	2,699.06	-	2,699.06	749.00	-	749.00
Derivative financial instruments	23.63	2.09	25.72	7.07	85.86	92.93
Trade receivables	8.40	-	8.40	8.60	-	8.60
Loans	26,478.55	33,468.87	59,947.42	25,119.26	39,874.21	64,993.47
Investments	4,345.68	7,261.57	11,607.25	3,351.10	2,559.88	5,910.98
Other financial assets	214.15	299.90	514.05	90.66	385.99	476.65
Current tax assets (Net)	-	401.65	401.65	-	239.96	239.96
Deferred tax Assets (Net)	-	862.36	862.36	-	489.63	489.63
Property, plant and equipment	-	311.49	311.49	-	337.95	337.95
Capital work-in-progress	-	10.34	10.34	-	-	-
Intangible assets under development	-	-	-	-	-	-
Other Intangible assets	-	18.63	18.63	-	25.55	25.55
Other non-financial assets	53.99	5.51	59.50	48.68	21.05	69.73
Total Assets	34,394.04	42,642.41	77,036.45	30,051.16	44,020.08	74,071.24
Liabilities						
Financial Liabilities						
Derivative financial instruments	31.27	141.91	173.18	0.18	39.98	40.16
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	643.09	-	643.09	635.74	-	635.74
Debt Securities	3,557.51	13,277.06	16,834.57	6,210.64	11,534.23	17,744.87
Borrowings (Other than Debt Securities)	12,890.02	16,252.06	29,142.08	10,657.46	18,829.89	29,487.35
Deposits	3,880.55	5,570.11	9,450.66	1,654.39	7,157.75	8,812.14
Subordinated Liabilities	154.39	2,994.98	3,149.37	271.46	3,146.49	3,417.95
Other financial liabilities	2,016.61	587.65	2,604.26	1,573.59	740.38	2,313.97
Non-Financial Liabilities						
Current tax liabilities (Net)	-	13.92	13.92	13.92	-	13.92
Provisions	111.89	103.02	214.91	57.35	85.88	143.23
Other non-financial liabilities	96.80	2.10	98.90	85.58	12.47	98.05
Total Liabilities	23,382.13	38,942.81	62,324.94	21,160.31	41,547.07	62,707.38
Net	11,011.91	3,699.60	14,711.51	8,890.85	2,473.01	11,363.86
Other undrawn commitments	61.62	-	61.62	239.46	-	239.46
Total commitments	61.62	-	61.62	239.46	-	239.46

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53 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: (entities on whom control is exercised)	Mahindra Insurance Brokers Limited Mahindra Rural Housing Finance Limited Mahindra Asset Management Company Private Limited (upto 29 April, 2020)# Mahindra Trustee Company Private Limited (upto 29 April, 2020)# MRHFL Employees Welfare Trust Mahindra & Mahindra Financial Services Ltd Employees' Stock Option 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 Integrated Business Solutions Ltd. Mahindra Vehicle Manufacturers Limited Mahindra Construction Co. Ltd. Bristlecone India Limited Mahindra Water Utilities Limited Mahindra Engineering & Chemical Products Ltd Gromax Agri Equipment Limited Mahindra First Choice Services Limited Mahindra Intertrade Limited Mahindra Holidays & Resorts India Ltd New Democratic Electoral Trust Mahindra Susten Pvt Ltd
d) Joint Ventures / Associates: (entities on whom control is exercised)	Mahindra Finance USA, Inc Ideal Finance Ltd Mahindra Manulife Investment Management Pvt. Ltd. (w.e.f. 30th April, 2020) # Mahindra Manulife Trustee Pvt. Ltd. (w.e.f. 30th April, 2020) #
e) Joint Ventures / Associates of Holding Company: (entities with whom the Company has transactions)	Tech Mahindra Limited Swaraj Engines Ltd Smartshift Logistics Solutions Pvt Ltd. (earlier known as Resfeber Labs Private Limited) PSL Media & Communications Ltd
f) Key Management Personnel:	Mr. Ramesh Iyer Mr. V Ravi (upto 24th July, 2020) Mr. Vivek Karve (w.e.f. 14th September, 2020) Mr. Dhananjay Mungale Mr. C. B. Bhave Ms. Rama Bijapurkar Mr. Milind Sarwate Mr. Arvind Sonde (upto 14th March, 2021) Mr. Amit Raje (w.e.f. 18th September, 2020) Dr. Rebecca Nugent (w.e.f. 5th March, 2021)
g) Relatives of Key Management Personnel	Ms. Janaki Iyer

Notes

forming part of the Financial Statements for the year ended 31 March 2021

(where there are transactions)

Ms. Ramlaxmi Iyer

Mr. Rishiek Iyer

Ms. Girija Subramaniam

Ms. Prema Mahadevan

Ms. Sudha Bhawe

Mr. V Murali (upto 24th July, 2020)

Ms. Srilatha Ravi (upto 24th July, 2020)

Mr. Siddharth Ravi (upto 24th July, 2020)

Ms. Asha Ramaswamy

Ms Pallavi Kotwal (w.e.f. 18th September, 2020)

Mr. Abhijit Mungale

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), 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 effective from 30 April 2020. Consequently, MMIMPL and MMTPL have been considered as joint ventures of the Company.

Notes

forming part of the Financial Statements for the year ended 31 March 2021

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Particulars	Rs. in crores													
	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures				Joint Ventures/ Associates		Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year
Loan income														
- Smartshift Logistics Solutions Pvt. Ltd.	-	-	-	-	0.14	3.07	-	-	-	-	-	-	-	-
Subvention income														
- Mahindra & Mahindra Limited	14.11	23.10	-	-	-	-	-	-	-	-	-	-	-	-
Lease rental income														
- Mahindra & Mahindra Limited	13.66	6.07	-	-	-	-	-	-	-	-	-	-	-	-
Interest income														
- Mahindra & Mahindra Limited	2.80	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from sharing services														
- Mahindra & Mahindra Limited	0.42	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	8.65	8.64	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	2.50	2.47	-	-	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	-	-	1.08	0.21	-	-	-	-	-	-
- Mahindra Manulife Trustee Pvt Ltd	-	-	-	-	-	-	0.01	0.01	-	-	-	-	-	-
Dividend Income														
- Mahindra Rural Housing Finance Limited	-	-	-	24.19	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	6.19	-	-	-	-	-	-	-	-	-	-
Interest expense														
- Mahindra & Mahindra Limited	16.59	19.03	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	5.15	3.19	-	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	25.78	11.93	-	-	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	0.51	0.66	-	-	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	1.19	-	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	-	0.58	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	0.31	0.58	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	0.17	0.01	-	-	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	0.07	0.07	-	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	10.30	0.13	-	-	-	-	-	-	-	-
Mr Ramesh Iyer	-	-	-	-	-	-	-	-	-	-	0.12	0.07	-	-

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forming part of the Financial Statements for the year ended 31 March 2021

Particulars	Holding Company	Fellow Subsidiaries				Joint Ventures/ Associates	Key Management Personnel	Relatives of Key Management Personnel	Rs. in crores
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
- Gromax Agri Equipment Limited	-	-	-	0.59	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	0.29	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	0.01	0.08	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	0.06	-	-	-	-	-
Reimbursement to parties									
- Mahindra Insurance Brokers Limited	-	-	-	0.24	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	-	0.19	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	1.99	2.59	-	-	-	-
Purchase of fixed assets									
- Mahindra & Mahindra Limited	11.63	1.91	-	-	-	-	-	-	-
- Mahindra First Choice Services Limited	-	-	-	1.76	-	-	-	-	-
Sale of fixed assets									
- Mahindra Rural Housing Finance Limited	-	-	-	0.09	-	-	-	-	-
Investments made									
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	-	50.00	-	-	-
- Ideal Finance Ltd	-	-	-	-	-	44.00	-	-	-
- Mahindra Finance CSR Foundation	-	-	-	0.00	-	-	-	-	-
- New Democratic Electoral Trust	-	-	-	-	0.01	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	-	2.50	-	-	-	-
Fixed deposits taken									
- Mahindra Insurance Brokers Limited	-	-	53.75	10.00	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	5.43	1.24	-	-	-	-
- PSL Media & Communications Ltd	-	-	-	-	0.70	1.00	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	15.00	15.90	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	0.69	1.72	-
- Mr V Ravi	-	-	-	-	-	-	-	1.00	-
- Mr C. B. Bhawe	-	-	-	-	-	-	-	0.30	-
- Others	-	-	-	-	-	-	-	3.78	4.20
Fixed deposits matured									
- Mahindra Insurance Brokers Limited	-	-	-	15.50	-	-	-	-	-

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forming part of the Financial Statements for the year ended 31 March 2021

Particulars	Rs. in crores															
	Holding Company			Subsidiary Companies			Fellow Subsidiaries / Associate Companies / Associate Joint Ventures			Joint Ventures/ Associates			Key Management Personnel		Relatives of Key Management Personnel	
	Current Year	Previous Year		Current Year	Previous Year		Current Year	Previous Year		Current Year	Previous Year		Current Year	Previous Year	Current Year	Previous Year
- PSL Media & Communications Ltd	-	-	-	-	-	-	0.80	0.80	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	-	-	1.24	-	-	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	-	-	15.90	-	-	-	-	-	-	-	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	-	-	-	-	1.61	0.66	-	-
- Mr C. B. Bhawe	-	-	-	-	-	-	-	-	-	-	-	-	0.15	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.61	2.12
Dividend paid																
- Mahindra & Mahindra Limited	-	205.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Ltd	-	-	-	1.86	-	-	-	-	-	-	-	-	-	-	-	-
- Employees' Stock Option Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	0.52	-	-
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	-	-	-	-	-	0.35	-	-
- Mr V Ravi	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-
- Ms Rama Bijapurkar	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	-
- Mr Dhananjay Mungale	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-	-
- Mr V. S. Parthasarthy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits taken																
- Mahindra & Mahindra Limited	-	100.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	55.75	-	-	-	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	500.00	-	-	-	-	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	-	-	10.00	-	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	-	-	15.75	-	-	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	-	180.00	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits repaid / matured																
- Mahindra & Mahindra Limited	100.00	400.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	-	-	17.25	37.50	-	-	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	-	-	-	400.00	-	-	-	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	-	100.00	-	-	-	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	-	-	10.00	10.00	-	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	-	-	5.00	10.50	-	-	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	-	-	-	10.00	-	-	-	-	-	-	-	-	-

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forming part of the Financial Statements for the year ended 31 March 2021

Particulars	Holding Company	Subsidiary Companies	Fellow Subsidiaries / Associate Companies / Associate Joint Ventures	Joint Ventures/ Associates	Key Management Personnel	Relatives of Key Management Personnel	Rs. in crores
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Debentures issued							
- Mahindra & Mahindra Limited	-	195.00	-	-	-	-	-
Debentures matured							
- Mahindra & Mahindra Limited	100.00	-	-	-	-	-	-
Issue of Share Capital (incl Securities premium)							
- Mahindra & Mahindra Limited	1,640.96	-	-	-	-	-	-
- Mahindra & Mahindra Financial Services Ltd	-	-	-	-	-	-	-
- Employees' Stock Option Trust	-	10.32	-	-	-	-	-
Balances as at the end of the period							
Receivables							
- Mahindra & Mahindra Limited	-	2.98	-	-	-	-	-
- Mahindra Rural Housing Finance Limited	-	-	1.68	1.41	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	-	0.05	0.03	-
- Mahindra Manulife Trustee Pvt Ltd	-	-	-	-	0.01	0.01	-
Loan given (including interest accrued but not due)							
- Mahindra Construction Co. Ltd.	-	-	3.34	3.34	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	18.80	-	-	-
Inter corporate deposits given (including interest accrued but not due)							
- Mahindra Construction Co. Ltd.	-	-	1.13	1.13	-	-	-
Investments							
- Mahindra Rural Housing Finance Limited	-	799.30	-	-	-	-	-
- Mahindra Insurance Brokers Limited	-	0.45	-	0.45	-	-	-
- Mahindra Manulife Investment Management Pvt Ltd	-	-	-	195.30	210.00	-	-
- Mahindra Manulife Trustee Pvt Ltd	-	-	-	0.50	0.50	-	-
- Mahindra Finance CSR Foundation	-	0.00	-	-	-	-	-
- Mahindra Finance USA, Inc	-	-	-	210.55	210.55	-	-
- Ideal Finance Ltd.	-	-	-	44.00	44.00	-	-
- New Democratic Electoral Trust	-	-	0.02	0.01	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	9.50	9.50	-	-	-

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forming part of the Financial Statements for the year ended 31 March 2021

Particulars	Fellow Subsidiaries / Associate Companies / Associate Joint Ventures												Key Management Personnel				Relatives of Key Management Personnel				Rs. in crores		
	Holding Company		Subsidiary Companies		Associate Joint Ventures		Joint Ventures/ Associates		Key Management Personnel		Relatives of Key Management Personnel												
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year											
Payables																							
- Mahindra & Mahindra Limited	8.67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Insurance Brokers Limited	-	-	11.77	12.37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra First Choice Wheels Limited	-	-	-	-	5.41	3.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra USA, Inc	-	-	-	-	0.25	1.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Integrated Business Solutions Limited	-	-	-	-	1.59	1.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- NBS International Limited	-	-	-	-	0.18	0.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Defence Systems Ltd	-	-	-	-	0.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	-	0.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Others	-	-	-	-	0.15	0.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Inter corporate deposits taken (including interest accrued but not due)																							
- Mahindra & Mahindra Limited	-	102.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Insurance Brokers Limited	-	-	4.02	21.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Tech Mahindra Limited	-	-	-	-	523.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Swaraj Engines Limited	-	-	-	-	-	10.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Water Utilities Limited	-	-	-	-	4.03	8.82	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	188.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Debentures (including interest accrued but not due)																							
- Mahindra & Mahindra Limited	102.71	201.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Fixed deposits (including interest accrued but not due)																							
- Mahindra Insurance Brokers Limited	-	-	90.49	32.99	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Engineering & Chemical Products Ltd	-	-	-	-	5.51	1.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- PSL Media & Communications Ltd	-	-	-	-	0.94	1.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	15.02	16.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Mr Ramesh Iyer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.83	1.76	-	-	-			
- Mr V Ravi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.24	1.14	-	-	-			
- Mr C. B. Bhawe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.71	0.88	-	-	-			
- Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.86			
																6.27							

Key Management Personnel as defined in Accounting Standard 18

Notes

forming part of the Financial Statements for the year ended 31 March 2021

iii) 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.

Name of the KMP	Nature of transactions	Rs. in crores	
		31 March 2021	31 March 2020
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)			
	Gross Salary including perquisites	4.69	4.70
	Commission	1.28	1.64
	Stock Option	0.90	0.07
	Others - Contribution to Funds	0.31	0.30
		7.18	6.71
Mr. V. Ravi (Executive Director & Chief Financial Officer)			
(Retired w.e.f. 24 July 2020)	Gross Salary including perquisites	2.36	2.42
	Commission	0.76	0.95
	Stock Option	0.50	-
	Others - Contribution to Funds	-	0.09
		3.62	3.46
Mr. Dhananjay Mungale (Chairman & Independent Director)			
	Commission	0.28	0.28
	Other benefits	0.13	0.11
		0.41	0.39
Ms. Rama Bijapurkar (Independent Director)			
	Commission	0.21	0.21
	Other benefits	0.10	0.09
		0.31	0.30
Mr. C.B. Bhawe (Independent Director)			
	Commission	0.21	0.21
	Other benefits	0.12	0.10
		0.33	0.31
Mr. Milind Sarwate (Independent Director)			
(Appointed w.e.f. 1 April 2019)	Commission	0.21	-
	Other benefits	0.13	0.10
		0.34	0.10
Mr. Arvind V. Sonde (Independent Director)			
(Appointed w.e.f. 9 December 2019)	Commission	0.07	-
(Retired w.e.f. 15 March 2021)	Other benefits	0.08	0.01
		0.15	0.01
Dr. Rebecca Nugent			
(Appointed w.e.f. 5 March 2021)	Commission	-	-
	Other benefits	0.01	-
		0.01	-

Notes

forming part of the Financial Statements for the year ended 31 March 2021

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2021

					Rs. in crores
Particulars	Relation	Balance as on 1 April 2020	Advances / investments	Repayments/ sale	Balance as on 31 March 2021
(A) Loans and advances					
Mahindra Rural Housing Finance Limited	Subsidiary	-	-	-	-
Mahindra Retail Private Limited	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Private Limited	Fellow subsidiary	-	-	-	-
Smartshift Logistics Solutions Private Limited (refer note no. (iii))	Fellow Associate	18.63	-	18.63	-
		18.63	-	18.63	-
(B) Unsecured redeemable non-convertible subordinate debentures					
Mahindra Rural Housing Finance Limited	Subsidiary	-	-	-	-
(C) Investments					
Mahindra Insurance Brokers Limited	Subsidiary	0.45	-	-	0.45
Mahindra Rural Housing Finance Limited	Subsidiary	799.30	-	-	799.30
Mahindra Manulife Investment Management Private Limited (w.e.f. 30 April 2020) (Formerly known as Mahindra Asset Management Company Private Limited. (up to 29 April 2020)) #	Joint Venture	210.00	-	14.70	195.30
Mahindra Manulife Trustee Private Limited (w.e.f. 30 April 2020) (Formerly known as Mahindra Trustee Company Private Limited. (up to 29 April 2020)) #	Joint Venture	0.50	-	-	0.50
Mahindra Finance CSR Foundation	Wholly owned Subsidiary	0.00	-	-	0.00
Mahindra Finance USA, LLC	Joint Venture	210.55	-	-	210.55
Ideal Finance Limited, Sri Lanka	Joint Venture	44.00	-	-	44.00
Smartshift Logistics Solutions Private Limited (refer note no. (iii))	Fellow Associate	9.50	-	-	9.50
New Democratic Electoral Trust	Fellow subsidiary	0.01	0.01	-	0.02
		1,274.31	0.01	14.70	1,259.62
Total		1,292.94	0.01	33.33	1,259.62

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), 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 effective from 30 April 2020.

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forming part of the Financial Statements for the year ended 31 March 2021

As at 31 March 2020

					Rs. in crores
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 Limited	Subsidiary	-	-	-	-
Mahindra Retail Private Limited	Fellow subsidiary	-	-	-	-
2 x 2 Logistics Private Limited	Fellow subsidiary	-	-	-	-
Smartshift Logistics Solutions Private Limited (refer note no. (iii))	Fellow Associate	17.00	8.00	6.37	18.63
		17.00	8.00	6.37	18.63
(B) Unsecured redeemable non-convertible subordinate debentures					
		-	-	-	-
(C) Investments					
Mahindra Insurance Brokers Limited	Subsidiary	0.45	-	-	0.45
Mahindra Rural Housing Finance Limited	Subsidiary	512.52	286.78	-	799.30
Mahindra Asset Management Company Private Limited	Wholly owned Subsidiary	160.00	50.00	-	210.00
Mahindra Trustee Company Private Limited	Wholly owned Subsidiary	0.50	-	-	0.50
Mahindra Finance CSR Foundation	Wholly owned Subsidiary	-	0.00	-	0.00
Mahindra Finance USA, LLC	Joint Venture	210.55	-	-	210.55
Ideal Finance Limited, Sri Lanka	Joint Venture	-	44.00	-	44.00
Smartshift Logistics Solutions Private Limited. (refer note no. (iii))	Fellow Associate	7.00	2.50	-	9.50
New Democratic Electoral Trust	Fellow subsidiary	0.01	-	-	0.01
		891.03	383.28	-	1,274.31
Total		908.03	391.28	6.37	1,292.94

Notes :

- Above loans & advances and investments have been given for general business purposes of the recipient and figures are at historical cost.
- There were no guarantees given / securities provided during the year.
- Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Horizonte Business Solutions Limited with the former.

Horizonte 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 for the year ended 31 March 2021

54 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 crores			
Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities side:					
1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid :				
	(a) Debentures :				
	- Secured	16,895.90	-	18,454.56	-
	- Unsecured	645.41	-	430.30	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	14,354.51	-	17,362.35	-
	(d) Inter-corporate loans and Other Borrowings	720.56	-	142.66	-
	(e) Commercial Paper	494.52	-	-	-
	(f) Public Deposits	9,319.48	-	8,807.99	-
	(g) Fixed Deposits accepted from Corporates	770.05	-	426.54	-
	(h) FCNR Loans	-	-	183.02	-
	(i) External Commercial Borrowings	3,726.99	-	2,756.91	-
	(j) Associated liabilities in respect of securitization transactions	10,400.11	-	8,893.21	-
	(k) Subordinate debt (including NCDs issued through Public issue)	3,389.93	-	3,667.49	-
	(l) Other Short Term Loans and credit facilities from banks	90.01	-	264.01	-
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	9,319.48	-	8,807.99	-

Notes

forming part of the Financial Statements for the year ended 31 March 2021

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
	Amount Outstanding	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	2,271.29	2,654.48
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	0.21	0.64
(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	179.23	458.70
(b) Loans other than (a) above	57,505.09	61,888.24
5) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	24.77
(iii) Units of mutual funds	1,667.18	3,241.25
(iv) Government Securities	30.00	5.00
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	-	-
(vi) Commercial Papers	197.67	-
(vii) Investments in Pass Through Certificates under securitization transactions	46.82	80.07
(viii) Investment in Triparty Repo Dealing System (TREPS)	2,404.00	-
Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds (Bonds of FCI NCDs of NABARD)	288.37	104.75
(iii) Units of mutual funds	-	-
(iv) Government Securities	5706.51	1118.51
2. Unquoted :		
(i) Shares : (a) Equity	1266.49	1293.73
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Investments in Pass Through Certificates under securitization transactions	0.21	42.90

Notes

forming part of the Financial Statements for the year ended 31 March 2021

6) Borrower group-wise classification assets financed as in (3) and (4) above :

Rs. in crores

Category	As at 31 March 2021			As at 31 March 2020		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	57,684.32	2,271.50	59,955.82	62,346.94	2,655.12	65,002.07
Total	57,684.32	2,271.50	59,955.82	62,346.94	2,655.12	65,002.07

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Rs. in crores

Category	As at 31 March 2021		As at 31 March 2020	
	Market Value/ Break up or fair value or NAV	Book Value (net of provisions)	Market Value/ Break up or fair value or NAV	Book Value (net of provisions)
1. Related Parties				
(a) Subsidiaries	799.75	799.75	1,010.25	1,010.25
(b) Companies in the same group	466.74	466.74	268.17	268.17
(c) Other related parties	-	-	-	-
2. Other than related parties	10,341.17	10,340.76	4,630.80	4,629.44
Total	11,607.66	11,607.25	5,909.22	5,907.86

8) Other information:

Rs. in crores

Particulars	As at 31 March 2021	As at 31 March 2020
i) Gross Non-Performing Assets :		
(a) Related parties	4.73	4.73
(b) Other than related parties	5,781.21	5,742.01
ii) Net Non-Performing Assets :		
(a) Related parties	-	-
(b) Other than related parties	2,433.88	3,966.47
iii) Assets acquired in satisfaction of debt :	-	-

Notes

forming part of the Financial Statements for the year ended 31 March 2021

55 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 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, effective from 31 March 2020, CRAR 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 2021	As at 31 March 2020
CRAR (%)	26.0%	19.6%
CRAR-Tier I Capital (%)	22.2%	15.4%
CRAR-Tier II Capital (%)	3.8%	4.2%
Amount of subordinated debt raised as Tier-II capital (Rs. in crores)	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

II) Investments

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
Value of Investments		
(i) Gross Value of Investments		
(a) In India	11,353.11	5,657.78
(b) Outside India	254.55	254.54
(ii) Provisions for Depreciation		
(a) In India	0.41	1.36
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	11,352.70	5,656.42
(b) Outside India	254.55	254.54
Movement of provisions held towards depreciation on investments.		
(i) Opening balance	1.36	2.82
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	(0.95)	(1.46)
(iv) Closing balance	0.41	1.36

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
(i) The notional principal of swap agreements	3,703.29	2,832.99
(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))	(147.46)	52.77

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

Notes

forming part of the Financial Statements for the year ended 31 March 2021

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 sizeable trading capacity and capability to enter into transactions in any markets around the world.
- iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions 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 available:

	As at 31 March 2021		As at 31 March 2020	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i) Derivatives (Notional Principal Amount)				
- For hedging	-	3,703.29	-	2,832.99
ii) Marked to Market Positions [1]				
(a) Asset (+) Estimated gain	25.72	-	92.93	-
(b) Liability (-) Estimated loss	(160.21)	(12.97)	(25.59)	(14.57)
iii) Credit Exposure [2]	-	-	-	-
iv) Unhedged Exposures	-	-	-	-

Rs. in crores

Notes

forming part of the Financial Statements for the year ended 31 March 2021

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:

Sr. no.	Particulars	Rs. in crores	
		As at 31 March 2021	As at 31 March 2020
1)	No of SPVs sponsored by the NBFC for securitization transactions	21	24
2)	Total amount of securitized assets as per books of the SPVs sponsored	10,390.77	8,881.71
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	1,547.25	1,115.33
	Others	-	-
	b) On-balance sheet exposures		
	First loss-	-	-
	Cash collateral term deposits with banks	485.34	485.34
	Others-	-	-
	Retained interest in pass through certificates (excluding accrued interest)	-	-
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	1,428.78	1,194.09
	(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.

Notes

forming part of the Financial Statements for the year ended 31 March 2021

c) Details of Assignment transactions undertaken by NBFCs

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
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	-	-

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

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
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.	3.92	11.19
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	3.92	11.19

Notes

forming part of the Financial Statements for the year ended 31 March 2021

b) Exposure to Capital Market

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
(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;	-	-
(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	-	-

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2020-21, 49 % (31 March 2020: 40%) 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 2021, the amount of unsecured advances stood at Rs. 2350.47 crores (31 March 2020: Rs.2744.10 crores).

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 53)

Notes

forming part of the Financial Statements for the year ended 31 March 2021

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating -

During the year under review, CRISIL Ratings 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, Commercial Paper 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, CARE Ratings, formerly 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)

X) Provisions and Contingencies

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	(0.96)	(1.46)
Provision towards non-performing assets (Stage 3 assets)	1,571.77	1,000.40
Provision made towards Income tax	450.30	556.94
Other Provision and Contingencies (with details)	0.04	(1.65)
Provision for diminution in the fair value of restructured advances	-	-
Provision for Standard Assets (Stage 1 and Stage 2 assets)	(6.73)	219.82

Draw Down from Reserves

Year ended March 31, 2021 : Nil

Year ended March 31, 2020 : Nil

Notes

forming part of the Financial Statements for the year ended 31 March 2021

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
Total Deposits of twenty largest depositors	637.37	446.06
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	6.7%	5.1%

b) Concentration of Advances

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
Total Advances to twenty largest borrowers	750.56	733.92
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.2%	1.1%

c) Concentration of Exposures

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
Total Exposure to twenty largest borrowers / customers	750.56	733.92
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.2%	1.1%

d) Concentration of NPAs

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
Total Exposure to top four NPA accounts	85.55	67.05

e) Sector - wise NPAs

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
i) Agriculture & allied activities	12.5%	10.7%
ii) Auto loans	8.2%	7.8%
iii) MSME	2.5%	7.6%
iv) Corporate borrowers	11.7%	10.4%
v) Unsecured personal loans	10.5%	1.7%
vi) Other personal loans	-	-
vii) Services	-	-

Notes

forming part of the Financial Statements for the year ended 31 March 2021

f) Movement of NPAs

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
i) Net NPAs to Net Advances (%)	3.97%	5.98%
ii) Movement of NPAs (Gross)		
(a) Opening balance	5,746.74	4,070.57
(b) Additions during the year	3,151.30	3,260.86
(c) Reductions during the year	(3,112.10)	(1,584.69)
(d) Closing balance	5,785.94	5,746.74
iii) Movement of Net NPAs		
(a) Opening balance	3,966.47	3,290.70
(b) Additions during the year	591.84	1,725.89
(c) Reductions during the year	(2,124.43)	(1,050.12)
(d) Closing balance	2,433.88	3,966.47
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,780.26	779.86
(b) Provisions made during the year	2,559.47	1,534.97
(c) Write-off / write-back of excess provisions	(987.67)	(534.57)
(d) Closing balance	3,352.06	1,780.26

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

			Rs. in crores	
Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	As at 31 March 2021	As at 31 March 2020
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	3,669.50	3,956.36
Ideal Finance Limited	Ideal Finance Limited, Sri Lanka	Sri Lanka	77.98	77.83

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

Notes

forming part of the Financial Statements for the year ended 31 March 2021

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at March 31 2021

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	184.84	202.67	254.76	997.02	2,241.26	4,612.21	957.90	-	9,450.66
Advances	6,756.57	2,199.23	2,156.17	5,177.86	10,188.72	27,159.17	6,269.69	40.01	59,947.42
Reserves & surplus	-	-	-	-	-	-	-	14,465.11	14,465.11
Investments	4,081.41	16.27	5.86	210.46	31.68	880.83	2,315.14	4,065.60	11,607.25
Borrowings	650.25	1,581.41	2,713.09	3,238.94	6,933.59	20,340.49	4,116.08	5,871.62	45,445.47
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	1,484.64	1,536.01	659.90	-	3,680.55

As at March 31 2020

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	104.80	107.39	129.24	408.12	904.84	6,080.01	1,077.75	-	8,812.15
Advances	5,406.35	420.41	2,361.76	5,898.19	11,032.55	31,155.66	8,647.80	70.75	64,993.47
Reserves & surplus	-	-	-	-	-	-	-	11,240.79	11,240.79
Investments	3,248.15	11.87	13.06	26.87	51.15	107.94	76.01	2,375.93	5,910.98
Borrowings	1,640.55	540.00	2,248.86	4,204.36	8,322.85	18,389.76	4,926.81	7,456.25	47,729.44
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	182.94	2,737.79	-	-	2,920.73

XV Disclosure of complaints

Customer complaints

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) No. of complaints pending at the beginning of the year	1,693	681
(b) No. of complaints received during the year	22,032	10,002
(c) No. of complaints redressed during the year	22,962	8,990
(d) No. of complaints pending at the end of the year	763	1,693

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56 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

(A) Public disclosure on liquidity risk :

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

As at 31 March 2021

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in crores)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	18	36,036.19	381.31%	57.82%

As at 31 March 2020

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in crores)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	19	34,313.66	389.39%	54.72%

ii) Top 20 large deposits (amount in Rs. in crores and % of total deposits)

As at 31 March 2021

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 20 large deposits	637.37	6.7%

As at 31 March 2020

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 20 large deposits	446.06	5.06%

iii) Top 10 borrowings (amount in Rs. in crores and % of total borrowings)

As at 31 March 2021

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 10 borrowings	30,294.10	51.72%

As at 31 March 2020

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 10 borrowings	26,866.68	45.18%

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forming part of the Financial Statements for the year ended 31 March 2021

iv) Funding Concentration based on significant instrument/product

Sr. no.	Name of the instrument/product	As at 31 March 2021		As at 31 March 2020	
		Amount (Rs. in crores)	% of Total liabilities	Amount (Rs. in crores)	% of Total liabilities
1	Non-convertible debentures (Secured)	15,990.30	25.66%	17,395.21	27.74%
2	Term loans from banks (including FCNR loans)	14,382.90	23.08%	17,727.85	28.27%
3	External Commercial Borrowings	3,680.55	5.91%	2,737.79	4.37%
4	Associated liabilities in respect of securitization transactions	10,390.77	16.67%	8,881.71	14.16%
5	Public deposits	9,450.66	15.16%	8,812.14	14.05%
6	Subordinated redeemable non-convertible debentures	3,149.37	5.05%	3,417.95	5.45%
7	Inter-corporate deposits (ICDs)	687.86	1.10%	-	0.00%
		57,732.41	92.63%	58,972.65	94.04%
	Funding Concentration pertaining to insignificant instruments/products	844.27	1.35%	489.66	0.78%
	Total borrowings under all instruments/products	58,576.68	93.99%	59,462.31	94.83%

v) Stock Ratios

As at 31 March 2021

Sr. no.	Name of the instrument/product	Amount (Rs. in crores)	% of total public funds	% of total liabilities	% of total assets
a)	Commercial papers (CPs)	494.52	0.84%	0.79%	0.64%
b)	Non-convertible debentures (NCDs) with original maturity of less than one year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	1,899.49	3.24%	3.05%	2.47%

As at 31 March 2020

Sr. no.	Name of the instrument/product	Amount (Rs. in crores)	% 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	2,262.38	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.

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forming part of the Financial Statements for the year ended 31 March 2021

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.

As per the 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, all deposit taking NBFCs are required to maintain Liquidity Coverage Ratio (LCR) from 1 December 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by 1 December 2024.

Notes

forming part of the Financial Statements for the year ended 31 March 2021

(B) Liquidity Coverage Ratio (LCR) for the year ended 31 March 2021

Particulars	Rs. in crores			
	Quarter ended 31 March 2021	Quarter ended 31 December 2020	Quarter ended 30 September 2020	Quarter ended 30 June 2020
	Total Unweighted Value (average)	Total Unweighted Value (average)	Total Unweighted Value (average)	Total Unweighted Value (average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA) (refer note 1 below)	4,900.95	4,385.84	3,333.05	2,970.54
Cash Outflows				
2 Deposits (for deposit taking companies)	165.86	165.86	158.32	158.32
3 Unsecured wholesale funding	358.20	358.20	141.34	141.34
4 Secured wholesale funding	1,024.93	1,024.93	1,145.75	1,145.75
5 Additional requirements, of which				
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
ii) Outflows related to loss of funding on debt products	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-
6 Other contractual funding obligations	1,437.31	1,437.31	1,424.33	1,424.33
7 Other contingent funding obligations	46.84	46.84	53.75	53.75
8 TOTAL CASH OUTFLOWS	3,033.15	3,033.15	2,923.48	2,923.48
Cash Inflows				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	3,787.72	3,787.72	4,024.93	4,024.93
11 Other cash inflows	3,738.17	2,418.84	4,595.06	3,207.40
12 TOTAL CASH INFLOWS	7,525.89	6,206.56	8,619.99	7,232.33
TOTAL ADJUSTED VALUES				
13 TOTAL HQLA	4,900.95	4,385.84	3,333.05	2,970.54
14 TOTAL NET CASH OUTFLOWS	(4,492.74)	(3,173.41)	(5,696.51)	(4,308.85)
25 % of Total Cash Out Flow	758.29	758.29	730.87	730.87
15 LIQUIDITY COVERAGE RATIO (%)	646%	578%	456%	406%
			131%	115%
			898.24	898.24
			26%	23%

Notes

forming part of the Financial Statements for the year ended 31 March 2021

Computation of Net cash outflows

	Quarter ended 31 March 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
Net Cash outflows over the 30 days period								
A) Stressed Cash Outflows @ 115% of Outflows	3,488.12	3,488.12	3,362.00	3,362.00	3,447.78	3,447.78	4,131.90	4,131.90
B) Stressed Cash Inflows @ 75% of Inflows	5,644.42	4,654.92	6,465.00	5,424.25	5,141.14	4,120.41	3,695.68	3,059.98
C) Net Stressed Cash Flows (Stressed Cash Out Flow - Stressed Cash Inflow)	(2,156.29)	(1,166.79)	(3,102.99)	(2,062.24)	(1,693.36)	(672.62)	436.22	1,071.92
D) 25% of Stressed Cash Outflows	872.03	872.03	840.50	840.50	861.95	861.95	1,032.98	1,032.98
E) Greater Value of C or D	872.03	872.03	840.50	840.50	861.95	861.95	1,032.98	1,071.92
F) Liquidity Coverage Ratio (%) After Applying Stress Factor - (1 / E)	562%	503%	397%	353%	114%	100%	22%	19%

Notes:

- 1) The average weighted and unweighted amounts are calculated taking simple average based on monthly observation for the respective quarter. The weightage factor applied to compute weighted average value is constant for all the quarters.
- 2) Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in debt mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines in order to meet the LCR requirement.
- 3) Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
- 4) Components of High Quality Liquid Assets (HQLA)

	Quarter ended 31 March 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
Particulars								
I) Assets to be included as HQLA without any haircut:								
- Government securities	4,400.60	3,960.54	2,749.00	2,474.10	507.81	457.02	138.77	124.89
II) Assets to be considered for HQLA with a minimum haircut of 15%:								
- Corporate Bonds	261.86	222.58	245.00	208.25	210.67	179.07	92.61	78.72
III) Assets to be considered for HQLA with a minimum haircut of 50%:								
- Commercial Papers	238.50	202.72	339.05	288.19	264.45	224.78	-	-
TOTAL	4,900.96	4,385.84	3,333.05	2,970.54	982.93	860.87	231.38	203.61
5) Since the disclosure is effective from current financial year, the comparative disclosure for previous year is not applicable.								

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Qualitative information:

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

HQLAs comprise of Cash*, Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

* Cash would mean cash on hand and demand deposits with Scheduled Commercial Banks.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board (ALCO) and Asset Liability Management Committee (ALMCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. Risks relating to foreign currency and interest rate is mitigated by entering in corresponding hedge transactions. Any potential collateral calls from the same forms a miniscule part of cash outflows. There is no currency mismatch in the LCR. The above is periodically monitored by ALMCO and reviewed by ALCO.

57 Disclosure as required under Guidelines on Resolution Framework for COVID-19-related Stress issued by RBI vide notification no. RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated 6 August 2020

During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020.

i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2021

Type of borrower	Rs. in Crores				
	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	0	-	-	-	-
Corporate persons*	3	43.59	-	-	1.21
Of which, MSMEs	0	-	-	-	-
Others	0	-	-	-	-
Total	3	43.59	-	-	1.21

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

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Disclosure as per format prescribed under notification no. RBI/2020-21/17 DOR. No.BP.BC/4/21.04.048/2020-21 (for restructuring of accounts of Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than Rs. 25 crores) for the year ended 31 March 2021

No. of accounts restructured*	Amount (Rs. in Crores)**
259	19.59

* accounts restructured are retail loans used for commercial purpose.

** represents the amount of loan restructured.

58 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

Year ended 31 March 2021

Rs. . in crores						
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	50,712.64	421.34	50,291.30	202.92	218.42
	Stage 2	8,109.25	879.02	7,230.23	40.62	838.40
Subtotal for standard		58,821.89	1,300.36	57,521.53	243.54	1,056.82
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,236.78	2,306.28	930.49	398.76	1,907.52
Doubtful - up to 1 year	Stage 3	1,360.05	388.76	971.29	761.11	(372.35)
1 to 3 years	Stage 3	1,023.68	511.89	511.79	816.06	(304.17)
More than 3 years	Stage 3	60.66	40.36	20.30	59.33	(18.97)
Subtotal for doubtful		2,444.39	941.01	1,503.38	1,636.50	(695.49)
Loss	Stage 3	104.77	104.77	0.00	104.77	(0.00)
Subtotal for NPA		5,785.94	3,352.06	2,433.87	2,140.03	1,212.03
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	-	1.18	(1.18)	-	1.18
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	1.18	(1.18)	-	1.18
Total	Stage 1	50,712.64	422.52	50,290.12	202.92	219.60
	Stage 2	8,109.25	879.02	7,230.23	40.62	838.40
	Stage 3	5,785.94	3,352.06	2,433.87	2,140.03	1,212.03
Total		64,607.82	4,653.60	59,954.22	2,383.57	2,270.03

Year ended 31 March 2020

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Rs. in crores						
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	55,890.23	547.11	55,343.12	223.56	323.55
	Stage 2	6,452.07	759.61	5,692.46	67.50	692.11
Subtotal for standard		62,342.30	1,306.72	61,035.58	291.06	1,015.66
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,005.33	921.96	2,083.37	334.92	587.04
Doubtful - up to 1 year	Stage 3	1,446.53	444.26	1,002.27	714.40	(270.14)
1 to 3 years	Stage 3	1,020.57	257.63	762.94	829.55	(571.92)
More than 3 years	Stage 3	155.36	37.72	117.64	153.59	(115.87)
Subtotal for doubtful		2,622.46	739.61	1,882.85	1,697.54	(957.93)
Loss	Stage 3	118.94	118.70	0.24	118.94	(0.24)
Subtotal for NPA		5,746.73	1,780.27	3,966.46	2,151.40	(371.13)
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	-	2.50	(2.50)	-	2.50
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	2.50	(2.50)	-	2.50
Total	Stage 1	55,890.23	549.61	55,340.62	223.56	326.05
	Stage 2	6,452.07	759.61	5,692.46	67.50	692.11
	Stage 3	5,746.73	1,780.27	3,966.46	2,151.40	(371.13)
Total		68,089.03	3,089.49	64,999.54	2,442.46	647.03

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 2021 and 31 March 2020, no amount is required to be transferred to 'Impairment Reserve' for both the financial years. 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 2021 and 31 March 2020, there were no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ DPD 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**

Notes

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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.

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.

59 Disclosures pertaining to Fund raising by issuance of Debt Securities by Large

Notes

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Corporates as per SEBI notification no. SEBI/HO/DDHS/CIR/P/2018/144 dated 26 November 2018

As per the definition given in above referred notification, the Company is a Large Corporate and hence is required to disclose the following information about its borrowings.

i) Initial Disclosure as per Annexure - 'A' for the FY: 2021-22

Sr. no.	Particulars	Details
(1)	Name of the company	Mahindra & Mahindra Financial Services Limited
(2)	CIN	L65921MH1991PLC059642
(3)	Outstanding borrowing of the Company as on 31 March 2021	Rs. 41,571.97 Crores
(4)	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	☐ IND AAA / Stable by India Ratings & Research Private Limited ☐ CARE AAA / Stable by CARE Ratings Limited ☐ BWR AAA / Stable by Brickwork Ratings India Private Limited
(5)	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

ii) Annual disclosure as per Annexure - B1 for the year ended 31 March 2021 and 31 March 2020

Sr. no.	Particulars	Year ended 31 March 2021	Rs. in Crores Year ended 31 March 2020
(1)	Incremental borrowing done (a)	10,242.83	16,169.57
(2)	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	2,560.71	4,042.39
(3)	Actual borrowings done through debt securities (c)	4,815.90	4,957.80
(4)	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b)-(c)	NIL	NIL
(5)	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA	NA

Notes:

- Figures pertain to long-term borrowing basis original maturity of more than one year (excludes External Commercial Borrowings, Inter-corporate borrowings between a parent & subsidiaries and securitization portfolio outstanding); and
- Figures are taken on the basis of cash flows / principal maturity value, excluding accrued interest, if any.

60 Disclosures on COVID-19 Relief Schemes announced by the Government of India, Ministry of Finance

i) Scheme of "Emergency Credit Line Guarantee Scheme" (ECLGS)

In view of COVID-19 crisis, the Government of India, Ministry of Finance had announced a special scheme, namely, ECLGS for providing 100% guarantee coverage for additional term loan facility to the existing customers on the books of the Company. The fund and the scheme is managed and operated by National Credit Guarantee Trustee Company Limited, which is a wholly owned trustee company of Government of India. During the year ended 31 March 2021, in accordance with the operational guidelines of the scheme (as amended), the Company has disbursed an amount of Rs.528.34 crores as additional term loan facility to 36138 eligible customer accounts of the Company.

Notes

forming part of the Financial Statements for the year ended 31 March 2021

61 Events after the reporting date

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 61

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

Place: Mumbai

Date: 23 April 2021

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Place: Mumbai

Date: 23 April 2021

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited
 Report on the Audit of 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 (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2021, 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 and joint ventures as were audited by the other auditors, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associate and joint ventures as at 31 March

2021, 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and joint ventures in accordance with the ethical requirements that are relevant to our audit of the financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 opinion on the consolidated financial statements.

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 Matters

Key audit matter	How the matter was addressed in our audit
Impairment loss allowance	
<i>Refer to the accounting policies in "Note 2.6 to the Consolidated Financial Statements: Impairment of Financial Assets and Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario", "Note 7 to the Consolidated Financial Statements: Loans", "Note 52.2 to the Consolidated Financial Statements: Credit Risk Management "</i>	
The Holding Company and its subsidiary, Mahindra Rural Housing Finance Limited (MRHFL), has recorded an impairment loss allowance of Rs. 5,180.89 crores as at 31 March 2021 and has recognized a charge of Rs. 3,998.74 crores for the year ended 31 March 2021 in its statement of profit and loss. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Holding Company and MRHFL's estimation of ECLs are:	Our key audit procedures included: □ Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. □ Assessed the design and implementation of controls in respect of the 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.

Key audit matter	How the matter was addressed in our audit
□ Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate. □ Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default (“EAD”), Probabilities of Default (“PD”) and Loss Given Default (“LGD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect in the modelling approach. □ Economic scenarios – Ind AS 109 requires measurement of ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. □ Qualitative adjustments/ management overlays – Adjustments to the model-driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2021, overlays represent approximately 21% of the ECL balances. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. 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 reporting entities. The extent to which the COVID-19 pandemic will impact the 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. Management has also taken consideration of RBI’s expectation to bring down the net NPA ratio below 4% and recorded an additional provision of Rs. 1,320 crores on Stage 3 loans, which is over and above the model determined ECL provision / overlays. Disclosures: The disclosures regarding the application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	□ Testing management’s controls over authorisation and calculation of post model adjustments and management overlays. □ Evaluated whether the methodology applied 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. □ Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. □ Test of details on post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. □ Testing the ‘Governance Framework’ over validation, implementation and model monitoring in line with the RBI guidance. Discussed with and read the relevant correspondences that the Holding Company has exchanged with the RBI with respect to the RBI’s expectation to bring the net NPA ratio below 4%. □ Verified the mathematical accuracy of the workings required to bring down the net NPA ratio below 4%. □ Assessed whether the disclosures (including arising from the RBI expectation to bring down the net NPA ratio below 4%) on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the consolidated financial statements are appropriate and sufficient. Involvement of specialists - we involved financial risk modelling specialists for the following: □ Evaluating the appropriateness of Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). □ The reasonableness of the impact assessment of the current economic environment due to COVID-19 on the impairment loss allowance determination.
IT Systems and Controls	
The Holding Company and MRHFL’s, financial accounting and reporting processes are dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. In addition, the prevailing COVID-19 situation has caused the required IT systems to be made accessible on a remote basis and at the same time there are increasing challenges to protect the integrity of the systems and data.	We have involved IT specialists in performing the following key audit procedures: □ Performed control testing on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems

Independent Auditors' Report

Key audit matter	How the matter was addressed in our audit
We have identified 'IT systems and controls' as key audit matter because of the high level automation, number of systems being used by the management, current remote working situation and the inherent risks/ complexity of the IT architecture.	□ Tested key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. □ Tested the design and operating effectiveness of key controls over user access management which includes granting access / right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties. □ For a selected group of key controls over financial and reporting systems, we independently perform procedures to determine that these control remained unchanged during the year or were changed following the standard change management process. □ Other areas that were tested include password policies, security configurations, system interface controls, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment. □ Assessment of data security controls in the context of a large population of staff working from remote location at the year end.

Other Information

The Holding Company's management and the 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 work done/ 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.

Management's and the Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and the 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/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

The respective Management, the Board of Directors and the Trustees of the companies / trusts included in the Group and of its associate and joint ventures 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 Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management, the Board of Directors and Trustees of the companies / trusts included in the Group and of its associate and joint ventures are responsible for assessing the ability of each company / trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors / Trustees either intends to liquidate the Company / Trust or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors / Trustees of the companies included in the Group and of its associate and joint ventures is responsible for overseeing the financial reporting process of each company / trust.

Auditors' 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 Auditors' 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 the internal financial controls with reference

to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and the Board of Directors.
- Conclude on the appropriateness of Management and the Board of Directors 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 Auditors' 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 Auditors' report. However, future events or conditions may cause the Group and its associate and joint ventures 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 ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. 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

Independent Auditors' Report

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.

Other Matters

- (a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs. 653.21 crores as at 31 March 2021, total revenues of Rs. 281.59 crores and net cash inflows amounting to Rs. 6.46 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive loss) of Rs. 10.95 crores for the year ended 31 March 2021, in respect of three joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the 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 joint ventures, 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 and joint ventures 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.50.53 crores for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of one associate, whose financial information has not been audited by us or by other auditors. This unaudited financial information has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, 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, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is 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 consolidated financial statements of such subsidiaries and joint ventures 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 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group companies and joint ventures incorporated in India is disqualified as on 31 March 2021 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 Holding Company, its subsidiary companies and joint ventures 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 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 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 2021 on the consolidated financial position of the Group, its associate and joint ventures. Refer Note 45 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 49 to the consolidated financial statements in respect of such items

as it relates to the Group, its associate and joint ventures.

- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and joint ventures incorporated in India during the year ended 31 March 2021.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

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 and joint ventures incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and joint ventures 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, its subsidiary companies and joint ventures 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

Sagar Lakhani

Partner

Mumbai
23 April 2021

Membership No: 111855
ICAI UDIN: 21111855AAAAABZ4918

Independent Auditors' Report

Annexure A to the Independent Auditors' report on the consolidated financial statements of Mahindra & Mahindra Financial Services Limited for the year ended 31 March 2021

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 2(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 2021, 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 and its joint venture companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its joint venture 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 2021, 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and joint venture 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 in so far as it relates to two subsidiary companies and two joint venture 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

Sagar Lakhani

Partner

Mumbai
23 April 2021

Membership No: 111855

ICAI UDIN: 21111855AAAAABZ4918

Consolidated Balance Sheet

as at 31 March 2021

Rs. in crores

Particulars	Note	As at 31 March 2021	As at 31 March 2020
Assets			
Financial Assets			
a) Cash and cash equivalents	3	808.53	782.60
b) Bank balance other than (a) above	4	3,173.99	749.00
c) Derivative financial instruments	5	25.72	92.93
d) Receivables			
i) Trade receivables	6	54.64	52.91
ii) Other receivables		-	-
e) Loans	7	67,075.72	72,863.78
f) Investments			
i) Investments accounted using Equity Method	8 (i)	838.07	537.84
ii) Other investments	8 (ii)	11,190.16	4,802.53
g) Other financial assets	9	551.50	519.78
		83,718.33	80,401.37
Non-financial Assets			
a) Current tax assets (Net)		414.18	257.83
b) Deferred tax Assets (Net)	10 (i)	944.88	578.83
c) Property, plant and equipment	11	379.24	427.76
d) Capital work-in-progress		10.34	-
e) Intangible assets under development		1.39	0.56
f) Other intangible assets	12	19.80	27.60
g) Other non-financial assets	13	112.83	98.63
		1,882.66	1,391.21
Total Assets		85,600.99	81,792.58
Liabilities and Equity			
Liabilities			
Financial Liabilities			
a) Derivative financial instruments	14	173.18	40.16
b) Payables	15		
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises		0.07	0.26
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		731.90	692.97
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		0.01	0.17
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		46.96	29.44
c) Debt Securities	16	19,671.04	19,744.61
d) Borrowings (Other than Debt Securities)	17	32,454.28	33,327.14
e) Deposits	18	9,366.16	8,781.39
f) Subordinated Liabilities	19	3,609.47	3,781.10
g) Other financial liabilities	20	3,282.71	2,994.19
		69,335.78	69,391.43
Non-Financial Liabilities			
a) Current tax liabilities (Net)		13.92	17.38
b) Provisions	21	271.24	211.38
c) Other non-financial liabilities	22	104.53	113.70
		389.69	342.46
Equity	23		
a) Equity Share capital		246.40	123.07
b) Other Equity		15,529.97	11,845.94
Equity attributable to owners of the Company		15,776.37	11,969.01
Non-controlling interests		99.15	89.68
		15,875.52	12,058.69
Total Liabilities and Equity		85,600.99	81,792.58
The accompanying notes form an integral part of the consolidated financial statements.	1 to 58		

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

Place: Mumbai

Date: 23 April 2021

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Place: Mumbai

Date: 23 April 2021

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Consolidated Statement of profit and loss

for the year ended 31 March 2021

Particulars	Note	Year ended 31 March 2021	Rs. in crores Year ended 31 March 2020
Revenue from operations			
i) Interest income	24	11,703.79	11,457.61
ii) Dividend income		0.12	27.15
iii) Rental income		17.11	8.75
iv) Fees and commission Income	25	75.59	104.13
v) Net gain on fair value changes	26	50.04	25.62
vi) Sale of services	27	203.61	259.69
I Total revenue from operations		12,050.26	11,882.95
II Other income	28	120.24	113.51
III Total income (I+II)		12,170.50	11,996.46
Expenses			
i) Finance costs	29	5,307.57	5,390.56
ii) Fees and commission expense		104.80	124.90
iii) Impairment on financial instruments	30	3,998.74	2,318.98
iv) Employee benefits expenses	31	1,384.01	1,609.82
v) Depreciation, amortization and impairment	32	150.51	146.87
vi) Others expenses	33	558.81	849.20
IV Total expenses		11,504.44	10,440.33
V Profit before exceptional items, share of profit of associate and joint venture and tax (III-IV)		666.06	1,556.13
VI Exceptional items	34	228.54	-
VII Share of Profit of Associate and Joint Venture		39.54	45.90
VIII Profit before tax (V + VI + VII)		934.14	1,602.03
IX Tax expense :	10 (ii)		
(i) Current tax		512.28	647.30
(ii) Deferred tax		(340.86)	(129.89)
(iii) (Excess) / Short Provision for Income Tax - earlier years		(17.56)	(1.20)
		153.86	516.21
X Profit for the year (VIII-IX)		780.28	1,085.82
XI Other Comprehensive Income (OCI)			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) on defined benefit plans		(2.36)	(15.82)
- Net gain / (loss) on equity instruments through OCI		(4.56)	2.69
(ii) Income tax impact thereon	10 (iii)	1.82	0.41
Subtotal (A)		(5.10)	(12.72)
(B) (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		(15.27)	39.00
- Net gain / (loss) on debt instruments through OCI		(92.82)	7.67
(ii) Income tax impact thereon	10 (iii)	23.36	(1.16)
Subtotal (B)		(84.73)	45.51
Other Comprehensive Income (A+B)		(89.83)	32.79
XII Total Comprehensive Income for the year (X + XI)		690.45	1,118.61
Profit for the year attributable to:			
Owners of the Company		773.21	1,075.15
Non-controlling interests		7.07	10.67
		780.28	1,085.82
Other Comprehensive Income for the year attributable to:			
Owners of the Company		(89.89)	33.24
Non-controlling interests		0.06	(0.45)
		(89.83)	32.79
Total Comprehensive Income for the year attributable to:			
Owners of the Company		683.32	1,108.39
Non-controlling interests		7.13	10.22
		690.45	1,118.61
XIII Earnings per equity share (face value Rs. 2/- per equity share)	35		
Basic (Rupees)		6.99	11.97
Diluted (Rupees)		6.98	11.95
The accompanying notes form an integral part of the consolidated financial statements.	1 to 58		

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Place: Mumbai

Date: 23 April 2021

Place: Mumbai

Date: 23 April 2021

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

A. Equity Share Capital

Particulars	Rs. in crores Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2019	122.98
Changes during the year:	
Add : Allotment of shares by ESOS Trust to employees	0.09
Balance as at 31 March 2020	123.07
Balance as at 1 April 2020	123.07
Changes during the year:	
Add : i) Fresh allotment of shares through Rights Issue during the year (refer note 4D)	123.15
(Net of Shares issued to ESOS Trust under Rights Issue)	
ii) Allotment of shares by ESOS Trust to employees on exercise of options (refer note 4D)	0.18
Balance as at 31 March 2021	246.40

B. Other Equity

Particulars	Reserves and Surplus							Item of Other Comprehensive Income			Total
	Statutory reserves	Capital redemption reserves	Securities premium reserve	General reserves	Debt 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	Non-controlling Interests
Balance as at 1 April 2019	1,880.64	50.00	4,152.13	813.07	223.71	36.60	3,957.32	5.13	2.96	24.49	78.51
Profit for the year							1,075.15				10.67
Other Comprehensive Income							(14.73)	6.51	2.45	39.01	(0.44)
Total Comprehensive Income	-	-	-	-	-	-	1,060.42	6.51	2.45	39.01	10.23
Dividend paid on equity shares (including tax thereon)							(484.26)				(484.26)
Transfers to Securities premium on exercise of employee stock options			14.63			(14.63)					-
Employee stock options expired				0.07		(0.07)					-
Share based payment expense			-			31.81			31.81		31.81
Transfers to Statutory reserves	222.79						(222.79)				-
Transfers to Debenture redemption reserves					(223.71)		223.71				-
Changes in Group's Interest											0.95
Gross obligation at fair value to acquire non-controlling interest							43.58		43.58		43.58
Transaction with non-controlling interest			0.38				-		0.38		0.38
Balance as at 31 March 2020	2,103.43	50.00	4,167.14	813.14	-	53.71	4,577.98	11.64	5.41	63.50	89.68
											11,935.62

Rs. in crores

Particulars	Reserves and Surplus				Item of Other Comprehensive Income				Non-controlling Interests	Total
	Statutory reserves	Capital redemption reserves	Securities premium reserve	General reserves	Employee stock options outstanding	Retained earnings	Debt instruments through OCI	Equity instruments through OCI	Foreign Currency Translation Reserve	
Balance as at 1 April 2020	2,103.43	50.00	4,167.14	813.14	53.71	4,577.98	11.64	5.41	63.50	11,845.94
Profit for the year						773.21				773.21
Other Comprehensive Income						(1.76)	(69.46)	(3.41)	(15.27)	(89.90)
Total Comprehensive Income	-	-	-	-	-	771.45	(69.46)	(3.41)	(15.27)	683.31
Securities premium on fresh issue of equity share capital (refer note 4C)			2,965.27							2,965.27
Expenses incurred in respect of issue of equity shares			(8.54)							(8.54)
Transfers to Securities premium on exercise of employee stock options			21.68		(21.68)					-
Securities premium on transfer of ESOP shares			(8.67)							(8.67)
Employee stock options expired				0.03	(0.03)					-
Share based payment expense					18.20					18.20
Transfers to Statutory reserves	98.75					(98.75)				-
Changes in Group's Interest	(0.18)					(1.03)				(1.21)
Gross obligation at fair value to acquire non-controlling interest						35.40				35.40
Others			0.26						0.26	0.26
Balance as at 31 March 2021	2,202.00	50.00	7,137.14	813.17	50.20	5,285.06	(57.82)	2.00	48.23	15,529.97
99.15										15,629.12

The accompanying notes 1 to 58 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

Sagar Lakhani

Partner

Membership No: 111855

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Vivek Karve

Chief Financial Officer

Arnavaz Pardiwalla

Company Secretary

Place: Mumbai

Date: 23 April 2021

Consolidated Statement of Cash Flows

for the year ended 31 March 2021

Particulars	Rs. in crores	
	Year ended 31 March 2021	Year ended 31 March 2020
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxes	666.06	1,556.13
Adjustments to reconcile profit before tax to net cash flows:		
Add: Non-cash expenses		
Depreciation, amortization and impairment	150.52	146.87
Impairment on financial instruments	1,848.38	1,484.76
Bad debts and write offs	2,170.70	837.37
Net loss in fair value of derivative financial instruments	201.20	(119.73)
Unrealized foreign exchange gain/loss	(124.74)	191.74
Remeasurement gain / (loss) on defined benefit plans	-	(0.18)
Share based payments to employees	18.35	31.75
	4,264.41	2,572.58
Less: Income considered separately		
Net gain on fair value changes	(49.90)	(25.61)
Income from investing activities	(321.30)	(138.53)
Dividend income	(0.02)	(26.37)
Net gain on derecognition of property, plant and equipment	(0.30)	(0.45)
Net gain on sale of investments	(66.62)	(50.93)
	(438.14)	(241.89)
Operating profit before working capital changes I	4,492.33	3,886.82
Changes in -		
Loans	1,770.61	(6,197.40)
Trade receivables	(17.42)	2.03
Interest accrued on other deposits	(28.81)	(36.68)
Other financial assets	(37.57)	24.23
Other financial liabilities	337.96	206.74
Other non-financial assets	(37.67)	(9.47)
Trade Payables	71.38	(359.73)
Other non-financial liabilities	2.03	11.15
Derivative financial instruments	(0.97)	-
Provisions	63.30	(54.57)
Cash used in operations II	2,122.84	(6,413.70)
Income taxes paid (net of refunds)	(658.55)	(588.35)
NET CASH GENERATED FROM OPERATING ACTIVITIES (I+II) (A)	5,956.62	(3,115.23)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment and intangible assets	(45.52)	(118.27)
Proceeds from sale of Property, plant and equipment	4.33	2.17
Purchase of investments measured at amortized cost	(39,386.94)	(5,923.58)
Proceeds from sale of investments measured at amortized cost	36,131.50	5,883.77
Purchase of investments measured at FVOCI	(4,547.94)	(243.89)
Purchase of investments measured at FVTPL	(31,923.90)	(73,041.29)
Proceeds from sale of investments measured at FVTPL	33,338.50	71,474.07
Purchase of investments measured at cost	(1,710.01)	(330.77)
Proceeds from sale of investments measured at cost	1,235.62	-
Consideration received on partial disposal of subsidiary, net of cash (loss of control)	20.73	-
Investment in term deposits with banks (net)	(1,837.70)	(583.12)

Particulars	Rs. in crores	
	Year ended 31 March 2021	Year ended 31 March 2020
Dividend income received	0.02	63.79
Interest income received on investments measured at amortized cost, FVOCI, FVTPL and at cost	242.04	98.25
Change in Earmarked balances with banks	0.09	29.76
NET CASH USED IN INVESTING ACTIVITIES (B)	(8,479.18)	(2,689.11)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares, including securities premium (net of issue expenses)	3,069.96	-
Proceeds from borrowings through Debt Securities	8,100.90	14,177.80
Repayment of borrowings through Debt Securities	(8,160.65)	(19,154.30)
Proceeds from Borrowings (Other than Debt Securities)	14,053.01	30,677.69
Repayment of Borrowings (Other than Debt Securities)	(14,226.82)	(21,964.59)
Proceeds from borrowings through Subordinated Liabilities	2,348.60	100.00
Repayment of borrowings through Subordinated Liabilities	(3,155.22)	(139.77)
(Decrease) / Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	-	(226.01)
Increase / (decrease) in Fixed deposits (net)	573.24	3,143.74
Payments for principal portion of lease liability	(54.53)	(48.03)
Dividend paid (including tax on dividend)	-	(516.81)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	2,548.49	6,049.72
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	25.93	245.38
Cash and Cash Equivalents at the beginning of the year	782.60	537.22
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	808.53	782.60
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Cash on hand	54.42	15.19
- Cheques and drafts on hand	33.12	4.09
- Balances with banks in current accounts	478.50	563.32
- Term deposits with original maturity up to 3 months	242.49	200.00
Total	808.53	782.60

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'.
- During the year, the Group has incurred an amount of Rs.36.74 crores in cash [31 March 2020: Rs. 35.94 crores] towards corporate social responsibility (CSR) expenditure [Refer note 47].

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Place: Mumbai

Date: 23 April 2021

Place: Mumbai

Date: 23 April 2021

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

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 of India Limited ("NSE") and the BSE Limited ("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 associates and joint ventures 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/ expectations issued by RBI or other regulators are implemented as and when they are issued/ applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These consolidated financial statements have been approved by the Company's Board of Directors and authorized for issue on 23 April 2021.

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. Effective from current financial year, all amounts are rounded-off to the nearest crores, 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, associates and joint ventures.

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

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

the equity method of accounting, after initially being recognised at cost.

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 52)."

Provisions and other contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

benefits will arise, the asset and related income are recognised in the period in which the change occurs. Contingent Liabilities in respect of show cause notices are considered only when converted into demands. 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 positions. 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.

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 COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as

evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgement in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement has increased during financial year as a result of the economic effects of the COVID-19 outbreak, including significant judgements relating to:

- the selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time over which the economic effects of the pandemic will occur, the speed and shape of recovery. The main factors include the effectiveness of pandemic containment measures, the pace of roll-out and effectiveness of vaccines, and the emergence of new variants of the virus, plus a range of geopolitical uncertainties, which together represent a very high degree of estimation uncertainty, particularly in assessing worst case scenario;
- estimating the economic effects of those scenarios on ECL, where there is no observable historical trend that can be reflected in the models that will accurately represent the effects of the economic changes of the severity and speed brought about by the COVID-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
- the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

and other reliefs designed to address short-term liquidity issues given muted default experience to date.

Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, were discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post-model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs. While the use of judgemental overlays and post-model adjustments should ideally be limited, their extensive use was deemed appropriate during the financial year, and are likely to continue to be required in future reporting periods.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

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 2021 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 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 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 Group will continue to closely monitor any material changes to future economic conditions [refer note 52].

2.7 Revenue recognition :

a) Recognition of interest income on loans

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.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

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 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.

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.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

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. Capital work-in-progress is stated at cost, net of impairment loss, if any.

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. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

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.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

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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 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 derecognized on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. 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.

2.9 a) Intangible assets :

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

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. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

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.

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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.

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.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

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.

b) 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 and impairment provisions 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 at coupon rate and impairment provision, if any, are recognized in Statement of profit and loss. Net gains or losses on fair valuation are recognized 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

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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.

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. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

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. The legally enforceable right must not be contingent

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on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

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 52). 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 advances, 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.

Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when we modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognition. A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and

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will continue to be disclosed as renegotiated loans. Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Group's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided. Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

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.

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

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. 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 -

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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Group's contribution paid/payable during the year to provident fund, Superannuation scheme, ESIC and National Pension Scheme is recognized 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 Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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) **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.

e) **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.

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

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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.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 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 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 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. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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.

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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. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not recognised for future operating losses. 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, certain IT equipments and general purpose office 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.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. 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 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.

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In the Balance Sheet, ROU assets have been included in property, plant and equipment and Lease liabilities have been included in Other financial liabilities and the principal portion of lease payments have been classified as financing cash flows. The Group has used a single discount rate to a portfolio of leases with similar characteristics.

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.

Transition to Ind AS 116 effective from 1 April 2019

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.

On application of Ind AS 116, the financial information for the year ended 31 March 2020 and thereafter have been presented in the following manner.

- 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 effective from 1 April 2019, 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. The effect of transition to Ind AS 116 and other disclosures are set out under note no.43.

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 Corporate Social Responsibility (CSR) expenses:

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate and recommend to the Board of the respective companies, the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the respective Company, to recommend the amount to

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be spent on CSR activities presented by the Financial Services Sector CSR Council ('FSS CSR Council') and to monitor the CSR Policy periodically.

Funding and Allocation:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average net profits of the respective Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The respective Company in the Group may spend upto 5% of the total CSR expenditure in one financial year on building CSR capabilities. The respective Company may also make contributions to its Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board. The CSR Committee of the respective company will approve the CSR budget annually on receiving the recommendations from FSS CSR Council. Any unspent amount at the end of the financial year will be treated as per the provisions of the existing CSR Law. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the respective Company.

The Company has set up the Mahindra Finance CSR Foundation (incorporated on 2nd April, 2019) as a wholly-owned subsidiary company registered under Section 8 of the Companies Act, 2013 to promote and support CSR projects and activities of the Group companies. The parent company implements its CSR programs through the Mahindra Finance CSR Foundation.

The Company has identified CSR Thrust Areas for undertaking CSR Projects/ programs/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/ Gram panchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Thrust areas include health, education, environment and other activities.

The amount spent or contribution / donations made towards CSR activities is charged to Donations and Corporate Social Responsibility (CSR) expenses respectively, in the statement of Profit and Loss (Refer note 47)

2.22 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. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

2.23 Dividend :

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the respective companies. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.24 New standards or amendments to the existing standards and other pronouncements :

i) New Standards issued or amendments to the existing standard but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards.

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There is no such notification which would have been applicable from 1 April, 2021.

ii) Other recent pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to :

- a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.
- b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

- c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.
- d) Additional Regulatory Information, for eg., compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.
- e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Group is evaluating the same.

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3 Cash and cash equivalents

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Cash on hand	54.42	16.27
Cheques and drafts on hand	33.12	3.01
Balances with banks in current accounts	478.50	563.32
Term deposits with original maturity up to 3 months	242.49	200.00
	808.53	782.60

4 Bank balances other than cash and cash equivalents

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Earmarked balances with banks -		
- Unclaimed dividend accounts	0.60	0.69
Term deposits with maturity less than 12 months -		
- Free	2,575.27	45.75
- Under lien #	598.12	702.56
	3,173.99	749.00

Details of Term deposits - Under lien

Particulars	As at 31 March 2021			As at 31 March 2020		
	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	100.00	200.00	300.00	225.01	200.00	425.01
For securitization transactions	439.67	46.19	485.86	462.09	43.30	505.39
Legal deposits	0.21	0.60	0.81	0.21	0.60	0.81
For towards Constituent Subsidiary General Ledger (CSGL) account	30.00	-	30.00	15.00	-	15.00
Collateral deposits with banks for Aadhaar authentication and others & Rights Issue	28.24	1.00	29.24	0.25	1.00	1.25
Total	598.12	247.79	845.91	702.56	244.90	947.46

5 Derivative financial instruments

Particulars	31 March 2021		31 March 2020	
	Notional amounts	Fair value of Assets	Notional amounts	Fair value of Assets
i) Currency derivatives :				
Forward contracts	582.05	-	582.05	23.23
Options	2,050.80	25.72	2,050.80	69.70
Total derivative financial instruments	2,632.85	25.72	2,632.85	92.93

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6 Receivables

Particulars	31 March 2021	Rs. in crores 31 March 2020
Trade receivables		
i) Secured, considered good		
- Lease rental receivable on operating lease transactions	6.06	1.91
Less : Impairment loss allowance	(5.85)	(1.28)
	0.21	0.63
ii) Unsecured, considered good :		
- Subvention and other income receivables	54.16	50.30
iii) Credit impaired :		
Trade receivable outstanding for less than six months		
- Trade receivable on hire purchase transactions	3.73	4.24
- Subvention and other income receivables	1.27	1.98
	5.00	6.22
Less : Impairment loss allowance	(4.73)	(4.24)
	0.27	1.98
	54.64	52.91

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

Particulars	31 March 2021	Rs. in crores 31 March 2020
A) Loans (at amortized cost) :		
Retail loans	61,638.86	64,439.78
Small and Medium Enterprise (SME) financing	1,014.73	1,864.41
Loans under housing finance business	7,646.71	8,443.89
Bills of exchange	743.10	531.66
Trade Advances	1,194.98	1,239.35
Inter corporate deposits to related parties	1.00	1.00
Other loans and advances	0.19	0.23
Total (Gross)	72,239.57	76,520.32
Less : Impairment loss allowance	(5,163.85)	(3,656.54)
Total (Net)	67,075.72	72,863.78
B) i) Secured by tangible assets	69,362.35	73,749.12
ii) Secured by intangible assets	-	-
iii) Covered by bank / Government guarantees	526.57	-
iv) Unsecured	2,877.22	2,771.20
Total (Gross)	72,766.14	76,520.32
Less : Impairment loss allowance	(5,163.85)	(3,656.54)
Total (Net)	67,602.29	72,863.78
C) i) Loans in India		
a) Public Sector	-	-
b) Others	72,239.57	76,520.32
Total (Gross)	72,239.57	76,520.32
Less : Impairment loss allowance	(5,163.85)	(3,656.54)
Total (Net) - C (i)	67,075.72	72,863.78
ii) Loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ii)	67,075.72	72,863.78

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

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8 Investments

i) Investments accounted using Equity Method

	31 March 2021 At cost	31 March 2020 At cost
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)	532.38	493.72
Equity instruments of joint venture -		
38.20% Ownership in Ideal Finance Limited, Sri Lanka (Joint venture entity with Ideal Finance Limited in Sri Lanka)	43.36	44.12
Mahindra Manulife Investment Management Private Ltd.	261.55	-
Mahindra Manulife Trustee Private Ltd	0.78	-
Total - Gross (A)	838.07	537.84
i) Investments outside India	575.74	537.84
ii) Investments in India	262.33	-
Total - Gross	838.07	537.84
Less : Allowance for Impairment loss (B)	-	-
Total - Net C (A - B)	838.07	537.84

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ii) Other investments

	31 March 2021					31 March 2020					Rs. in crores		
	At Fair Value					At Fair Value							
	Amortized cost	Through OCI	Through profit or loss	Sub-total	Others (at cost)	Total	Amortized cost	Through OCI	Through profit or loss	Sub-total		Others (at cost)	Total
Investments													
Units of mutual funds													
Government securities	1,287.78	4,448.74	-	2,500.18	-	2,500.18	980.49	143.02	-	3,397.51	-	3,397.51	-
Debt securities -													
i) Secured redeemable non-convertible debentures	26.22	-	-	-	-	26.22	25.00	-	-	-	-	25.00	-
ii) Unsecured redeemable non-convertible subordinated debentures						-							
iii) Investments in Pass Through Certificates under securitization transactions	47.44	-	-	-	-	47.44	124.10	-	-	-	-	124.10	-
iv) Commercial Papers	-	-	197.67	197.67	-	197.67	-	-	-	-	-	-	-
v) Certificate of deposits with banks	-	-	-	-	-	-	-	-	-	-	-	-	-
vi) Investment in Bonds of Food Corporation of India and NCDs of NABARD	-	262.15	-	262.15	-	262.15	-	-	104.75	104.75	-	104.75	-
vii) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
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)	-	13.61	-	13.61	-	13.61	-	13.60	-	13.60	-	13.60	-
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCQPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	-	2.76	-	2.76	-	2.76	-	3.12	-	3.12	-	3.12	-
iii) Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted into equity shares on exercise of conversion option after meeting applicable terms and conditions)	-	-	-	-	-	-	-	12.19	-	12.19	-	12.19	-
iv) New Democratic Electoral Trust	-	-	-	-	0.02	0.02	-	-	-	-	0.01	0.01	-
v) Investment in Triparty Repo Dealing System (TREPS)	2,404.00					2,404.00							
vi) Equity investment in MF Utilities Limited	-	-	-	-	-	-	-	0.10	-	0.10	-	0.10	-
Total - Gross (A)	3,765.44	4,727.26	2,697.85	7,425.11	0.02	11,190.57	1,129.59	172.03	3,502.26	3,674.29	0.01	4,803.89	
i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Investments in India	3,765.44	4,727.26	2,697.85	7,425.11	0.02	11,190.57	1,129.59	172.03	3,502.26	3,674.29	0.01	4,803.89	
Total - Gross	3,765.44	4,727.26	2,697.85	7,425.11	0.02	11,190.57	1,129.59	172.03	3,502.26	3,674.29	0.01	4,803.89	
Less : Allowance for Impairment loss (B)	0.41	-	-	-	-	0.41	1.36	-	-	-	-	1.36	-
Total - Net D (A-B)	3,765.03	4,727.26	2,697.85	7,425.11	0.02	11,190.16	1,128.23	172.03	3,502.26	3,674.29	0.01	4,802.53	

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9 Other financial assets

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Interest accrued on investments	102.68	23.93
Interest accrued on other deposits	74.91	46.15
Security Deposits	52.96	37.92
Term deposits with banks (remaining maturity more than 12 months)		
- Free	39.10	154.44
- Under lien (refer note 4)	247.79	244.90
Others	34.06	12.44
	551.50	519.78

10 Deferred tax assets (net) and Tax expense

(i) Deferred tax assets (net)

	Rs. in crores							
	Balance as at 1 April 2019	Charge/(credit) to profit and loss	Charge/(credit) to equity	Charge/(credit) to OCI	Balance as at 31 March 2020	Charge/(credit) to profit and loss	Charge/(credit) to OCI	Balance as at 31 March 2021
Tax effect of items constituting deferred tax liabilities :								
- Share based payments	(11.74)	11.35	-	-	(0.39)	(0.01)	-	(0.40)
- Application of EIR on financial assets & liabilities	(76.70)	(24.39)	-	-	(101.09)	5.66	-	(95.43)
- FVTPL financial asset	(2.48)	(5.89)	-	-	(8.37)	(4.73)	-	(13.10)
- Others	(22.89)	(36.93)	-	-	(59.82)	(50.53)	-	(110.35)
	(113.81)	(55.86)	-	-	(169.67)	(49.61)	-	(219.28)
Tax effect of items constituting deferred tax assets :								
- Provision for employee benefits	30.73	(5.53)	-	0.64	25.84	(1.00)	0.68	25.52
- Derivatives	40.40	23.86	-	-	64.26	(31.47)	-	32.79
- Depreciation on fixed assets	2.99	0.83	-	-	3.82	0.99	-	4.81
- Allowance for ECL	412.02	146.72	-	-	558.74	442.43	-	1,001.17
- Others	77.37	19.86	-	(1.39)	95.84	(20.48)	24.51	99.87
	563.51	185.74	-	(0.75)	748.50	390.47	25.19	1,164.16
Net deferred tax assets	449.70	129.88	-	(0.75)	578.83	340.86	25.19	944.88

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(ii) Income tax recognized in Statement of profit and loss

Particulars	31 March 2021	Rs. in crores 31 March 2020
Current tax:		
In respect of current year	512.28	647.30
In respect of prior years	(17.56)	(1.20)
	494.72	646.10
Deferred tax:		
In respect of current year origination and reversal of temporary differences	(340.86)	(251.53)
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change)#	-	121.64
	(340.86)	(129.89)
Total Income tax recognized in Statement of profit and loss	153.86	516.21

(iii) Income tax recognized in Other Comprehensive Income

Particulars	31 March 2021	Rs. in crores 31 March 2020
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	0.67	0.64
Net gain / (loss) on equity instruments through OCI	1.15	(0.23)
Net gain / (loss) on debt instruments through OCI	23.36	(1.16)
Total Income tax recognised in Other Comprehensive Income	25.18	(0.75)

(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:

Particulars	31 March 2021	Rs. in crores 31 March 2020
Profit before tax	894.60	1,556.13
Applicable income tax rate	25.168%	25.168%
Expected income tax expense	225.17	391.65
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	(2.14)	(14.40)
Effect of expenses / provisions not deductible in determining taxable profit	9.78	3.69
Effect of tax incentives and concessions	(2.10)	0.62
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change) #	(46.41)	121.64
Adjustment related to tax of prior years	(17.56)	(1.20)
Tax not recognised	0.03	18.07
Others	(12.91)	(3.86)
Reported income tax expense	153.86	516.21

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 2021.

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11 Property, plant and equipments

Particulars	Land (Freehold)	Buildings #	Building - Leasehold	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machineries under lease	Right-Of-Use Assets (Leasehold premises)	Total
Rs. in crores											
GROSS CARRYING AMOUNT											
Balance as at 1 April 2019	0.81	1.32	1.78	124.87	99.72	114.04	94.20	12.30	-	251.84	700.88
Additions during the year	-	-	0.37	7.75	7.77	9.39	25.46	40.55	0.19	45.33	136.81
Disposals / deductions during the year	-	-	-	4.78	2.00	5.62	9.91	-	-	-	22.31
Balance as at 31 March 2020	0.81	1.32	2.15	127.84	105.49	117.81	109.75	52.85	0.19	297.17	815.38
Balance as at 1 April 2020	0.81	1.32	2.15	127.84	105.49	117.81	109.75	52.85	0.19	297.17	815.38
Additions during the year	-	-	-	6.39	1.76	3.25	4.68	24.42	-	54.20	94.70
Disposals / deductions during the year	-	-	-	6.26	3.22	14.91	9.52	3.13	-	11.16	48.20
Balance as at 31 March 2021	0.81	1.32	2.15	127.97	104.03	106.15	104.91	74.14	0.19	340.21	861.87
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES											
Balance as at 1 April 2019	-	0.28	0.10	83.90	63.69	79.97	52.47	0.46	-	-	280.87
Additions during the year	-	0.02	0.25	19.59	10.18	14.70	18.39	4.39	0.01	60.15	127.68
Disposals / deductions during the year	-	-	-	4.77	1.86	5.54	8.76	-	-	-	20.93
Balance as at 31 March 2020	-	0.30	0.35	98.72	72.01	89.13	62.11	4.85	0.01	60.15	387.63
Balance as at 1 April 2020	-	0.30	0.35	98.72	72.01	89.13	62.11	4.85	0.01	60.15	387.63
Additions during the year	-	0.02	0.25	16.73	8.10	12.49	17.42	9.85	0.01	63.91	128.78
Disposals / deductions during the year	-	-	-	6.01	2.57	14.60	7.39	0.75	-	2.45	33.77
Balance as at 31 March 2021	-	0.32	0.60	109.44	77.54	87.02	72.14	13.95	0.02	121.61	482.64
NET CARRYING AMOUNT											
As at 31 March 2020	0.81	1.02	1.80	29.12	33.48	28.68	47.65	48.00	0.18	237.02	427.76
As at 31 March 2021	0.81	1.00	1.55	18.53	26.49	19.13	32.77	60.19	0.17	218.60	379.24

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

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12 Other Intangible assets

Particulars	Rs. in crores	
		Computer Software
GROSS CARRYING AMOUNT		
Balance as at 1 April 2019		78.88
Additions during the year		13.76
Deductions during the year		0.46
Balance as at 31 March 2020		92.18
Balance as at 1 April 2020		92.18
Additions during the year		14.22
Deductions during the year		0.94
Balance as at 31 March 2021		105.46
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES		
Balance as at 1 April 2019		45.61
Additions during the year		19.19
Deductions during the year		0.22
Balance as at 31 March 2020		64.58
Balance as at 1 April 2020		64.58
Additions during the year		21.73
Deductions during the year		0.65
Balance as at 31 March 2021		85.66
NET CARRYING AMOUNT		
As at 31 March 2020		27.60
As at 31 March 2021		19.80

13 Other non-financial assets

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Capital advances	1.56	22.01
Prepaid expenses	41.14	43.98
Balances with Government Authorities	12.37	12.21
Unamortised placement and arrangement fees paid on borrowing instruments	2.61	3.02
Insurance advances	5.64	2.91
Other advances	49.51	14.50
	112.83	98.63

14 Derivative financial instruments

Particulars	Rs. in crores			
	31 March 2021		31 March 2020	
	Notional amounts	Fair value of Liabilities	Notional amounts	Fair value of Liabilities
Currency derivatives :				
Forward contracts	200.14	55.24	200.14	25.59
Options	-	117.94	-	14.57
Total derivative financial instruments		173.18		40.16

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15 Payables

Particulars	31 March 2021	Rs. in crores 31 March 2020
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	0.07	0.26
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	731.90	692.97
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	0.01	0.17
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	46.96	29.44
	778.94	722.84

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 :

Particulars	31 March 2021	Rs. in crores 31 March 2020
a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.08	0.43
- 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	1.88	0.49
- Interest paid in terms of Section 16 of the MSMED Act	0.01	0.01
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	-	-
	1.97	0.93

16 Debt Securities

Particulars	31 March 2021	Rs. in crores 31 March 2020
At Amortized cost		
Non-convertible debentures (Secured)	17,447.53	18,996.95
Non-convertible debentures (Unsecured)	1,379.24	398.00
Commercial Papers (Unsecured)	494.52	-
Rupee Denominated Secured Bonds overseas (Masala Bonds)	349.75	349.66
Total (A+B)	19,671.04	19,744.61
Debt securities in India	19,321.29	19,394.95
Debt securities outside India	349.75	349.66
Total	19,671.04	19,744.61

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 extent of 100% of outstanding secured debentures.

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Details of Non-convertible debentures (Secured) :

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Rs. in crores				
A) Issued on private placement basis (wholesale) -				
Repayable on maturity :				
Maturing within 1 year	4.54%-9.75%	3,917.80	7.10%-9.40%	7,030.50
Maturing between 1 year to 3 years	4.80%-9.25%	7,345.90	7.00%-9.75%	4,559.80
Maturing between 3 years to 5 years	7.45%-9.00%	2,295.00	7.45%-9.25%	2,268.00
Maturing beyond 5 years	7.75%-9.18%	2,122.60	7.75%-9.18%	3,387.60
Sub-total at face value (A)		15,681.30		17,245.90
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing between 1 year to 3 years	9.00%-9.15%	940.97	9.00%-9.05%	405.41
Maturing between 3 years to 5 years	-	-	9.10%-9.15%	535.56
Maturing beyond 5 years	9.20%-9.30%	869.15	9.20%-9.30%	869.15
Sub-total at face value (B)		1,810.12		1,810.12
Total at face value (A+B)		17,491.42		19,056.02
Less: Unamortized discounting charges		43.89		59.07
Total amortized cost		17,447.53		18,996.95

Details of Non-convertible debentures (Unsecured) - :

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Rs. in crores				
Repayable on maturity :				
Maturing between 1 year to 3 years	6.85%-7.55%	785.00		
Maturing beyond 5 years	8.53%	600.00	8.53%	400.00
Total at face value		1,385.00		400.00
Less: Unamortised discounting charges		5.76		2.00
Total amortised cost		1,379.24		398.00

Details of Commercial Papers (Unsecured):

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Rs. in crores				
Repayable on maturity :				
Maturing within 1 year	6.65%	500.00	-	-
Total at face value		500.00		-
Less: Unamortised discounting charges		5.48		-
Total amortised cost		494.52		-

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Rupee Denominated Secured Bonds overseas (Masala Bonds)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing between 1 year to 3 years	7.40%	350.00		-
Maturing between 3 years to 5 years		-	7.40%	350.00
Total at face value		350.00		350.00
Less: Unamortized discounting charges		0.25		0.34
Total amortized cost		349.75		349.66

17 Borrowings (Other than Debt Securities)

Particulars	31 March 2021	31 March 2020
At Amortized cost		
a) Term loans		
i) Secured -		
- from banks	17,071.85	20,808.72
- from banks in foreign currency	-	182.94
- External Commercial Borrowings	3,680.55	2,737.79
- Associated liabilities in respect of securitization transactions	10,390.77	8,881.71
- from other parties (National Housing Bank)	239.25	0.23
ii) Unsecured -		
- from banks	90.00	264.00
b) Other loans and advances (other than related parties)		
Unsecured -		
- Inter-corporate deposits (ICDs)	981.86	451.75
Total	32,454.28	33,327.14
Borrowings in India	29,716.49	30,589.35
Borrowings outside India	2,737.79	2,737.79
Total	32,454.28	33,327.14

Note: There is no Borrowing designated at FVTPL

The secured term loans are secured by exclusive charges on receivables under loan contracts and book debts to the extent 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.

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Details of term loans from banks (Secured)

Rs. in crores

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity :				
Maturing within 1 year	4.00% - 8.20%	961.00	6.55%-9.75%	2,486.35
Maturing between 1 year to 3 years	4.94%-9.50%	1,525.00	6.95% - 9.50%	2,625.00
Maturing between 3 year to 5 years				
Total for repayable on maturity		2,486.00		5,111.35
2) Repayable in installments :				
i) Monthly -				
Maturing between 1 year to 3 years		-	7.85%	100.00
Sub-Total	-	-	-	100.00
ii) Quarterly -				
Maturing within 1 year	4.26% - 8.50%	3,339.39	5.45%-9.25%	1,729.24
Maturing between 1 year to 3 years	4.15%-8.50%	3,336.56	5.45%-9.25%	3,027.11
Maturing between 3 years to 5 years	5.60%-6.90%	37.50	8.00% - 8.20%	275.00
Sub-Total	-	6,713.45	-	5,031.35
iii) Half yearly -				
Maturing within 1 year	6.10%-10.50%	1,997.07	7.15% - 10.50%	1,859.44
Maturing between 1 year to 3 years	4.75%-10.50%	3,039.83	6.80% - 10.50%	3,495.55
Maturing beyond 3 years to 5 years	4.90%-7.60%	1,007.00	7.75% - 10.50%	1,206.67
Sub-Total		6,043.90		6,561.66
iv) Yearly -				
Maturing within 1 year	6.70%-9.50%	607.67	8.05%-9.70%	1,370.67
Maturing between 1 year to 3 years	6.00%-9.50%	954.67	8.05%-9.70%	2,389.83
Maturing between 3 years to 5 years	6.00%-7.70%	267.50	8.65%-9.70%	240.00
Sub-Total		1,829.84		4,000.50
Total for repayable in installments		14,587.19		15,693.51
Total (1+2) (As per contractual terms)		17,073.19		20,804.86
Less: Unamortized Finance Cost		1.33		(3.86)
Total Amortized Cost		17,071.85		20,808.72

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Details of Secured term loans from banks in foreign currency

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	-	-	LIBOR plus spread 1.44% - 2.20%	182.98
Total		-		182.98
Less: Unamortized Finance Cost				0.04
Total Amortized Cost		-		182.94

Details of External Commercial Borrowings (USD & Euro)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	9.00%-9.37%	1,492.97		
Maturing between 1 year to 3 years	6.91%-8.36%	1,544.63	LIBOR plus spread 1.10% - 1.50%	2,762.44
Maturing beyond 3 years to 5 years	6.61%	663.60		
Total		3,701.20		2,762.44
Less: Unamortized Finance Cost		20.65		24.65
Total		3,680.55		2,737.79

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	4.10% - 9.25%	4,788.55	8.73% - 9.03%	3,866.97
Maturing between 1 year to 3 years	4.10% - 9.25%	5,206.12	8.80% - 9.03%	4,483.66
Maturing between 3 years to 5 years	4.10% - 7.55%	396.10	0.09%	531.08
Total		10,390.77		8,881.71
Less: Unamortized Finance Cost		-		-
Total		10,390.77		8,881.71

(Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans)

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Details of Secured term loans from Other parties (National Housing Bank)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable in installments :				
Quarterly -				
Maturing within 1 year	8.00%	48.00	8.85%	0.23
Maturing between 1 year to 3 years	8.00%	128.00		-
Maturing between 3 years to 5 years	8.00%	63.25		
Total		239.25		0.23
Less: Unamortized Finance Cost		-		-
Total Amortized Cost		239.25		0.23

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	4.00%	90.00	7.80% - 9.00%	264.00
Total		90.00		264.00
Less: Unamortized Finance Cost		-		-
Total Amortized Cost		90.00		264.00

Details of Inter-corporate deposits (ICDs) other than related parties :

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	3.00%-7.90%	981.86	7.20%-8.50%	300.00
Maturing between 1 year to 3 years		-	7.55%-7.90%	151.75
Total		981.86		451.75
Less: Unamortized Finance Cost		-		-
Total Amortized Cost		981.86		451.75

18 Deposits

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
At amortized cost		
Deposits (Unsecured)		
- Public deposits	9,366.16	8,781.39
Total	9,366.16	8,781.39

Note: There is no other deposit measured at FVTPL or designated at FVTPL.

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Details of Deposits (Unsecured) - Public deposits

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity :				
Maturing within 1 year	5.00% - 9.15%	3,819.57	7.00% - 9.60%	1,662.24
Maturing between 1 year to 3 years	5.25% - 9.15%	4,616.10	6.9% - 9.15%	6,078.11
Maturing beyond 3 years	5.90% - 9.15%	960.99	7.65% - 9.15%	1,082.86
Total at face value		9,396.66		8,823.21
Less: Unamortised discounting charges		30.50		41.82
Total amortised cost		9,366.16		8,781.39

19 Subordinated liabilities

Particulars	31 March 2021	31 March 2020
At Amortized cost		
Subordinated redeemable non-convertible debentures - private placement	1,146.92	1,321.06
Subordinated redeemable non-convertible debentures - retail public issue	2,462.55	2,460.04
Total	3,609.47	3,781.10
Subordinated liabilities in India	3,609.47	3,781.10
Subordinated liabilities outside India	-	-
Total	3,609.47	3,781.10

Note: There is no Subordinated liability measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortized cost) - Unsecured subordinated redeemable non-convertible debentures

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis -				
Repayable on maturity :				
Maturing within 1 year	10.05%-10.50%	100.50	9.50% - 9.80%	272.20
Maturing between 1 year to 3 years	9.50%-10.50%	197.80	9.80% - 10.50%	170.50
Maturing between 3 years to 5 years	8.40%-9.50%	460.00	8.40% - 9.70%	352.80
Maturing beyond 5 years	7.90%-9.40%	392.00	8.90% - 9.50%	530.00
Sub-total at face value (A)		1,150.30		1,325.50
B) Issued on retail public issue -				
Repayable on maturity :				
Maturing within 1 year	8.34%-8.70%	54.66		
Maturing between 1 year to 3 years	8.44%-8.80%	12.34	8.34% - 8.70%	54.66
Maturing between 3 years to 5 years	7.75%-7.85%	59.32	7.75% - 8.80%	71.66
Maturing beyond 5 years	7.90%-9.50%	2,361.09	7.90% - 9.50%	2,361.09
Sub-total at face value (B)		2,487.41		2,487.41
Total at face value (A+B)		3,637.71		3,812.91
Less: Unamortized discounting charges		28.24		31.81
Total amortized cost		3,609.47		3,781.10

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20 Other financial liabilities

Particulars	31 March 2021	Rs. in crores 31 March 2020
Interest accrued but not due on borrowings	2,481.76	2,143.58
Unclaimed dividends #	0.59	0.69
Unclaimed matured deposits and interest accrued thereon #	5.43	5.22
Deposits / advances received against loan agreements	82.84	57.45
Insurance premium payable	15.36	14.02
Salary, Bonus and performance payable	43.65	71.68
Provision for expenses	84.67	79.17
Gross obligation at fair value to acquire non-controlling interest	320.20	355.60
Lease liabilities (refer note 43)	239.76	249.14
Others	8.45	17.64
Total	3,282.71	2,994.19

There are no amounts due for transfer to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

21 Provisions

Particulars	As at 31 March 2021	Rs. in crores As at 31 March 2020
Provision for employee benefits		
- Gratuity	38.59	34.06
- Leave encashment	90.17	89.60
- Bonus, incentives and performance pay	136.43	82.79
Provision for loan commitment	6.05	4.93
Total	271.24	211.38

22 Other non-financial liabilities

Particulars	31 March 2021	Rs. in crores 31 March 2020
Deferred subvention income	17.46	26.91
Statutory dues and taxes payable	83.42	80.37
Others	3.65	6.42
Total	104.53	113.70

23 Equity Share capital

Particulars	31 March 2021	Rs. in crores 31 March 2020
Authorized:		
2500,000,000 (31 March 2020: 70,00,00,000) Equity shares of Rs. 2/- each	500.00	140.00
50,00,000 (31 March 2019: 50,00,000) Redeemable preference shares of Rs.100/- each	50.00	50.00
Issued, Subscribed and paid-up:		
123,55,29,920 (31 March 2020: 61,77,64,960) Equity shares of Rs.2/- each fully paid up	247.10	123.55
Less : 35,64,302 (31 March 2020: 24,17,256) Equity shares of Rs. 2/- each fully paid up issued to ESOS Trust but not yet allotted to employees, including fresh equity shares allotted to ESOS Trust under rights issue during the year	0.70	0.48
Adjusted Issued, Subscribed and paid-up Share capital	246.40	123.07

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Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Rs. in crores	No. of shares	Rs. in crores
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	123.55	617,764,960	123.55
Add : Fresh allotment of shares :				
- Through Rights Issue in the ratio of 1:1 (refer note 40)	617,764,960	123.55	-	-
Balance at the end of the year	1,235,529,920	247.10	617,764,960	123.55
Less: Shares issued to ESOS Trust but not yet allotted to employees	3,564,302	0.70	2,417,256	0.48
Adjusted Issued, Subscribed and paid-up Share capital	1,231,965,618	246.40	615,347,704	123.07
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	644,399,987	128.88	316,207,660	63.24
Percentage of holding (%)	52.16%	52.16%	51.19%	51.19%
c) Shareholders holding more than 5 percent of the aggregate shares:				
Mahindra & Mahindra Limited	644,399,987	128.88	316,207,660	63.24
Percentage of holding (%)	52.16%	52.16%	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 has been created pursuant to section 45-IC of the RBI Act, 1934 and Section 29C of the National Housing Act, 1987. The reserve fund can be utilised only for limited purposes as specified by RBI and NHB respectively, from time to time and every such utilisation shall be reported to the RBI and NHB respectively, 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

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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, during the year ended 31 March 2020, the Company had not created any amount of DRR and transferred the carrying amount of DRR created in the earlier years to Retained earnings as it was 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.

Details of dividends proposed

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Face value per share (Rupees)	2.00	2.00
Dividend percentage	40%	Nil
Dividend per share (Rupees)	0.80	-
Dividend on Equity shares	98.84	-

The Board of Directors of the Company did not recommend any dividend for the previous financial year ended 31 March 2020.

The dividends proposed for the current financial year ended 31 March 2021 (as per details presented in above table) shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting.

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24 Interest income

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
I) On financial instruments measured at Amortised cost		
Interest on loans	11,194.45	11,224.84
Income from bill discounting	59.02	61.57
Interest income from investments	158.88	102.54
Interest on term deposits with banks	159.56	68.64
Other interest income	-	0.02
II) On financial instruments measured at fair value through OCI		
Interest income from investments in debt instruments	131.88	-
Total	11,703.79	11,457.61

Note: There is no loan asset measured at FVTPL

25 Fees and commission income

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Fees / charges on loan transactions	54.78	74.83
Commission / brokerage received from mutual fund distribution/other debt products	8.84	17.44
Collection fees related to transferred assets under securitisation transactions	11.97	11.86
Total	75.59	104.13

26 Net gain / (loss) on fair value changes

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
A) Net gain / (loss) on financial instruments at FVTPL		
i) On trading portfolio		
- Investments	0.11	(1.91)
ii) On financial instruments designated at FVTPL	9.65	(0.54)
B) Others - Mutual fund units	40.28	28.07
C) Total Net gain / (loss) on financial instruments at FVTPL	50.04	25.62
Fair value changes :		
- Unrealized	50.04	25.62
D) Total Net gain / (loss) on financial instruments at FVTPL	50.04	25.62

Note: Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

27 Sale of services

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Income from insurance broking business services	203.61	246.83
Income from mutual fund business [refer note 41 (i)]	-	12.86
Total	203.61	259.69

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28 Other income

Particulars	31 March 2021	Rs. in crores 31 March 2020
Net gain on derecognition of property, plant and equipment	0.41	0.70
Net gain on sale of investments measured at amortised cost	66.50	50.94
Income from shared services	36.64	61.43
Others	16.69	0.44
Total	120.24	113.51

29 Finance costs

Particulars	31 March 2021	Rs. in crores 31 March 2020
On financial liabilities measured at Amortised cost		
Interest on deposits	813.45	672.42
Interest on borrowings	1,631.55	1,959.89
Interest on debt securities	2,270.92	2,477.78
Interest on subordinated liabilities	331.46	342.33
Net loss in fair value of derivative financial instruments	201.20	(119.73)
Interest expense on lease liabilities (refer note 43)	19.77	20.16
Other borrowing costs	39.22	37.71
Total	5,307.57	5,390.56

Note: There is no financial liability measured at FVTPL.

30 Impairment on financial instruments

Particulars	31 March 2021	Rs. in crores 31 March 2020
On financial instruments measured at Amortized cost		
Bad debts and write offs	2,486.85	889.38
Loans	1,510.29	1,432.19
Investments	(0.96)	(1.46)
Loan commitment	0.04	(1.65)
Trade receivables and other contracts	2.52	0.52
Total	3,998.74	2,318.98

Note: There is no financial instrument measured at FVOCI.

31 Employee benefits expenses

Particulars	31 March 2021	Rs. in crores 31 March 2020
Salaries and wages	1,246.17	1,394.95
Contribution to provident funds and other funds	102.08	112.93
Share based payments to employees	28.55	58.90
Staff welfare expenses	7.21	43.04
Total	1,384.01	1,609.82

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32 Depreciation, amortization and impairment

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Depreciation on Property, Plant and Equipment	64.87	67.53
Amortization and impairment of intangible assets	21.73	19.19
Depreciation on Right of Use Asset (refer note 43)	63.91	60.15
Total	150.51	146.87

33 Other expenses

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Rent	18.95	38.57
Rates and taxes, excluding taxes on income	6.06	26.00
Electricity charges	11.87	22.14
Repairs and maintenance	7.22	14.54
Communication Costs	22.38	33.32
Printing and Stationery	7.62	15.19
Advertisement and publicity	8.19	20.20
Directors' fees, allowances and expenses	5.80	5.68
Auditor's fees and expenses -		
- Audit fees	1.34	1.01
- Taxation matters	0.02	0.02
- Other services	0.73	0.69
- Reimbursement of expenses	0.06	0.03
Legal and professional charges	91.53	109.53
Insurance	53.05	53.40
Manpower outsourcing cost	66.37	52.06
Donations	28.38	33.35
Corporate Social Responsibility (CSR) expenses	10.30	8.70
Conveyance and travel expenses	80.09	183.18
Other expenditure	138.85	231.58
Total	558.81	849.19

34 Exceptional items

Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Profit on sale of investments in shares of Mahindra Asset Management Company Private Limited, then wholly-owned subsidiary of the Company under 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (refer note 41 (i))	228.54	-
Total	228.54	-

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35 Earning Per Share (EPS)

Particulars	31 March 2021	Rs. in crores 31 March 2020
Profit for the year (Rs. in crores)	773.21	1,075.15
Weighted average number of Equity Shares used in computing basic EPS	1,105,895,353	898,259,114
Effect of potential dilutive Equity Shares on account of unexercised employee stock options	2,383,647	1,331,431
Weighted average number of Equity Shares used in computing diluted EPS	1,108,279,000	899,590,545
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	6.99	11.97
Diluted Earnings per share (Rs.)	6.98	11.95

Pursuant to Ind AS - 33, Earnings Per Share, the Basic and Diluted earnings per share for the previous year has been restated for the bonus element in respect of the Rights issue referred to in Note 40.

36 Accumulated Other Comprehensive Income

Particulars	31 March 2021	Rs. in crores 31 March 2020
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	5.42	2.96
- Net gain / (loss) on equity instruments through OCI	(4.56)	2.69
Income tax impact thereon	1.15	(0.23)
Balance at the end of the year : Subtotal (A)	2.01	5.42
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	75.13	29.62
- Exchange differences in translating the financial statements of a foreign associate	(15.27)	39.00
- Net gain / (loss) on debt instruments through OCI	(92.82)	7.67
- Income tax impact thereon	23.36	(1.16)
Balance at the end of the year : Subtotal (B)	(9.60)	75.13
Accumulated Other Comprehensive Income (A + B)	(7.59)	80.55

37 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 ("the 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.

Pursuant to the Rights issue of one equity share for every equity share held as on record date, at an issue price of Rs. 50 per Equity Share (including a premium of Rs. 48 per Equity Share), made by the Company, 20,63,662 equity shares have been allotted to the Trust in respect of its rights entitlement on 17 August 2020. All the option holders (beneficiaries) under existing grants have automatically become entitled to additional options at Rs. 50/- per option as rights adjustment and accordingly, the number of outstanding options stand augmented in the same ratio as the rights issue. All the terms and conditions applicable to these additional options issued under rights issue shall remain same as original grant.

Upon exercise of stock options, including additional options issued as per Rights issue, under the scheme by eligible employees, the Trust had issued 41,29,660 equity shares to employees up to 31 March 2021 (31 March 2020: 32,13,044 equity shares), of which 9,16,616 equity shares (31 March 2020: 4,70,989 equity shares) were issued during the current year.

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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 2021, the Company has not granted any stock options (31 March 2020:nil) to the employees under the Employees' Stock option scheme 2010.

c) Summary of stock options:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of stock options	Weighted average exercise price (Rs.) #	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	2,350,342	2.00	2,866,916	2.00
Options granted during the year	-	-	-	-
Adjustment pertaining to Rights Issue	1,987,633	50.00	-	-
Options forfeited / lapsed during the year	65,073	23.00	42,882	2.00
Options expired during the year	1,802	30.00	2,703	2.00
Options exercised during the year	916,616	15.00	470,989	2.00
Options outstanding at the end of the year	3,354,484	26.00	2,350,342	2.00
Options vested but not exercised at the end of the year	707,970	28.00	502,244	2.00

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020. The options issued under ESOP scheme 2010 are exercisable at Rs. 2/- per option and adjustment options issued under Rights issue are exercisable at Rs. 50/- each, including premium of Rs. 48/- per option (being the issue price under Rights allotment).

d) Information in respect of options outstanding:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of stock options	Weighted average remaining life	No. of stock options	Weighted average remaining life
Exercise price				
i) At Rs.2.00 per option	1,652,454	50 months	2,350,342	54 months
ii) At Rs.50.00 per option	1,702,030	49 months	-	-
	3,354,484		2,350,342	

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e) Average share price at recognized stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2021		Year ended 31 March 2020	
Date of exercise	Weighted average share price (Rs.)#	Date of exercise	Weighted average share price (Rs.)
01 April 2020 to 31 March 2021	167.30	01 April 2019 to 31 March 2020	335.73

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020.

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. 15.99 crores (31 March 2020: Rs. 29.42 Crores) 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. 0.47 crores (31 March 2020: Rs. 0.52 Crores) in respect of options granted to employees of the Company and excludes net recovery of Rs. 0.32 crores (31 March 2020: Rs. 0.57 Crores) from its subsidiaries for options granted to their employees.

38 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 cover

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.

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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.

Variability in withdrawal rates -

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Regulatory Risk:

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20,00,000, raising accrual rate from 15/26 etc.).

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.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars	Rs. in crores	
	Funded Plan Gratuity	
	Year ended 31 March 2021	Year ended 31 March 2020
I. Amounts recognized in the Statement of Profit & Loss		
Current service cost	13.99	14.35
Net Interest cost	1.95	2.50
Past service cost	(2.84)	0.18
Actuarial (gain)/loss	-	(10.91)
Adjustment due to change in opening balance of Plan assets	(4.30)	(3.40)
Total expenses included in employee benefits expense	8.80	2.72
II. Amount recognised in Other Comprehensive income*		
Remeasurement (gains)/losses:		
a) Actuarial (gains)/losses arising from changes in -		
- demographic assumptions	(0.29)	0.35
- financial assumptions	(2.85)	(12.49)
- experience adjustments	0.47	(3.65)
b) Return on plan assets, excluding amount included in net interest expense/(income)	-	(0.03)
Total amount recognised in other comprehensive income	(2.68)	(15.82)

*The above data is including the inter company adjustment of associate(s) / joint venture(s) which are accounted for using equity method in these consolidated financial statements for current year. (refer note 41(i))

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38 Employee benefits (Continued)

Details of defined benefit plans as per actuarial valuation are as follows : (Continued)

Rs. in crores

Particulars	Funded Plan Gratuity	
	Year ended 31 March 2021	Year ended 31 March 2020
III. Changes in the defined benefit obligation		
Opening defined benefit obligation	105.67	88.04
Add/(less) on account of business combination/transfers	-	(0.01)
Current service cost	13.99	14.35
Past service cost	(2.84)	(10.91)
Interest expense	7.23	6.75
Remeasurement (gains)/losses arising from changes in -		
- demographic assumptions	0.87	(0.33)
- financial assumptions	(0.43)	10.16
- experience adjustments	(2.55)	2.15
Benefits paid	(6.30)	(3.19)
Closing defined benefit obligation	115.64	107.01
IV. Change in the fair value of plan assets during the year		
Opening Fair value of plan assets	72.54	52.10
Interest income	4.51	3.53
Expected return on plan assets	(3.74)	(2.79)
Contributions by employer	6.02	20.25
Adjustment due to change in opening balance of Plan assets	4.30	3.06
Actual Return on plan assets in excess of the expected return	(0.30)	-
Actual Benefits paid	(6.30)	(3.19)
Closing Fair value of plan assets	77.03	72.96
V. Net defined benefit obligation		
Defined benefit obligation	115.63	107.02
Fair value of plan assets	77.04	72.96
Surplus/(Deficit)	(38.59)	(34.06)
Current portion of the above	(2.34)	(10.08)
Non current portion of the above	(36.26)	(23.98)

Actuarial assumptions and Sensitivity

Rs. in crores

Particulars	Funded Plan Gratuity	
	Year ended 31 March 2021	Year ended 31 March 2020
I. Actuarial assumptions		
Discount Rate (p.a.)	6.91%	6.90%
Attrition rate	6.61 for age upto 30, 5.47 for age 31-44, 0.12 for 44 and above	12.41 for age upto 30, 8.21 for age 31-44, 21.00 for 44 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 (2012-14) Ultimate

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Particulars	Rs. in crores	
	Funded Plan Gratuity	
	Year ended 31 March 2021	Year ended 31 March 2020
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:		
One percentage point increase in discount rate	9.92	(10.19)
One percentage point decrease in discount rate	14.50	11.84
One percentage point increase in Salary growth rate	14.33	11.71
One percentage point decrease in Salary growth rate	(12.31)	(10.27)
III. Maturity profile of defined benefit obligation		
Within 1 year	12.62	20.13
Between 1 and 5 years	63.56	107.69

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 cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

The contribution to provident fund, superannuation fund and national pension scheme at Group level aggregating to Rs.74.43 crores (31 March 2020: Rs. 90.26 crores) has been recognized in the Statement of profit and loss under the head " Employee benefits expense".

39 Funds raised by issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds")

During the year ended 31 March 2021, there was no capital raised in the overseas market by issue of 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 crores (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.

40 Funds raised by issue of equity shares through Rights Issue

Pursuant to authorization of further infusion of capital through Rights Issue by the Board of Directors of the Company at its meeting held on 1 June 2020, other resolutions passed on 18 July 2020 approving the issue size, rights entitlement ratio, fixing the issue price, fixing the record date and in accordance with the provisions of the Companies Act, 2013 and the applicable Rules prescribed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company had issued 61,77,64,960 fully paid-up Equity Shares of face value of Rs. 2 each for cash at a price of Rs. 50 per Equity Share (including a premium of Rs. 48 per Equity Share) aggregating to Rs. 3,088.82 crores on a rights basis to eligible equity shareholders in the ratio

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of one Equity Share for every one fully paid-up Equity Share held on the record date, that is July 23, 2020. These equity shares were allotted on 17 August 2020. The Company has utilized the entire proceeds (net of issue related expenses) from the above referred Rights Issue for the purposes as stated in its 'Letter of Offer'.

The fresh allotment of equity shares through Rights Issue as stated above has resulted in an increase of equity share capital by Rs.123.55 crores and securities premium reserve by Rs. 2,965.27 crores.

The share issue expenses of Rs.8.58 crores been adjusted against securities premium reserve as per the accounting policy.

Increase in the Authorised Share Capital of the Company :

In view of Rights Issue and pursuant to the consent accorded by passing Special Resolutions by the Shareholders of Mahindra & Mahindra Financial Services Limited at the Extraordinary General Meeting ("EGM") held on Tuesday, 30th June, 2020, the Authorised Share Capital of the Company has been increased from Rs. 190.00 Crores divided into 70,00,00,000 (Seventy Crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company to Rs. 550.00 Crores divided into 250,00,00,000 (Two Hundred Fifty Crores) Equity Shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference Shares of Rs. 100 (Rupees Hundred) each of the Company.

41 Transactions in the nature of change in ownership in other entities

Transactions pertaining to year ended 31 March 2021:

- i) 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).

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. Accordingly, Manulife has made a fresh equity investment infusion aggregating to US \$ 35.00 million to acquire 42% of the share capital of MAMCPL & MTCPL. 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 crores (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 fully paid up equity share capital. 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, effective from the quarter ended 30 June 2020, MMIMPL and MMTPL have been consolidated as joint ventures under equity method of accounting. On this sale transaction, the Company had recognized a pre-tax profit of Rs.228.54 crores on a consolidated basis and the same has been disclosed as exceptional item in the statement of profit and loss for the year ended 31 March 2021.

Transactions pertaining to previous year ended 31 March 2020:

- 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. 286.78 crores. 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.

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- ii) During the previous year ended 31 March 2020, the Company had 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 had 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 had remitted an amount of Rs. 4,399.60 crores (equivalent to LKR 11,000.00 crores) to Ideal Finance towards acquisition of 38.20% of the Equity share capital under first and second tranches as prescribed in these agreements.
- iii) During the previous 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.

42 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

	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
Tier - I capital	12,653.79	9,628.79
Tier - II capital	2,141.99	2,645.43
Total Capital	14,795.78	12,274.22
Risk weighted assets	56,944.01	62,485.47
Tier - I capital ratio	22.2%	15.4%
Total Capital ratio	26.0%	19.6%

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.

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43 Leases

l) 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, certain IT equipments and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, 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 as at 1 April 2019, and thereafter, at the inception of respective lease contracts and ROU asset is equal to lease liability 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.

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- 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.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight to determine the lease term of contracts.

a) Maturity Analysis - Contractual Undiscounted Cash Flow:

	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
Less than 1 year	60.41	65.08
1 - 3 years	100.21	99.61
3 - 5 years	66.74	67.82
More than 5 years	50.14	56.08
Total undiscounted lease liabilities	277.50	288.59

b) Other disclosures:

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 crores	
	Amount for the year ended / As at	
	31 March 2021	31 March 2020
i) Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 32 "Depreciation, amortization and impairment")	63.91	60.15
ii) Interest expense on lease liabilities (presented under note - 29 "Finance costs")	19.77	20.16
iii) Expense relating to short-term leases (included in Rent expenses under note 33 "Other expenses")	12.23	24.82
iv) Expense relating to leases of low-value assets (included in Rent expenses under note 33 "Other expenses")	9.56	13.76
v) Payments for principal portion of lease liability	54.53	48.03
vi) Additions to right-of-use assets during the year	54.20	45.33
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")	218.60	237.02
viii) Lease liabilities (presented under note - 20 "Other financial liabilities")	239.76	249.14

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Pursuant to amendments brought in by Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated 24 July 2020, 'Ind AS 116 - Leases' was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to Covid-19-Related Rent Concessions. The Group had applied the practical expedient to all such rent concessions received during the year ended 31 March 2021 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognized in the statement of profit or loss for the year under review is not material.

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.

Other details are as follows:

Particulars	Rs. in crores	
	Year ended 31 March 2021	Year ended 31 March 2020
i) New vehicles to retail customers on operating lease -		
Gross carrying amount	58.37	49.26
Depreciation for the year	9.14	3.96
Accumulated Depreciation	13.23	4.28
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Gross carrying amount	2.00	3.59
Depreciation for the year	0.41	0.43
Accumulated Depreciation	0.75	0.56

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
i) New vehicles to retail customers on operating lease -		
Not later than one year	19.69	14.51
Later than one year but not later than five years	43.05	35.79
Later than five years	-	-
	62.74	50.30
ii) Used and refurbished vehicles to travel operators / taxi aggregators -		
Not later than one year	0.21	0.51
Later than one year but not later than five years	0.32	0.34
Later than five years	-	-
	0.53	0.85

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.

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44 Frauds reported during the year

There were 178 cases (31 March 2020: 381 cases) of frauds amounting to Rs.5.28 crores (31 March 2020: Rs.5.25 crores) reported during the year. The Group has recovered an amount of Rs.3.37 crores (31 March 2020: Rs.1.78 crores) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies.

45 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March 2021	As at 31 March 2020
i) Contingent liabilities		
Claims against the Company not acknowledged as debts	161.92	146.05
Guarantees	1,577.23	1,117.42
Other money for which the Company is contingently liable	0.03	0.86
	1,739.18	1,264.34
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	14.21	15.76
Other commitments	436.73	659.27
	450.94	675.03
Total	2,190.12	1,939.37

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.

The respective companies in the Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

46 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 Through 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.

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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:

Particulars	Rs. in crores	
	As at 31 March 2021	As at 31 March 2020
Securitized assets -		
Carrying amount of transferred assets measured at amortised cost	10,524.45	8,855.24
Carrying amount of associated liabilities (Term Loan)	10,390.77	8,881.71
Fair value of assets (A)	10,345.24	8,769.74
Fair value of associated liabilities (B)	9,592.85	8,169.18
Net position at FV (A-B)	752.39	600.56

47 Corporate Social Responsibility (CSR)

The CSR activities of the Group shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the respective companies in the Group reviews the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

During the year ended 31 March 2021, the Group has incurred an expenditure of Rs.35.65 crores (31 March 2020 : Rs. 32.78 crores) 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.0.94 crores (31 March 2020: Rs. 2.98 crores) towards the CSR activities undertaken by the Group.

Detail of amount spent towards CSR activities :

- Gross amount required to be spent by the Group during the year is Rs.36.66 crores (31 March 2020: Rs. 30.76 crores).
- Amount spent by the Group during the year :

Particulars	For the year ended 31 March 2021			For the year ended 31 March 2020		
	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	36.74	-	36.74	35.94	-	35.94

The above expenditure includes Rs.0.15 crores (31 March 2020: Rs.0.17 crores) 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.

48 During the year ended 31 March 2020, the Group has made a contribution of Rs.6.00 crores 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. There was no such contribution made during the year ended 31 March 2021.

49 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.

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50 Reconciliation of movement of liabilities to cash flows arising from financing activities

Year ended 31 March 2021

Rs. in crores

Particulars	31 March 2020	Cash flows (net)*	Exchange difference	Amortisation of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2021
Debt securities	19,744.61	(59.75)	-	(13.82)	-	19,671.04
Borrowings (Other than debt securities)	33,327.14	(755.95)	(124.74)	7.83	-	32,454.28
Deposits	8,781.39	573.24	-	11.53	-	9,366.16
Subordinated liabilities	3,781.10	(175.98)	-	4.35	-	3,609.47
Lease liabilities	249.14	(62.61)	-	-	53.23	239.76
Total liabilities from financing activities	65,883.38	(481.05)	(124.74)	9.89	53.23	65,340.71

*Including the inter company adjustment of associate(s) / joint venture(s) which are accounted for using equity method in these consolidated financial statements for current year. [refer note 41(i)]

Year ended 31 March 2020

Rs. in crores

Particulars	31 March 2019	Cash flows (net)	Exchange difference	Amortisation of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2020
Debt securities	24,715.89	(4,976.52)	-	5.24	-	19,744.61
Borrowings (Other than debt securities)	24,632.72	8,487.10	191.73	15.59	-	33,327.14
Deposits	5,630.93	3,143.74	-	6.72	-	8,781.39
Subordinated liabilities	3,822.08	(39.77)	-	(1.21)	-	3,781.10
Lease liabilities	-	(48.03)	-	-	297.17	249.14
Dividend paid (including tax on dividend)	-	(516.81)	-	-	-	-
Total liabilities from financing activities	58,801.62	6,049.72	191.73	26.34	297.17	65,883.38

51 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.

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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:

Particulars	Year ended 31st March 2021			Year ended 31st March 2020		
	Financing Activities	Other reconciling items	Total	Financing Activities	Other reconciling items	Total
	Rs. in crores					
External Revenue	11,962.32	208.18	12,170.50	11,733.52	262.94	11,996.46
Inter Segment Revenue	9.15	72.92	82.07	39.22	95.80	135.02
Total Revenue	11,971.47	281.10	12,252.57	11,772.74	358.74	12,131.48
Segment Results (Profit before tax and after interest on Financing Segment)	840.18	54.42	894.60	1,517.66	38.47	1,556.13
Share of profits in associates and joint venture	39.54	-	39.54	45.90	-	45.90
Less: Interest on Unallocated reconciling items	-	-	-	-	-	-
Net Profit before tax	879.72	54.42	934.14	1,563.56	38.47	1,602.03
Less: Income taxes	-	-	153.86	-	-	516.21
Net profit	-	-	780.28	-	-	1,085.82
Other information:						
Segment Assets	83,614.47	641.39	84,255.86	80,544.96	428.33	80,973.29
Unallocated corporate assets	-	-	1,345.13	-	-	819.28
Total Assets	83,614.47	641.39	85,600.99	80,544.96	428.33	81,792.57
Segment Liabilities	69,590.72	134.75	69,725.47	69,592.54	141.36	69,733.89
Unallocated corporate liabilities	-	-	-	-	-	-
Total Liabilities	69,590.72	134.75	69,725.47	69,592.54	141.36	69,733.89

52 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.

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52.1 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. 91.49 crores (31st March 2020 : Rs. 169.88 crores). 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:

Particulars	Rs. in crores			
	JPY	US Dollar	Euro	Total
As at 31 March 2021				
Financial Assets	-	-	-	-
Financial Liabilities	988.13	2,486.27	206.15	3,680.55
As at 31 March 2020				
Financial Assets	-	-	-	-
Financial Liabilities	-	2,721.41	199.32	2,920.73

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

Particulars	Rs. in crores		
	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2021	INR/JPY	(+/-) 1.00%	(+/-) 9.88
	INR/USD	(+/-) 1.00%	(+/-) 2.06
	INR/EUR	(+/-) 1.00%	(+/-) 24.86
Year ended 31 March 2020	INR/EUR	(+/-) 1.00%	(+/-) 1.99
	INR/USD	(+/-) 1.00%	(+/-) 27.21

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.

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Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year 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:

Particulars	Currency	Increase / decrease in basis points (Range)	Rs. in crores
			Effect on profit before tax
Year ended 31 March 2021	INR	100	147.20
Year ended 31 March 2020	INR	100	435.63

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

Particulars	Rs. in crores		
	Offsetting recognized on the balance sheet		
	Gross assets before offset	Financial liabilities netted	Assets recognized in balance sheet
Loan assets			
At 31 March' 2021	60,029.99	82.56	59,947.43
At 31 March' 2020	65,091.55	98.03	64,993.52

Financial liabilities subject to offsetting

Particulars	Rs. in crores		
	Offsetting recognized on the balance sheet		
	Gross liabilities before offset	Financial assets netted	Liabilities recognised in balance sheet
Other financial liabilities			
At 31 March' 2021	2,686.82	82.56	2,604.26
At 31 March' 2020	2,411.99	98.03	2,313.96

Note : The residential loan businesses has not offset financial assets and financial liabilities.

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52.2 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.

Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of Retail loan assets		
Neither Past due nor impaired	41,694.34	49,494.84
Past Due but not impaired		
30 days past due	6,315.88	3,298.35
31-90 days past due	7,947.58	6,162.09
Impaired (more than 90 days)	5,681.06	5,484.50
Total Gross carrying value as at reporting date	61,638.86	64,439.78

Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of Residential loan assets		
Neither Past due nor impaired	3,736.85	4,971.18
Past Due but not impaired		
30 days past due	815.16	547.67
31-90 days past due	2,088.77	1,647.83
Impaired (more than 90 days)	1,005.93	1,277.21
Total Gross carrying value as at reporting date	7,646.71	8,443.89

Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	1,499.69	1,626.63
Past Due but not impaired		
30 days past due	81.13	497.97
31-90 days past due	138.98	78.49
Impaired (more than 90 days)	38.03	192.98
Total Gross carrying value as at reporting date	1,757.83	2,396.07

Particulars	31 March 2021	Rs. in crores 31 March 2020
Gross carrying value of Trade Advances		
Less than 60 days past due	1,113.33	963.83
61-90 days past due	22.57	211.50
Impaired (more than 90 days)	59.08	64.02
Total Gross carrying value as at reporting date	1,194.98	1,239.35

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Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	3,765.44	1,129.59
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	3,765.44	1,129.59

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

In case of unsecured advances (personal loans), the Company follows an early recognition norm of classification in to stage 3 assets where the overdue is more than 30 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, lease and other receivables. 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, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 and Press Release: 2019-2020/2392 dated 22 May 2020 relating to 'COVID-19 - Regulatory Package', the businesses in the Group, as per Board approved policy of respective companies and ICAI advisories, has granted moratorium upto six months on the payment of installments which became due between 01 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The respective companies in the Group continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria and accordingly, the staging of such accounts of borrowers as at 31 March 2021 is based on day past due status considering the benefit of moratorium period.

During the previous year ended 31 March 2020, in accordance with the notifications issued by the Reserve Bank of India (RBI) relating to 'COVID-19 - Regulatory Package' till the date of results, the businesses in the Group, as per its Board approved policy of respective companies and ICAI advisories, had considered the moratorium

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up to three months on the payment of installments which became due between 01 March 2020 and 31 May 2020 to all eligible borrowers. Accordingly, in respect of accounts overdue but standard (i.e. stage 1 and stage 2) as 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.

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Across the geographies and segments where we operate, the COVID-19 outbreak has led to a worsening of economic conditions and increased uncertainty, which has been reflected in higher ECL provisions. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy such as retail, hospitality and commercial real estate. The impact of the pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates.

The significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 have materially impacted the performance of financial models. ECL model performance has been significantly impacted, which has increased reliance on management judgement in determining the appropriate level of ECL estimates. The reliability of ECL models under these circumstances has also been impacted by the unprecedented response from governments to provide a variety of economic stimulus packages to support livelihoods and businesses. Historical observations on which the models were built do not reflect these unprecedented support measures. We continue to monitor credit performance against the level of government support and customer relief programmes.

While the methodologies and assumptions applied in the impairment loss allowance calculations have primarily remained unchanged from those applied while preparing the financial results for the year ended March 2020, the respective companies in the Group 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 of Rs.1093.81 crores (31 March 2020: Rs. 728.53 crores) in the statement of profit and loss. The final impact of this pandemic and the Group's impairment loss allowance estimates are inherently uncertain, and hence, 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 of the respective companies will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the businesses in the Group.

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 03 September 2020 ("Interim Order"), had directed banks and NBFCs that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Group did not classify any account which was not NPA as of 31 August 2020 as per the RBI IRAC norms, as NPA after 31 August 2020.

Basis the said interim order, until 31 December 2020 the Group did not classify any additional borrower account as NPA as per the Reserve Bank of India or other regulatory prescribed norms, after 31 August 2020 which

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were not NPA as of 31 August 2020, however, during such periods, the Group has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 07 April 2021 issued in this connection, the Group has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and as per ECL model under Ind AS financial statements for the quarter and year ended 31 March 2021.

In accordance with the instructions in aforementioned RBI circular dated 07 April, 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April 2021, the respective companies in the Group has put in place a Board approved policy to refund/ adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. 01 March 2020 to 31 August 2020. The Group has estimated the said amount and made a provision of Rs. 31.84 crores in the financial statements for the year ended 31 March 2021.

- (iii) In accordance with the regulatory expectation of the Reserve Bank of India to bring down the net NPA ratio below 4%, which management has agreed with, the Company, has recorded an additional provision of Rs.1,320 crores on Stage 3 loans during the quarter and year ended 31 March 2021. Resultantly, the net NPA ratio of the Company stands at 3.97 % as at 31 March 2021.

(iv) 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 except for personal loans, where the Company has an early recognition norm of classification in to stage 3 on the basis of overdue more than 30 days past due.

(v) 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.

(vi) Estimations and assumptions considered in the 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.

(vii) 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;

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- 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.

(viii) 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 and residential finance 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.

(ix) 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.

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Further, the Company classifies certain category of exposures in to Stage 3 and makes accelerated provision upto 100% based on qualitative assessment implying the significant deterioration in asset quality or increase in credit risk on selective basis.

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of COVID-19 pandemic, RBI on August 6, 2020 announced resolution plan framework vide circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 for both personal loan and MSME loan customers. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower-specific. The respective companies in the Group continues to monitor the recoverability of loans granted in accordance with these circulars. The on-going and future performance of such loans remains an area of uncertainty at 31 March 2021. The relevant details in respect of these loans have been disclosed by the respective Companies.

(x) 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.

(xi) Analysis of inputs to the ECL model of Retail Loan 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	85	15
Agriculture (% real change p.a)	2021	6.5	4.2	1.9
	2022	5.4	3.1	0.8
	2023	5.6	3.3	1.0
	2024	5.3	3.0	0.7
	2025	5.8	3.5	1.2
Real GDP (% change p.a)	2020	7.2	6.1	5.0
	2021	7.3	6.2	5.1
	2022	7.6	6.5	5.4
	2023	7.5	6.4	5.3
	2024	7.4	6.3	5.2

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(xii) 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)	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 crores			
	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 2021	48,010.22	7,947.58	5,681.06	61,638.86
Expected credit loss rate	0.86%	10.88%	57.54%	
Carrying amount as at 31 March 2021 (net of impairment provision)	47,599.49	7,082.67	2,412.08	57,094.24
Gross Balance as at 31 March 2020	52,793.19	6,162.09	5,484.50	64,439.78
Expected credit loss rate	1.02%	11.75%	28.31%	
Carrying amount as at 31 March 2020 (net of impairment provision)	52,254.86	5,438.15	3,931.73	61,624.74

The expected credit loss allowance provision for **Residential Loans** is determined as follows:

	Rs. in crores			
	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 2021	4,552.02	2,088.76	1,005.93	7,646.71
Expected credit loss rate	1.34%	8.55%	27.73%	
Carrying amount as at 31 March 2021 (net of impairment provision)	4,490.95	1,910.17	726.98	7,128.10
Gross Balance as at 31 March 2020	5,518.85	1,647.83	1,277.21	8,443.89
Expected credit loss rate	1.04%	6.19%	32.45%	
Carrying amount as at 31 March 2020 (net of impairment provision)	5,461.59	1,545.79	862.70	7,870.08

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The expected credit loss allowance provision for **SME Loans including Bills of exchange** is determined as follows:

	Rs. in crores			
	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 2021	1,580.82	138.98	38.03	1,757.83
Expected credit loss rate	0.36%	9.06%	42.70%	
Carrying amount as at 31 March 2021 (net of impairment provision)	1,575.07	126.39	21.79	1,723.25
Gross Balance as at 31 March 2020	2,124.60	78.49	192.98	2,396.07
Expected credit loss rate	0.23%	27.21%	82.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	2,119.68	57.14	34.74	2,211.56

The expected credit loss allowance provision for **Trade Advances** is determined as follows:

	Rs. in crores			
	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2021	1,113.33	22.57	59.08	1,194.98
Expected credit loss rate	0.40%	6.52%	100.00%	
Carrying amount as at 31 March 2021 (net of impairment provision)	1,108.87	21.10	-	1,129.97
Gross Balance as at 31 March 2020	963.83	211.50	64.02	1,239.35
Expected credit loss rate	0.40%	6.77%	100.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	959.97	197.19	-	1,157.16

The expected credit loss allowance provision for **Financial Investments measured at amortised cost** is determined as follows:

	Rs. in crores			
	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 2021	3,765.44	-	-	3,765.44
Expected credit loss rate	0.01%	-	-	
Carrying amount as at 31 March 2021 (net of impairment provision)	3,765.03	-	-	3,765.03
Gross Balance as at 31 March 2020	1,129.59	-	-	1,129.59
Expected credit loss rate	0.12%	-	-	-
Carrying amount as at 31 March 2020 (net of impairment provision)	1,128.23	-	-	1,128.23

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.

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An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans is, as follows:

Gross exposure reconciliation

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	49,728.69	5,173.80	3,838.98	58,741.47
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,364.19	(1,127.59)	(236.60)	0.00
- Transfers to Stage 2	(5,155.84)	5,286.48	(130.64)	(0.00)
- Transfers to Stage 3	(1,973.00)	(1,253.91)	3,226.91	-
- Loans that have been derecognised during the period	(4,899.10)	(766.25)	(821.73)	(6,487.08)
New loans originated during the year	26,865.76	799.57	260.67	27,926.00
Write-offs	(0.03)	(0.18)	(335.98)	(336.19)
Remeasurement of net exposure	(13,137.48)	(1,949.83)	(317.11)	(15,404.42)
Gross carrying amount balance as at 31 March 2020	52,793.19	6,162.09	5,484.50	64,439.78

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31 March 2020	52,793.19	6,162.09	5,484.50	64,439.78
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,725.54	(1,543.73)	(181.81)	-
- Transfers to Stage 2	(5,564.66)	5,732.57	(167.91)	-
- Transfers to Stage 3	(1,873.76)	(1,164.20)	3,037.96	0.00
- Loans that have been derecognised during the period	(4,366.75)	(566.31)	(1,332.89)	(6,265.95)
New loans originated during the year	15,963.76	284.04	80.38	16,328.18
Write-offs	(0.37)	(2.53)	(1,238.19)	(1,241.09)
Remeasurement of net exposure	(10,666.73)	(954.35)	(0.98)	(11,622.06)
Gross carrying amount balance as at 31 March 2021	48,010.22	7,947.58	5,681.06	61,638.86

Reconciliation of ECL balance

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	509.86	569.60	645.50	1,724.96
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	163.92	(124.14)	(39.78)	-
- Transfers to Stage 2	(52.86)	74.83	(21.97)	-
- Transfers to Stage 3	(20.23)	(138.05)	158.28	-
- Loans that have been derecognised during the period	(50.23)	(84.36)	(138.17)	(272.76)
New loans originated during the year	245.40	91.13	63.30	399.83
Write-offs	(0.00)	(0.02)	(309.93)	(309.95)
Net remeasurement of loss allowance	(257.53)	334.95	1,195.53	1,272.95
ECL allowance balance as at 31 March 2020	538.33	723.94	1,552.76	2,815.03

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Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31 March 2020	538.33	723.94	1,552.76	2,815.03
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	232.83	(181.36)	(51.47)	-
- Transfers to Stage 2	(56.74)	104.28	(47.54)	-
- Transfers to Stage 3	(19.11)	(136.77)	155.88	-
- Loans that have been derecognised during the period	(44.53)	(66.53)	(377.37)	(488.43)
New loans originated during the year	136.57	30.91	13.48	180.96
Write-offs	(0.00)	(0.30)	(350.55)	(350.85)
Net remeasurement of loss allowance	(376.63)	390.74	2,373.79	2,387.90
ECL allowance balance as at 31 March 2021	410.72	864.91	3,268.98	4,544.61

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was Rs. 1,354.86 Crores (31 March 2020: Rs. 383.53 Crores).

The overall increase in ECL allowance on the portfolio was driven by movements between stages as a result of increase in credit risk in general, along with management's decision to increase the total overlay provision to Rs. 2316.36 Crores (31 March 2020 : Rs. 574.01 Crores) in order to reflect the uncertainty and deterioration in macro-economic outlook arising from COVID-19 Pandemic as well as to meet the regulatory expectation of the RBI to bring down net NPA ratio below 4% as at 31 March 2021.

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 crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	5,395.28	1,605.83	1,047.64	8,048.75
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(894.15)	720.33	173.82	-
- Transfers to Stage 2	234.34	(424.31)	189.97	-
- Transfers to Stage 3	39.06	16.92	(55.98)	(0.00)
- Loans that have been derecognised during the period	(256.30)	(82.84)	(65.46)	(404.60)
New loans originated during the year	1,482.98	70.61	1.05	1,554.64
Write-offs	-	-	(86.77)	(86.77)
Remeasurement of net exposure	(482.37)	(258.70)	72.94	(668.13)
Gross carrying amount balance as at 31 March 2020	5,518.84	1,647.84	1,277.21	8,443.89

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to the Consolidated Financial Statements for the year ended 31 March 2021

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2020	5,518.84	1,647.84	1,277.21	8,443.89
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	(1,060.33)	963.39	96.94	(0.00)
- Transfers to Stage 2	330.37	(422.61)	92.24	0.00
- Transfers to Stage 3	32.00	19.28	(51.27)	0.01
- Loans that have been derecognized during the period	582.42	27.01	-	609.43
New loans originated during the year	(313.72)	(85.93)	(239.18)	(638.83)
Write-offs	(0.01)	-	(260.40)	(260.41)
Remeasurement of net exposure	(537.57)	(60.20)	90.39	(507.38)
Gross carrying amount balance as at 31 March 2021	4,552.00	2,088.78	1,005.94	7,646.71

The contractual amount outstanding on financial assets that have been written off for Residential Loans during the year ended 31 March 2021 and were still subject to enforcement activity was Rs. 80.10 crores (31 March 2020: Rs. 37.68 crores)

Reconciliation of ECL balance on Residential Loans

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	49.92	107.22	202.36	359.50
- Transfers to Stage 1	(8.92)	7.09	1.83	(0.00)
- Transfers to Stage 2	15.65	(28.33)	12.68	(0.00)
- Transfers to Stage 3	8.25	3.74	(11.99)	0.00
- Loans that have been derecognised during the period	(2.11)	(5.53)	(19.29)	(26.93)
New loans originated during the year	14.70	4.37	0.60	19.67
Write-offs	-	-	(12.65)	(12.65)
Net remeasurement of loss allowance	(20.22)	13.49	240.96	234.23
ECL allowance balance as at 31 March 2020	57.27	102.05	414.50	573.82

Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2020	57.27	102.05	414.50	573.82
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	(12.31)	11.11	1.20	0.00
- Transfers to Stage 2	20.43	(26.13)	5.70	0.00
- Transfers to Stage 3	7.82	4.44	(12.26)	0.00
- Loans that have been derecognized during the period	7.35	2.31	-	9.66
New loans originated during the year	(3.13)	(5.46)	(85.01)	(93.60)
Write-offs	(0.00)	-	(160.74)	(160.74)
Net remeasurement of loss allowance	(16.36)	90.28	115.55	189.47
ECL allowance balance as at 31 March 2021	61.07	178.60	278.94	518.61

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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. 154.52 crores.

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

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	2,286.85	32.47	176.55	2,495.87
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	46.37	(15.13)	(31.24)	(0.00)
- Transfers to Stage 2	(59.61)	62.11	(2.50)	(0.00)
- Transfers to Stage 3	(32.19)	(5.57)	37.76	0.00
- Loans that have been derecognised during the period	(981.13)	(11.82)	(25.99)	(1,018.94)
New loans originated during the year	1,767.71	44.99	50.19	1,862.89
Write-offs	-	-	-	-
Net remeasurement of exposure	(903.40)	(28.56)	(11.79)	(943.75)
Gross carrying amount balance as at 31 March 2020	2,124.59	78.49	192.98	2,396.07

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31 March 2020	2,124.59	78.49	192.98	2,396.07
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	23.51	(9.86)	(13.65)	-
- Transfers to Stage 2	(46.47)	49.15	(2.68)	-
- Transfers to Stage 3	(31.51)	(1.38)	32.89	-
- Loans that have been derecognised during the period	(1,173.18)	(61.05)	(16.02)	(1,250.25)
New loans originated during the year	1,128.74	96.98	0.22	1,225.94
Write-offs	(13.19)	(5.82)	(154.01)	(173.02)
Net remeasurement of exposure	(431.67)	(7.53)	(1.71)	(440.91)
Gross carrying amount balance as at 31 March 2021	1,580.83	138.98	38.02	1,757.83

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Reconciliation of ECL balance

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	2.80	0.84	68.79	72.43
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	16.50	(0.41)	(16.09)	-
- Transfers to Stage 2	(0.01)	1.37	(1.36)	-
- Transfers to Stage 3	(0.07)	(0.17)	0.24	-
- Loans that have been derecognised during the period	(0.41)	(0.26)	(7.27)	(7.94)
New loans originated during the year	2.56	0.51	40.40	43.47
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(16.46)	19.48	73.53	76.55
ECL allowance balance as at 31 March 2020	4.91	21.36	158.24	184.51

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31 March 2020	4.91	21.36	158.24	184.51
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	12.35	(1.66)	(10.69)	-
- Transfers to Stage 2	(0.19)	1.18	(0.99)	-
- Transfers to Stage 3	(0.15)	(0.31)	0.46	-
- Loans that have been derecognised during the period	(1.36)	(18.33)	(11.78)	(31.47)
New loans originated during the year	2.58	7.60	0.16	10.34
Write-offs	(0.02)	(1.00)	(132.34)	(133.36)
Net remeasurement of loss allowance	(12.36)	3.76	13.18	4.58
ECL allowance balance as at 31 March 2021	5.76	12.60	16.24	34.60

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was Rs. 161.98 Crores (31 March 2020: nil).

The reduction in ECL of the portfolio was driven by decrease in the gross size of portfolio.

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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

Particulars	Stage 1	Stage 2	Stage 3	Rs. in crores Total
Opening balance of outstanding exposure as at 1 April 2019	966.74	10.03	0.52	977.29
New Exposures	647.87	3.29	0.01	651.17
Exposure derecognised or matured/ lapsed (excluding write-offs)	(942.34)	(9.93)	(0.52)	(952.79)
- Transfers to Stage 1	(1.14)	1.14	-	-
- Transfers to Stage 2	0.08	(0.08)	-	-
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of exposure	(15.72)	(0.69)	-	(16.41)
Gross carrying amount balance as at 31 March 2020	655.49	3.76	0.00	659.26

Particulars	Stage 1	Stage 2	Stage 3	Rs. in crores Total
Gross carrying amount balance as at 31 March 2020	655.49	3.76	0.00	659.26
Changes due to loans recognised in the opening balance that have:				
New Exposures	404.54	6.63	-	411.17
Exposure derecognised or matured/ lapsed (excluding write-offs)	(602.98)	(3.50)	(0.01)	(606.49)
- Transfers to Stage 1	(9.49)	9.46	0.03	(0.00)
- Transfers to Stage 2	0.19	(0.22)	0.02	(0.01)
- Transfers to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of exposure	(22.60)	(5.38)	(0.01)	(27.99)
Gross carrying amount balance as at 31 March 2021	425.15	10.75	0.03	435.94

Reconciliation of ECL balance on loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Rs. in crores Total
ECL allowance balance as at 1 April 2019	8.36	0.67	0.17	9.20
New Exposures	4.67	0.20	0.00	4.87
Exposure derecognised or matured/ lapsed (excluding write-offs)	(2.79)	-	-	(2.79)
- Transfers to Stage 1	(0.01)	0.01	-	-
- Transfers to Stage 2	0.01	(0.01)	-	0.00
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(5.45)	(0.66)	(0.17)	(6.28)
Net remeasurement of loss allowance	(0.10)	0.02	-	(0.08)
ECL allowance balance as at 31 March 2020	4.70	0.23	0.00	4.93

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Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31 March 2020	4.70	0.23	0.00	4.93
Changes due to loans recognised in the opening balance that have:				
New Exposures	5.09	0.48	-	5.57
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1.14)	-	-	(1.14)
- Transfers to Stage 1	(0.11)	0.11	-	-
- Transfers to Stage 2	0.01	(0.01)	-	-
- Transfers to Stage 3	-	-	-	-
- Loans that have been derecognised during the period	(3.14)	(0.22)	-	(3.36)
Net remeasurement of loss allowance	(0.15)	0.19	0.01	0.05
ECL allowance balance as at 31 March 2021	5.26	0.78	0.01	6.05

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.

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

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	1,204.77	-	-	1,204.77
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	(501.08)	-	-	(501.08)
New Investments originated during the year	434.95	-	-	434.95
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(9.05)	-	-	(9.05)
Gross carrying amount balance as at 31 March 2020	1,129.59	-	-	1,129.59

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 31 March 2020	1,129.59	-	-	1,129.59
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	(106.54)	-	-	(106.54)
New Investments originated during the year	2,742.57	-	-	2,742.57
Write-offs	-	-	-	-
Net remeasurement of same stage continuing investments	(0.18)	-	-	(0.18)
Gross carrying amount balance as at 31 March 2021	3,765.44	-	-	3,765.44

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Reconciliation of ECL balance

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	2.82	-	-	2.82
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	(2.45)	-	-	(2.45)
New Investments originated during the year	1.08	-	-	1.08
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(0.09)	-	-	(0.09)
ECL allowance balance as at 31 March 2020	1.36	-	-	1.36

Particulars	Rs. in crores			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 31 March 2020	1.36	-	-	1.36
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	(0.92)	-	-	(0.92)
New Investments originated during the year	-	-	-	-
Write-offs	-	-	-	-
Net remeasurement of loss allowance	(0.03)	-	-	(0.03)
ECL allowance balance as at 31 March 2021	0.41	-	-	0.41

The contractual amount outstanding on financial investments that has been written off in relation to the financial investments during the year ended 31 March 2021 and that were still subject to enforcement activity was nil (31 March 2020 : nil).

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.

Concentration of Credit Risk

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:

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Particulars	Rs. in crores	
	31 March 2021	31 March 2020
Concentration by Geographical region in India:		
North	19,376.53	20,051.06
East	17,252.64	17,437.46
West	19,844.01	22,373.54
South	15,766.20	16,658.03
Total Carrying Value as at reporting period	72,239.38	76,520.09

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.

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

Loan To Value	Rs. in crores			
	Gross Value of Secured Retail loans		Gross Value of Secured SME loans	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Upto 50%	4,877.25	5,771.40	496.42	723.23
51 - 70%	8,524.93	10,422.46	123.27	145.21
71 - 100%	28,756.05	38,504.86	94.70	72.78
Above 100%	19,302.89	9,462.03	66.80	230.12
	61,461.12	64,160.75	781.19	1,171.34

Gross value of credit impaired loans to value of collateral

Loan To Value	Rs. in crores			
	Gross Value of Retail loans in Stage 3		Gross Value of SME loans in Stage 3	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Upto 50%	119.87	124.06	11.22	95.28
51 - 70%	152.99	140.99	2.30	10.46
71 - 100%	466.71	405.98	20.07	7.72
Above 100%	4,941.49	4,813.47	4.43	79.52
	5,681.06	5,484.50	38.02	192.98

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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

Loan To Value	Rs. in crores	
	Gross Value of total residential loans	
	31 March 2021	31 March 2020
Upto 50%	2,968.63	3,264.62
51 - 70%	3,227.83	3,599.24
71 - 100%	1,449.58	1,578.88
Above 100%	-	-
	7,646.04	8,442.74

Gross value of credit impaired loans to value of collateral

Loan To Value	Rs. in crores	
	Gross Value of loans in stage 3	
	31 March 2021	31 March 2020
Upto 50%	327.09	425.01
51 - 70%	486.17	579.17
71 - 100%	192.66	272.91
Above 100%	-	-
	1,005.92	1,277.09

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.

Fair value of collateral held against Credit Impaired assets

31 March 2021	Rs. in crores								
	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	5,681.06	4,088.89	-	-	-	(539.93)	3,548.96	2,132.10	3,268.98
SME Loans	38.02	3.00	47.87	50.26	1.29	(68.18)	34.24	3.78	16.24

31 March 2020	Rs. in crores								
	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	5,484.50	3,809.20	-	-	-	(547.37)	3,261.83	2,222.67	1,552.76
SME Loans	192.98	37.62	102.07	246.64	12.03	(270.82)	127.54	65.44	158.24

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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 crores

31 March 2021	Fair value of collateral held against Credit Impaired assets								
	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	1,005.91	-	-	1,840.21	-	(866.80)	973.41	32.50	278.93
Others	0.02	-	-	-	-	-	-	0.02	0.02

Rs. in crores

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
Loans against assets	1,277.09	-	-	3,516.86	-	(2,265.13)	1,251.73	25.36	414.39
Others	0.12	-	-	-	-	-	-	0.12	0.12

52.3 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 Group'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 contractual cash flows of financial liabilities based on the earliest date on which the Group 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 Group may be required to pay.

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	Rs. in crores			
Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 Years and above
Non-derivative financial liabilities				
As at 31 March 2021				
Trade Payable :	778.94	-	-	-
Debt Securities :				
- Principal	4,417.80	9,421.87	2,295.00	3,591.75
- Interest	1,918.94	2,251.75	941.86	1,267.54
Borrowings (Other than Debt Securities) :				
- Principal	14,306.50	15,734.80	2,434.96	-
- Interest	1,619.74	1,171.60	119.10	-
Deposit :				
- Principal	3,819.57	4,616.10	960.99	-
- Interest	774.72	881.25	218.13	-
Subordinated liabilities :				
- Principal	155.16	210.14	519.32	2,753.09
- Interest	319.30	601.73	599.55	789.94
Other financial liabilities :	2,353.69	463.27	92.06	373.69
Total	30,464.36	35,352.50	8,180.98	8,776.02
As at 31 March 2020				
Trade Payable :	722.85	-	-	-
Debt Securities :				
- Principal	7,030.50	4,965.21	3,153.56	4,656.75
- Interest	1,621.98	2,751.35	1,303.07	1,539.15
Borrowings (Other than Debt Securities) :				
- Principal	12,466.37	18,909.84	2,252.75	-
- Interest	2,043.27	1,740.15	149.34	-
Deposit :				
- Principal	1,662.24	6,078.11	1,082.86	-
- Interest	532.44	1,120.22	396.17	-
Subordinated liabilities :				
- Principal	272.20	225.16	424.46	2,938.09
- Interest	343.35	621.82	630.85	1,050.08
Other financial liabilities :	1,812.14	695.72	89.30	416.10
Total	28,507.34	37,107.58	9,482.36	10,600.17

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.

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Particulars	Rs. in crores			
	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 Years and above
Derivative financial instruments				
As at 31 March 2021				
Gross settled:				
Foreign exchange forward contracts				
- Payable	32.64	25.98	-	-
- Receivable	-	-	-	-
Interest Rate swaps				
- Payable	-	13.01	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	35.32	65.89	-
- Receivable	26.38	2.67	-	-
Total	59.02	76.98	65.89	-
As at 31 March 2020				
Gross settled:				
Foreign exchange forward contracts				
- Payable	0.18	27.91	-	-
- Receivable	0.62	25.95	-	-
Interest Rate swaps				
- Payable	-	14.69	-	-
- Receivable	-	-	-	-
Currency swaps				
- Payable	-	-	-	-
- Receivable	6.93	62.77	-	-
Total	7.73	131.32	-	-

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a) Financial Instruments regularly measured using Fair Value - recurring items

Financial assets/ financial liabilities	Fair Value				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 2021	As at 31 March 2020				
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL / FVOCI	(68.21)	(16.93)	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	(79.25)	69.70	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	2,500.18	3,397.51	Level 1 Quoted market price			
4) Investment in Commercial Paper	Financial Assets	Financial instrument measured at FVTPL	197.67	-	Level 1 Quoted market price			
5) Investment in equity instruments- Unquoted	Financial Assets	Financial instrument designated at FVOCI	-	0.10	Level 3 Cost			
6) Investment in equity instruments- Unquoted	Financial Assets	Financial instrument designated at FVOCI	16.38	28.92	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.
7) Investment in Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	4,710.88	247.76	Level 1 Quoted market price			

The company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

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b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in crores

Particulars	Unquoted Equity investment	Convertible debentures	Total
31 March 2021			
Opening balance	28.91	0.01	28.92
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss	-	-	
b) in other comprehensive income	(12.54)	-	(12.54)
Fair value of -			
Purchases made during the year	-	-	
Disposals made during the year			
Transfers into Level 3			
Transfers out of Level 3			
Closing balance	16.37	0.01	16.38
31 March 2020			
Opening balance	11.54	10.89	22.43
Total gains or losses recognised:			
In Profit or loss			
a) in profit or loss			
b) in other comprehensive income	2.78	-	2.78
Fair value of -			
Purchases made during the year	14.59	-	14.59
Issues made during the year			
Disposals made during the year	-	(10.89)	(10.89)
Sale made during the year			
Transfers into Level 3			
Transfers out of Level 3			
Closing balance	28.91	0.00	28.92

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 crores

Particulars	31 March 2021	31 March 2020
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited)		
Fair Value of Investments	16.38	16.73
Dividend income on investments held		
Equity investment in MF Utilities Limited	-	0.10
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	-	12.19
Dividend income on investments held	-	-

There are no disposal of investment during the year ended 31 March 2021 and 2020 respectively.

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d) Financial Instruments measured at amortised cost

Rs. in crores

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2021					
Financial assets					
a) Cash and cash equivalent	808.53	808.53	796.73	11.80	-
b) Bank balances other than cash and cash equivalent	3,173.99	3,173.99	3,173.99	-	-
c) Trade Receivables	54.64	54.64	-	54.64	-
d) Loans and advances to customers	67,075.72	67,526.76	-	0.19	67,526.57
e) Financial investments - at amortised cost	3,765.03	3,841.07	1,362.72	2,478.35	-
f) Other financial assets	551.50	563.12	-	563.12	-
Total	75,429.41	75,968.11	5,333.44	3,108.10	67,526.57
Financial liabilities					
a) Trade Payables	778.94	778.94	-	778.94	-
b) Debt securities	19,671.04	21,498.04	21,498.04	-	-
c) Borrowings other than debt securities	32,454.28	32,017.21	-	32,017.21	-
d) Deposits	9,366.16	10,424.32	-	10,424.32	-
e) Subordinated Liabilities	3,609.47	4,111.91	4,111.91	-	-
f) Other financial liability	3,282.71	3,285.33	-	3,285.33	-
Total	69,162.60	72,115.75	25,609.95	46,505.80	-
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	782.60	782.60	782.60	-	-
b) Bank balances other than cash and cash equivalent	748.99	748.99	748.99	-	-
c) Trade Receivables	52.91	52.91	-	52.91	-
d) Loans and advances to customers	72,863.78	72,728.15	-	0.23	72,727.91
e) Financial investments - at amortised cost	1,128.23	1,203.68	1,055.94	147.73	-
f) Other financial assets	519.79	530.87	-	530.87	-
Total	76,096.30	76,047.20	2,587.53	731.74	72,727.91
Financial liabilities					
a) Trade Payables	722.85	722.85	-	722.85	-
b) Debt securities	19,744.61	20,916.55	20,916.55	-	-
c) Borrowings other than debt securities	33,327.14	32,679.51	-	32,679.51	-
d) Deposits	8,781.39	9,064.69	-	9,064.69	-
e) Subordinated Liabilities	3,781.10	4,175.54	4,175.54	-	-
f) Other financial liability	2,994.17	2,996.43	-	2,996.43	-
Total	69,351.26	70,555.57	25,092.09	45,463.48	-

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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.

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53 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.

	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Rs. in crores						
Assets						
Cash and cash equivalents	808.53	-	808.53	782.60	-	782.60
Bank balance	3,173.99	-	3,173.99	749.00	-	749.00
Derivative financial instruments	23.63	2.09	25.72	7.07	85.86	92.93
Trade receivables	54.64	-	54.64	52.91	-	52.91
Loans	28,797.39	38,278.33	67,075.72	27,412.59	45,451.19	72,863.78
Investments	5,188.07	6,840.16	12,028.23	3,511.37	1,829.00	5,340.37
Other financial assets	241.82	309.68	551.50	122.34	397.44	519.78
Current tax assets (Net)	-	414.18	414.18	-	257.83	257.83
Deferred tax Assets (Net)	-	944.88	944.88	-	578.83	578.83
Property, plant and equipment	-	379.24	379.24	-	427.76	427.76
Capital work-in-progress	-	10.34	10.34	-	-	-
Intangible assets under development	-	1.39	1.39	-	0.56	0.56
Other Intangible assets	-	19.80	19.80	-	27.60	27.60
Other non-financial assets	107.15	5.68	112.83	72.11	26.52	98.63
Total Assets	38,395.22	47,205.77	85,600.99	32,709.98	49,082.60	81,792.58
Liabilities						
Financial Liabilities						
Derivative financial instruments	31.27	141.91	173.18	0.18	39.98	40.16
Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	0.07	-	0.07	0.26	-	0.26
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	731.90	-	731.90	692.97	-	692.97
Other Payables						
i) total outstanding dues of micro enterprises and small enterprises	0.01	-	0.01	0.17	-	0.17
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	46.96	-	46.96	29.44	-	29.44
Debt Securities	4,417.80	15,253.24	19,671.04	7,003.22	12,741.39	19,744.61
Borrowings (Other than Debt Securities)	14,306.50	18,147.78	32,454.28	12,294.46	21,032.68	33,327.14
Deposits	3,819.57	5,546.59	9,366.16	1,654.39	7,127.00	8,781.39
Subordinated Liabilities	155.16	3,454.31	3,609.47	271.46	3,509.64	3,781.10
Other financial liabilities	1,870.78	1,411.93	3,282.71	1,793.06	1,201.13	2,994.19
Non-Financial Liabilities						
Current tax liabilities (Net)	-	13.92	13.92	17.38	-	17.38
Provisions	149.83	121.41	271.24	102.16	109.22	211.38
Other non-financial liabilities	102.43	2.10	104.53	101.25	12.45	113.70
Total Liabilities	25,632.28	44,093.19	69,725.47	23,960.40	45,773.49	69,733.89
Net	12,762.94	3,112.58	15,875.52	8,749.58	3,309.11	12,058.69
Other undrawn commitments	450.94	-	450.94	6.75	-	6.75
Total commitments	450.94	-	450.94	6.75	-	6.75

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

54 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) 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 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 Mahindra Finance USA, Inc Ideal Finance Ltd Mahindra Manulife Investment Management Private Limited (w.e.f. 30th April 2020)# Mahindra Manulife Trustee Private Limited (w.e.f. 30th April 2020)#
c) Joint Venture(s) / Associate(s): (entities on whom control is exercised)	
d) Joint Venture(s) / Associate(s) of Holding Company: (entities with whom the Company has transactions)	Tech Mahindra Limited Swaraj Engines Ltd Smartshift Logistics Solutions Pvt. Ltd. (earlier known as Resfeber Labs Private Limited) PSL Media & Communications Ltd Mr. Ramesh Iyer Mr. V Ravi (upto 24th July, 2020) Mr. Vivek Karve (w.e.f. 14th September, 2020) Mr. Dhananjay Mungale Mr. C. B. Bhave Ms. Rama Bijapurkar Mr. Milind Sarwate Mr. Arvind Sonde (upto 14th March, 2021) Mr. Amit Raje (w.e.f. 18th September, 2020) Dr. Rebecca Nugent (w.e.f. 5th March, 2021)
e) Key Management Personnel: (where there are transactions)	
f) Relatives of Key Management Personnel: (where there are transactions)	Ms. Janaki Iyer Ms. Ramlaxmi Iyer Mr. Risheek Iyer Ms. Girija Subramaniam Ms. Prema Mahadevan Ms. Sudha Bhave Mr. V Murali (upto 24th July, 2020) Ms. Srilatha Ravi (upto 24th July, 2020) Mr. Siddharth Ravi (upto 24th July, 2020) Ms. Asha Ramaswamy Ms Pallavi Kotwal (w.e.f. 18th September, 2020) Mr. Abhijit Mungale

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), 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 effective from 30 April 2020. Consequently, MMIMPL and MMTPL have been considered as joint ventures of the Company.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Particulars	Rs. in crores									
	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 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Loan income										
- Smartshift Logistics Solutions Pvt Ltd.	-	-	0.14	3.07	-	-	-	-	-	-
Subvention / Disposal loss income										
- Mahindra & Mahindra Limited	14.11	23.10	-	-	-	-	-	-	-	-
- Gromax Agri Equipment Limited	-	-	-	-	-	-	-	-	-	-
Lease rental income										
- Mahindra & Mahindra Limited	13.66	6.07	-	-	-	-	-	-	-	-
Interest income										
- Mahindra & Mahindra Limited	2.80	-	-	-	-	-	-	-	-	-
Income from sharing services										
- Mahindra & Mahindra Limited	0.42	-	-	-	-	-	-	-	-	-
Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	1.08	-	-	-	-	-
Mahindra Manulife Trustee Private Limited	-	-	-	-	0.01	-	-	-	-	-
Dividend Income										
Interest expense										
- Mahindra & Mahindra Limited	26.63	32.21	-	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	4.09	-	-	-	-	-
- Swaraj Engines Ltd.	-	-	1.20	1.41	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	39.35	24.70	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	5.04	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	0.96	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	0.94	0.68	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	22.69	0.70	-	-	-	-	-	-
- Mahindra Logistics Limited	-	-	0.52	1.15	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	0.76	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	1.89	2.48	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	0.17	0.01	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	0.07	0.07	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	0.12	0.07	-	-

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to the Consolidated Financial Statements for the year ended 31 March 2021

Particulars	Rs. in crores									
	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 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
- Mr. V Ravi	-	-	-	-	-	-	0.10	0.06	-	-
- Mr. C. B. Bhawe	-	-	-	-	-	-	0.06	0.06	-	-
- Others	-	-	-	-	-	-	-	-	0.48	0.33
Other expenses										
- Mahindra & Mahindra Limited	25.15	25.23	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	10.99	15.31	-	-	-	-	-	-
- Mahindra Defence Systems Ltd	-	-	1.30	-	-	-	-	-	-	-
- Bristlecone India Limited	-	-	0.46	1.04	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	0.61	0.70	-	-	-	-	-	-
- NBS International Limited	-	-	0.01	0.70	-	-	-	-	-	-
- Mahindra USA, Inc	-	-	-	-	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Ltd.	-	-	24.71	29.54	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	1.79	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	0.00	0.00	-	-	-	-	-	-
- Mahindra Retail Limited	-	-	-	7.50	-	-	-	-	-	-
- Others	-	-	0.09	0.91	-	-	-	-	-	-
Donations										
- New Democratic Electoral Trust	-	-	-	6.00	-	-	-	-	-	-
Remuneration										
- Mr Ramesh Iyer	-	-	-	-	-	-	7.11	6.56	-	-
- Mr V Ravi	-	-	-	-	-	-	3.62	3.38	-	-
- Mr Vivek Karve	-	-	-	-	-	-	1.62	-	-	-
Sitting fees and commission										
- Mr C. B. Bhawe	-	-	-	-	-	-	0.37	0.31	-	-
- Mr Dhananjay Mungale	-	-	-	-	-	-	0.45	0.39	-	-
- Ms Rama Bijapurkar	-	-	-	-	-	-	0.35	0.30	-	-
- Mr Milind Sarwate	-	-	-	-	-	-	0.38	0.31	-	-
- Mr Arvind Sonde	-	-	-	-	-	-	0.32	0.08	-	-
- Dr Rebecca Nugent	-	-	-	-	-	-	0.03	-	-	-

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to the Consolidated Financial Statements for the year ended 31 March 2021

Particulars	Rs. in crores					
	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Reimbursement from parties						
- Mahindra & Mahindra Limited	21.56	1.70	-	-	-	-
Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	0.29	-	-
- Mahindra Integrated Business Solutions Ltd.	-	-	4.28	-	-	-
- NBS International Limited	-	-	0.37	-	-	-
- Gromax Agri Equipment Limited	-	-	1.85	0.59	-	-
Reimbursement to parties						
- Mahindra USA, Inc	-	-	1.99	2.59	-	-
Purchase of fixed assets						
- Mahindra & Mahindra Limited	11.93	4.40	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	-	1.85	-	-
- Mahindra Engineering & Chemical Products Limited	-	-	0.54	-	-	-
- NBS International Limited	-	-	-	0.36	-	-
- Mahindra Retail Limited	-	-	-	0.84	-	-
Investments made						
- Ideal Finance Ltd	-	-	-	-	44.00	-
- New Democratic Electoral Trust	-	-	0.01	-	-	-
- Smartshift Logistics Solutions Pvt. Ltd.	-	-	-	2.50	-	-
Fixed deposits taken						
- Mahindra Engineering & Chemical Products Ltd	-	-	5.43	1.24	-	-
- PSL Media & Communications Ltd	-	-	0.70	1.00	-	-
- Mahindra Holidays & Resorts India Limited	-	-	15.00	15.90	-	-
- Mr. Ramesh Iyer	-	-	-	-	0.69	1.72
- Mr. V Ravi	-	-	-	-	-	1.00
- Mr. C. B. Bhawe	-	-	-	-	-	0.30
- Others	-	-	-	-	-	3.78
Fixed deposits matured						
- PSL Media & Communications Ltd	-	-	0.80	0.80	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	1.24	-	-	-

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to the Consolidated Financial Statements for the year ended 31 March 2021

Particulars	Holding Company				Fellow Subsidiaries / Joint Ventures / Associates of Holding Company				Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel		Rs. in crores
	Year ended 31 March 2021		Year ended 31 March 2020		Year ended 31 March 2021		Year ended 31 March 2020		Year ended 31 March 2021		Year ended 31 March 2020		Year ended 31 March 2021		
- Mahindra Holidays & Resorts India Ltd	-	-	-	-	15.90	-	-	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	-	1.61	0.66	-	-	-	-
- Mr C. B. Bhawe	-	-	-	-	-	-	-	-	-	0.15	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	-	-	2.61	2.09	-
Dividend paid															
- Mahindra & Mahindra Limited	-	205.54	-	-	-	-	-	-	-	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	-	-	-	-	0.51	-	-	-	-
- Mr. V Ravi	-	-	-	-	-	-	-	-	-	-	0.35	-	-	-	-
- Ms. Rama Bijapurkar	-	-	-	-	-	-	-	-	-	-	0.02	-	-	-	-
- Mr. Dhananjay Mungale	-	-	-	-	-	-	-	-	-	-	0.03	-	-	-	-
- Mr. V. S. Parthasarthy	-	-	-	-	-	-	-	-	-	-	0.00	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00	-
Inter corporate deposits taken															
- Mahindra & Mahindra Limited	-	300.00	-	-	-	-	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	500.00	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Logistics Limited	-	-	-	15.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Swaraj Engines Ltd.	-	-	10.00	20.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	-	28.75	-	-	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	10.00	50.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	320.00	65.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	15.00	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits repaid / matured															
- Mahindra & Mahindra Limited	250.00	450.00	-	-	-	-	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	-	500.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Vehicle Manufacturers Limited	-	-	-	150.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Logistics Limited	-	-	15.00	15.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	5.00	15.50	-	-	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	5.00	30.00	-	-	-	-	-	-	-	-	-	-	-
- Swaraj Engines Ltd.	-	-	20.00	10.00	-	-	-	-	-	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	15.00	10.00	-	-	-	-	-	-	-	-	-	-	-

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to the Consolidated Financial Statements for the year ended 31 March 2021

Particulars	Rs. in crores							
	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Debtentures issued								
- Mahindra & Mahindra Limited	-	195.00	-	-	-	-	-	-
Debtentures matured								
- Mahindra & Mahindra Limited	100.00	-	-	-	-	-	-	-
Loan given (including interest accrued but not due)								
- Mahindra Construction Co. Ltd.	-	-	3.34	-	-	-	-	-
Inter corporate deposits given								
- Mahindra Construction Co. Ltd.	-	-	1.13	-	-	-	-	-
Issue of Share Capital (incl Securities premium)								
- Mahindra & Mahindra Limited	1,640.96	-	-	-	-	-	-	-
Key Management Personnel as defined in Ind AS 24								
iii) Balances as at the end of the year:								
Particulars	Rs. in crores							
	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company		Joint Venture(s) / Associate(s)		Key Management Personnel	
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
Balances as at the end of the period								
Receivables								
- Mahindra & Mahindra Limited	-	2.98	-	-	-	-	-	-
- NBS International Limited	-	-	-	0.00	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	0.05	-	-	-
- Mahindra Manulife Trustee Private Limited	-	-	-	-	0.01	-	-	-
Loan given (including interest accrued but not due)								
- Mahindra Construction Co. Ltd.	-	-	3.34	3.34	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	-	18.80	-	-	-	-

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to the Consolidated Financial Statements for the year ended 31 March 2021

Particulars	Holding Company		Fellow Subsidiaries / Joint Ventures / Associates of Holding Company				Joint Venture(s) / Associate(s)		Key Management Personnel		Relatives of Key Management Personnel		Rs. in crores
	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021		
Inter corporate deposits given (including interest accrued but not due)													
- Swaraj Engines Limited	-	-	10.38	-	-	-	-	-	-	-	-	-	-
- Mahindra Construction Co. Ltd.	-	-	1.13	1.13	-	-	-	-	-	-	-	-	-
Investments													
- Mahindra Finance USA, Inc.	-	-	-	-	210.55	210.55	-	-	-	-	-	-	-
- Ideal Finance Ltd	-	-	-	-	44.00	44.00	-	-	-	-	-	-	-
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	195.30	-	-	-	-	-	-	-	-
- Mahindra Manulife Trustee Private Limited	-	-	-	-	0.50	-	-	-	-	-	-	-	-
- New Democratic Electoral Trust	-	-	0.02	0.01	-	-	-	-	-	-	-	-	-
- Smartshift Logistics Solutions Pvt Ltd.	-	-	9.50	9.50	-	-	-	-	-	-	-	-	-
Subordinate debt held (including interest accrued but not due)													
- Mahindra Manulife Investment Management Pvt. Ltd.	-	-	-	-	48.58	-	-	-	-	-	-	-	-
Debentures (including interest accrued but not due)													
- Mahindra & Mahindra Limited	102.71	201.09	-	-	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	173.22	159.65	-	-	-	-	-	-	-	-	-
Payables													
- Mahindra & Mahindra Limited	9.28	-	-	-	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Limited	-	-	5.47	3.49	-	-	-	-	-	-	-	-	-
- Mahindra Engineering & Chemical Products Ltd	-	-	0.04	-	-	-	-	-	-	-	-	-	-
- Mahindra Retail Limited	-	-	-	0.98	-	-	-	-	-	-	-	-	-
- Mahindra USA, Inc.	-	-	0.25	1.61	-	-	-	-	-	-	-	-	-
- Mahindra Integrated Business Solutions Limited	-	-	2.09	1.38	-	-	-	-	-	-	-	-	-
- Mahindra Defence Systems Ltd	-	-	0.80	-	-	-	-	-	-	-	-	-	-
- NBS International Limited	-	-	0.18	0.32	-	-	-	-	-	-	-	-	-
- Others	-	-	0.15	0.17	-	-	-	-	-	-	-	-	-
Inter corporate deposits taken (including interest accrued but not due)													
- Mahindra & Mahindra Limited	50.16	310.23	-	-	-	-	-	-	-	-	-	-	-
- Tech Mahindra Limited	-	-	523.85	-	-	-	-	-	-	-	-	-	-
- Mahindra Logistics Limited	-	-	-	15.54	-	-	-	-	-	-	-	-	-
- Mahindra First Choice Wheels Ltd.	-	-	25.26	20.04	-	-	-	-	-	-	-	-	-

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to the Consolidated Financial Statements for the year ended 31 March 2021

Particulars	Rs. in crores									
	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 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2020
- Mahindra Vehicle Manufacturers Limited	-	-	-	-	-	-	-	-	-	-
- Swaraj Engines Limited	-	-	-	20.87	-	-	-	-	-	-
- Mahindra Water Utilities Limited	-	-	12.11	16.90	-	-	-	-	-	-
- Mahindra Holidays and Resorts India Limited	-	-	400.89	65.51	-	-	-	-	-	-
- Mahindra Intertrade Limited	-	-	-	15.34	-	-	-	-	-	-
Fixed deposits (including interest accrued but not due)										
- Mahindra Engineering & Chemical Products Ltd	-	-	5.51	1.25	-	-	-	-	-	-
- PSL Media & Communications Ltd	-	-	0.94	1.04	-	-	-	-	-	-
- Mahindra Holidays & Resorts India Limited	-	-	15.02	16.02	-	-	-	-	-	-
- Mr. Ramesh Iyer	-	-	-	-	-	-	0.83	1.76	-	-
- Mr. V Ravi	-	-	-	-	-	-	1.24	1.14	-	-
- Mr. C. B. Bhawe	-	-	-	-	-	-	0.71	0.88	-	-
- Others	-	-	-	-	-	-	-	-	6.27	4.86

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2021

		Rs. in crores			
Particulars	Relation	Balance as on 1 April 2020	Advances / investments	Repayments/ sale	Balance as on 31 March 2021
(A) Loans and advances					
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow subsidiary	18.63	-	18.63	-
		18.63	-	18.63	-
(B) Investments					
Mahindra Finance USA, LLC	Associate	210.55	-	-	210.55
Ideal Finance Limited, Sri Lanka	Joint Venture	44.00	-	-	44.00
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow subsidiary	9.50	-	-	9.50
Mahindra Manulife Investment Management Private Limited (w.e.f. 30 April 2020) (Formerly known as Mahindra Asset Management Company Private Limited. (up to 29 April 2020)) #	Joint Venture	210.00		14.70	195.30
Mahindra Manulife Trustee Private Limited (w.e.f. 30 April 2020) (Formerly known as Mahindra Trustee Company Private Limited. (up to 29 April 2020)) #	Joint Venture	0.50	-	-	0.50
New Democratic Electoral Trust	Fellow subsidiary	0.01	0.01	-	0.02
		474.56	0.01	14.70	459.87
Total		493.19	0.01	33.33	459.87

Notes :

- Above loans & advances and investments have been given for general business purposes.
- There were no guarantees given / securities provided during the year.

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), 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 effective from 30 April 2020.

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to the Consolidated Financial Statements for the year ended 31 March 2021

As at 31 March 2020

					Rs. in crores
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 Associate	17.00	8.00	6.37	18.63
(B) Investments					
Mahindra Finance USA, LLC	Associate	210.55	-	-	210.55
Ideal Finance Limited, Sri Lanka	Joint Venture	-	44.00	-	44.00
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	7.00	2.50	-	9.50
New Democratic Electoral Trust	Fellow subsidiary	0.01	-	-	0.01

Notes :

- Above loans & advances and investments have been given for general business purposes.
- There were no guarantees given / securities provided during the year.
- 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.

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.

Name of the KMP	Nature of transactions	Rs. in crores	
		31 March 2021	31 March 2020
Mr. Ramesh Iyer (Vice-Chairman & Managing Director)	Gross Salary including perquisites	4.69	4.70
	Commission	1.28	1.64
	Stock Option	0.90	0.07
	Others - Contribution to Funds	0.31	0.30
		7.18	6.71
Mr. V. Ravi (Executive Director & Chief Financial Officer) (Retired w.e.f. 24 July 2020)	Gross Salary including perquisites	2.36	2.42
	Commission	0.76	0.95
	Stock Option	0.50	-
	Others - Contribution to Funds	-	0.09
		3.62	3.46

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

Name of the KMP	Nature of transactions	Rs. in crores	
		31 March 2021	31 March 2020
Mr. Dhananjay Mungale (Chairman & Independent Director)			
	Commission	0.28	0.28
	Other benefits	0.13	0.11
		0.41	0.39
Ms. Rama Bijapurkar (Independent Director)			
	Commission	0.21	0.21
	Other benefits	0.10	0.09
		0.31	0.30
Mr. C.B. Bhawe (Independent Director)			
	Commission	0.21	0.21
	Other benefits	0.12	0.10
		0.33	0.31
Mr. Milind Sarwate (Independent Director) (Appointed w.e.f. 1 April 2019)			
	Commission	0.21	-
	Other benefits	0.13	0.10
		0.34	0.10
Mr. Arvind V. Sonde (Independent Director) (Appointed w.e.f. 9 December 2019) (Retired w.e.f. 15 March 2021)			
	Commission	0.07	-
	Other benefits	0.08	0.01
		0.15	0.01
Dr. Rebecca Nugent (Appointed w.e.f. 5 March 2021)			
	Commission	-	-
	Other benefits	0.01	-
		0.01	-

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

55 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	
		2021	2020
Mahindra Insurance Brokers Limited (MIBL)	India	80.00%	80.00%
Mahindra Rural Housing Finance Limited (MRHFL)	India	99.42%	99.60%
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%	100.00%

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	
		2021	2020
Mahindra Manulife Investment Management Private Limited #	India	51.00%	100.00%
Mahindra Manulife Trustee Private Limited #	India	51.00%	100.00%
Mahindra Finance USA, LLC	USA	49.00%	49.00%
Ideal Finance Ltd	Sri Lanka	38.20%	38.20%

As at 31 March 2020 (prior to settlement of joint venture arrangement with Manulife), above entities, now considered as associates and formerly known as Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), were consolidated as wholly-owned subsidiaries of the Company.

The above associate(s) / joint venture(s) are accounted for using equity method in these consolidated financial statements.

c) Details of Non-Wholly Owned Subsidiaries that have material Non Controlling Interest:

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		Rs. in crores	
		Accumulated Non-controlling interest					
		2021	2020	2021	2020	2021	2020
Mahindra Insurance Brokers Limited	India	20.00%	20.00%	6.47	10.23	91.01	86.40
Mahindra Rural Housing Finance Limited	India	0.58%	0.40%	0.66	0.59	8.14	3.28
TOTAL				7.13	10.82	99.15	89.68

The Company has written put option available for acquiring ownership interest held by Non Controlling Interest in Mahindra Insurance Brokers Limited.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

- 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:

Particulars	Rs. in crores			
	Mahindra Insurance Brokers Limited		Mahindra Rural Housing Finance Limited	
	2021	2020	2021	2020
Financial Assets	535.85	490.72	8,640.08	8,090.70
Non Financial Assets	24.05	53.35	176.04	150.98
Financial Liabilities	83.15	71.30	7,393.48	6,969.18
Non Financial Liabilities	9.90	50.08	19.90	24.36
Equity interest attributable to the owners	364.03	338.15	1,394.60	1,244.86
Non-controlling interest	91.01	84.54	8.14	3.28
Total Income	268.53	336.76	1,454.67	1,527.61
Expenses	236.50	283.41	1,303.70	1,379.05
Profit / (Loss) for the year	32.03	53.35	150.97	148.56
Total Comprehensive Income for the year	32.36	51.14	150.77	147.41
Total Comprehensive Income attributable to the owners of the company	25.89	40.91	150.11	146.82
Total Comprehensive Income attributable to the Non-controlling interest	6.47	10.23	0.66	0.59
Dividends paid to Non-controlling interest	-	1.55	-	0.07
Opening Cash & Cash Equivalents	13.10	5.63	92.39	29.83
Closing Cash & Cash Equivalents	11.80	13.10	218.14	92.39
Net Cash inflow / (outflow)	(1.30)	7.47	125.75	62.56

- 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	Rs. in crores					
	Mahindra Manulife Investment Management Private Limited *		Mahindra Manulife Trustee Private Limited *		Mahindra Finance USA, LLC	
	2021	2021	2021	2020	2021	2020
Financial Assets	301.59	0.89	7,454.39	8,041.68	194.50	198.20
Non Financial Assets	8.99	0.10	34.39	38.28	9.62	5.54
Financial Liabilities	15.34	0.03	6,397.88	7,072.37	106.23	105.39
Non Financial Liabilities	10.46	0.01	-	-	5.26	5.20
Equity interest attributable to the owners	145.24	0.48	532.38	493.72	35.39	35.58
Non-controlling interest	139.54	0.47	554.11	513.87	57.25	57.57
Total Interest Income	7.84	-	440.28	470.58	38.80	35.79
Other income	22.68	0.36	19.14	17.31	1.21	1.31
Finance Costs	0.41	-	177.28	227.80	10.09	14.43
Depreciation and amortisation	2.49	0.00	-	-	1.93	1.15
Other expenses	54.34	0.37	135.20	132.11	17.13	14.77

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

Rs. in crores

Particulars	Mahindra Manulife Investment Management Private Limited *	Mahindra Manulife Trustee Private Limited *	Mahindra Finance USA, LLC		Ideal Finance Ltd	
	2021	2021	2021	2020	2021	2020
Income tax expense	-	-	43.82	34.57	4.14	2.25
Profit / (Loss) for the year	(26.72)	(0.01)	103.12	93.42	6.72	4.50
Total Comprehensive Income for the year	(26.65)	(0.01)	103.12	93.42	6.72	4.50
Total Comprehensive Income attributable to the owners of the company	(13.63)	(0.01)	50.53	45.77	2.65	0.12
Total Comprehensive Income attributable to the Non-controlling interest	(13.02)	(0.00)	52.59	47.65	4.07	2.78
Opening Cash & Cash Equivalents	0.06	0.01	2.68	18.23	1.77	2.06
Closing Cash & Cash Equivalents	0.06	0.01	-	2.68	2.65	1.77
Net Cash inflow / (outflow)	0.00	0.00	(2.68)	(15.55)	0.88	(0.29)

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 :

Rs. in crores

Particulars	Mahindra Manulife Investment Management Private Limited *	Mahindra Manulife Trustee Private Limited *	Mahindra Finance USA, LLC		Ideal Finance Ltd#	
	2021	2021	2021	2020	2021	2020
Closing Net Assets	284.78	0.95	1,086.48	1,007.59	92.64	93.15
Group share in %	51.00%	51.00%	49.00%	49.00%	38.20%	38.20%
Group share	145.24	0.48	532.38	493.72	35.39	35.58
Carrying amount	261.55	0.78	532.38	493.72	43.36	44.12

*Mahindra Manulife Investment Management Private Limited (erstwhile name Mahindra Asset Management Company Private Limited) and MTCPL (erstwhile name Mahindra Trustee Company Private Limited) were wholly-owned subsidiaries of the Company in previous financial year and hence previous year financials are not forming part of the above disclosure.

#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 the Consolidated Financial Statements for the year ended 31 March 2021

56 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

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		Rs. in crores	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent										
Mahindra & Mahindra Financial Services Limited	88.92%	14,117.18	70.27%	548.31	83.11%	(74.66)	68.60%	473.65		
Subsidiaries										
Indian -										
1. Mahindra Insurance Brokers Limited	2.53%	401.01	3.28%	25.62	-0.30%	0.27	3.75%	25.89		
2. Mahindra Rural Housing Finance Limited	5.19%	824.70	19.27%	150.34	0.26%	(0.24)	21.74%	150.11		
3. Mahindra & Mahindra Financial Services Limited Employees Stock Option Trust	0.23%	35.92	0.13%	1.03	0.00%	-	0.15%	1.03		
4. Mahindra Rural Housing Finance Limited Employee Welfare Trust	0.01%	1.33	-0.02%	(0.12)	0.00%	-	-0.02%	(0.12)		
5. Mahindra Finance CSR Foundation	0.05%	8.48	1.09%	8.49	0.00%	-	1.23%	8.49		
Foreign -										
Non-controlling Interests in all Subsidiaries										
Associates (Investment as per the equity method)										
Indian -										
Foreign -										
Mahindra Finance USA, LLC	2.03%	321.83	6.48%	50.53	13.21%	(11.87)	5.60%	38.66		
Joint Ventures (Investment as per the equity method)										
Indian -										
1. Mahindra Asset Management Company Limited	0.42%	66.25	-1.75%	(13.63)	0.00%	-	-1.97%	(13.63)		
2. Mahindra Trustee Company Private Limited	0.00%	0.28	0.00%	(0.00)	0.00%	-	0.00%	(0.00)		
Foreign -										
Ideal Finance Limited	0.00%	(0.63)	0.34%	2.65	3.79%	(3.40)	-0.11%	(0.76)		
Total	100.00%	15,875.52	100.00%	780.28	100.00%	(89.83)	100.00%	690.45		

Notes

to the Consolidated Financial Statements for the year ended 31 March 2021

57 Other Disclosures

i) Scheme of "Emergency Credit Line Guarantee Scheme" (ECLGS)

In view of COVID-19 crisis, the Government of India, Ministry of Finance had announced a special scheme, namely, ECLGS for providing 100% guarantee coverage for additional term loan facility to the existing customers on the books of the Company. The fund and the scheme is managed and operated by National Credit Guarantee Trustee Company Limited, which is a wholly owned trustee company of Government of India. During the year ended 31 March 2021, in accordance with the operational guidelines of the scheme (as amended), the Company has disbursed an amount of Rs.528.34 crores as additional term loan facility to 36138 eligible customer accounts of the Company.

58 Events after the reporting date

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 58

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Sagar Lakhani

Partner

Membership No: 111855

Place: Mumbai

Date: 23 April 2021

For and on behalf of the Board of Directors

Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman

[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Place: Mumbai

Date: 23 April 2021

Ramesh Iyer

Vice-Chairman & Managing Director

[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Annexure A

Form AOC - I

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures in the Consolidated Financial Statements

Part "A" : Subsidiaries [as per section 2(87) of the Companies Act, 2013]

(Rs. in Crores)								
1	SI No.	1	2	3	4	5	6	7
2	Name of the subsidiary	Mahindra Insurance Brokers Ltd.	Mahindra Rural Housing Finance Ltd.	Mahindra Manulife Investment Management Pvt. Ltd.	Mahindra Manulife Trustee Pvt. Ltd.	Mahindra & Mahindra Financial Services Ltd. Employees Stock Option Trust	Mahindra Rural Housing Finance Limited Employee Welfare Trust	Mahindra Finance CSR Foundation
3	Reporting period for the subsidiary concerned	1st April, 2020 to 31st March, 2021	1st April, 2020 to 31st March, 2021	1st April, 2020 to 31st March, 2021	1st April, 2020 to 31st March, 2021	1st April, 2020 to 31st March, 2021	1st April, 2020 to 31st March, 2021	1st April, 2020 to 31st March, 2021
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year	NA	NA	NA	NA	NA	NA	NA
5	Share Capital	10.31	121.66	382.94	0.98	-	-	0.00
6	Other Equity	444.73	1,281.08	(98.16)	(0.03)	39.09	0.17	8.48
7	Total Assets	590.13	8,823.87	310.58	0.99	39.11	8.28	8.49
8	Total Liabilities (excluding Equity Share Capital and Reserves)	135.09	7,421.13	25.80	0.04	0.03	8.11	0.01
9	Investments (excluding subsidiaries)	104.21	813.29	143.85	0.83	9.39	8.21	-
10	Turnover	268.56	1,454.67	30.52	0.36	2.35	-	10.59
11	Profit / (Loss) before tax	43.98	195.31	(26.72)	(0.01)	2.07	-0.12	8.49
12	Provision for tax	11.96	44.30	-	-	1.03	-	-
13	Profit after tax	32.03	151.01	(26.72)	(0.01)	1.04	-0.12	8.49
14	Other Comprehensive Income	0.33	-0.24	0.08	-	-	-	-
15	Total Comprehensive Income	32.36	150.77	(26.65)	(0.01)	1.04	-0.12	8.49
16	Proposed dividend & tax thereon	3.09	-	-	-	-	-	-
17	Proportion of ownership interest	80.00%	99.42%	51.00%	51.00%	100%	100%	100%
18	Proportion of voting power where different	NA	NA	NA	NA	NA	NA	NA

For Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah
Chairman
[DIN: 02719429]

Vivek Karve
Chief Financial Officer

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

Arnavaz Pardiwalla
Company Secretary

Place : Mumbai
Date : 23 April 2021

Part "B" : Details of Associates / Joint Ventures [as per section 2(6) of the Companies Act, 2013]

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate/Joint Venture	Mahindra Finance USA, LLC	Ideal Finance Limited
1. Latest audited Balance Sheet Date	March 31, 2021	March 31, 2021
2. Shares of Associate/Joint Ventures held by the company on the year end		
Number of shares held	35583920	55639098
Cost of Investment in Associates/Joint Venture (Rs. in Crores)	210.55	44.00
Proportion of ownership interest %	49.00	38.20
3. Description of how there is significant influence	Power to influence decisions	Power to influence decisions
4. Reason why the associate/joint venture is not consolidated	Not Applicable	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in Crores)	532.38	43.36
6. Profit/(Loss) for the year		
i. Considered in Consolidation (Rs. in Crores)	50.53	2.65
ii. Not Considered in Consolidation (Rs. in Crores)	52.59	4.28

For Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah

Chairman
[DIN: 02719429]

Vivek Karve

Chief Financial Officer

Ramesh Iyer

Vice-Chairman & Managing Director
[DIN: 00220759]

Arnavaz Pardiwalla

Company Secretary

Place : Mumbai

Date : 23 April 2021

To,
KFin Technologies Private Limited
Unit: Mahindra & Mahindra Financial Services Limited
Selenium Building, Tower B, Plot No. 31-32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032.

UPDATION OF SHAREHOLDER INFORMATION FOR PHYSICAL HOLDINGS

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

General Information:

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

* Self attested copy of the document(s) enclosed

Bank Details:

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

[®] A blank cancelled cheque is enclosed to enable verification of bank details

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

Place :

Date :

Signature of Sole/ First holder

Encl. :

Notes

CORPORATE INFORMATION

Directors

Dr. Anish Shah (Chairman)
[w.e.f 2nd April, 2021]
Dhananjay Mungale (Chairman)
[upto 1st April, 2021]
Ramesh Iyer (Vice-Chairman & Managing Director)
C. B. Bhav
Rama Bijapurkar
Milind Sarwate
Dr. Rebecca Nugent
[w.e.f. 5th March, 2021]
Amit Kumar Sinha
[w.e.f. 23rd April, 2021]
Amit Raje (Whole-time Director)
[w.e.f. 1st April, 2021]

Chief Financial Officer

Vivek Karve

Company Secretary

Arnavaz M. Pardiwalla

Registered Office

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

Corporate Office

Mahindra Towers, 'A' Wing, 4th Floor,
Dr. G. M. Bhosale Marg, P. K. Kurne Chowk,
Worli, Mumbai – 400 018.
Tel.: +91 22 66526000
Fax: +91 22 24984170/71

COMMITTEES OF THE BOARD

Audit Committee

C. B. Bhav (Chairman)
Dhananjay Mungale
Rama Bijapurkar
Milind Sarwate
Dr. Anish Shah

Nomination and Remuneration Committee

Dhananjay Mungale (Chairman)
C. B. Bhav
Milind Sarwate
Dr. Anish Shah

Stakeholders Relationship Committee

Rama Bijapurkar (Chairperson)
C. B. Bhav
Ramesh Iyer
Amit Raje

Asset Liability Committee

Milind Sarwate (Chairman)
Dhananjay Mungale
Ramesh Iyer
Amit Raje

Risk Management Committee

C. B. Bhav (Chairman)
Dhananjay Mungale
Rama Bijapurkar
Milind Sarwate

Corporate Social Responsibility Committee

Dhananjay Mungale (Chairman)
Rama Bijapurkar
Ramesh Iyer

IT Strategy Committee

Milind Sarwate (Chairman)
C. B. Bhav
Ramesh Iyer
Gururaj Rao (Chief Information Officer)

Committee for Strategic Investments

Dhananjay Mungale (Chairman)
Dr. Anish Shah
Milind Sarwate
Ramesh Iyer

Auditors

B S R & Co. LLP
Chartered Accountants,
14th Floor, Central 'B' Wing and
North 'C' Wing,
Nesco IT Park 4, Nesco Centre,
Western Express Highway,
Goregaon (East),
Mumbai – 400 063.

Solicitors

Khaitan & Co.
One World Center, 10th & 13th Floors,
Tower 1C, 841 Senapati Bapat Marg,
Mumbai – 400 013.

Debenture Trustee

Axis Trustee Services Limited
Corporate Office
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg, Dadar West,
Mumbai – 400 028.
Tel.: +91 22 6230 0451
Fax: +91 22 6230 0700
E-mail:
debenturetrustee@axistrustee.in
complaints@axistrustee.in

Registrar and Share Transfer Agents

KFin Technologies Private Limited
Selenium Building, Tower B,
Plot Number 31-32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032, Telangana, India.
Tel.: + 91 40 67162222;
Toll Free No.: 1800-309-4001
Fax: + 91 40 23001153
Website: www.kfintech.com
E-mail: einward.ris@kfintech.com

Bankers

Axis Bank Limited
Bank of Baroda
Bank of Maharashtra
BNP Paribas S.A.
Central Bank of India
Citibank N.A.
Corporation Bank (merged with Union Bank of India)
Development Bank of Singapore Limited
Deutsche Bank AG
Federal Bank Limited
HDFC Bank Limited
IDFC First Bank Limited
ICICI Bank Limited
Kotak Mahindra Bank Limited
Mizuho Bank Limited
Oriental Bank of Commerce (merged with Punjab National Bank)
Punjab National Bank
Société Générale
Standard Chartered Bank
State Bank of India
The Hongkong and Shanghai Banking Corporation Limited
Union Bank of India
United Bank of India (merged with Punjab National Bank)

List of Institutions

National Bank for Agriculture and Rural Development (NABARD)

Mahindra FINANCE

Stock Exchange Codes

NSE: M&MFIN

BSE: 532720

Bloomberg: MMFS:IN

Mahindra & Mahindra Financial Services Limited

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

CIN: L65921MH1991PLC059642

www.mahindrafinance.com